

Hello. My name is John Quinney and I am the General Manager of the Energy Cooperative of Vermont, a fuel dealership in Colchester. Thank you for the opportunity to be here today. I come not as a supporter or opponent of a carbon pollution tax, but as someone with questions. I'm speaking as an individual, and not to represent the views of the Co-op's members, Board of Directors or employees.

The Energy Co-op was founded in 2001 with the intention of becoming an energy services provider. To that end, we supply over 2,500 members and customers with fuel oil, kerosene and wood pellets. We install and service furnaces, boilers, cold climate heat pumps, solar and heat pump hot water heaters. We also conduct home energy audits and complete weatherization and energy efficiency projects.

We're a member of Efficiency Vermont's Energy Excellence Network and a recipient of the Governor's Award for Environmental Excellence. The Co-op is a member of the Vermont Fuel Dealers Association, Vermont Businesses for Social Responsibility and Renewable Energy Vermont. We support low-income Vermonters through the LIHEAP program and our members who may be struggling to make ends meet through our own Co-op Oil Bank.

We're a small, full service oil dealer:

1. We have ten full and part-time employees, and run four oil trucks, a pellet truck and five service vans.
2. Depending on the winter weather, we deliver about 1.2 million gallons of heating oil and kerosene a year.
3. Also, depending on the weather, we sell about 1,200 tons of wood pellets, most delivered to our members and customers and made in North Clarendon, Vermont.
4. Each year, we install about 200 furnaces, boilers, oil tanks, space heaters and heat pumps – both cold-climate space heaters and heat pump water heaters.

5. We do about 120 energy audits a year (ranked fourth or fifth in the state) and use several sub-contractors for the subsequent weatherization work.
6. In 2012 and 2013, we installed about 75 solar hot water systems.
7. We're a home performance contractor in the Zero Energy Now program. This is funded under the Green Mountain Power CEED program, and is designed to combine weatherization, heat pumps and solar electric systems to cut fossil fuel use in homes in the former CVPS service territory by at least 50%.

As I said, we provide the same services as many full service fuel dealers. But we're different, because we're organized as a cooperative, are owned by our 2,000 members and governed by our Board of Directors.

Unlike many fuel dealers, we want to help our members and customers use less fuel. Our long-term vision is to place efficiency and renewables at the heart of our business, because we believe that doing so is in the best interests of our members and our planet. Structured as a cooperative, we value outcomes beyond just the bottom line.

I believe in climate science and know that burning fossil fuels is the primary contributor to global warming. I note that each of the past four months has been the warmest on record, with February beating the old mark by more than two degrees. Just recently came the news that the Arctic winter ice sheet now covers the smallest area ever recorded.

That said, fifteen years after our founding, we are still largely a fossil fuel dealer.

While our strategic plan calls for diversification away from fossil fuels and towards efficiency and renewables, today's low oil prices make many energy efficiency projects less financially attractive to homeowners, and that is slowing development of the efficiency division of our business.

Last spring, we asked our members for their opinions on the proposed carbon pollution tax. We did our best to frame the question as neutrally as possible, with assistance from Ben Walsh of VPIRG and Matt Cota from the Vermont Fuel Dealers Association. About 22% of respondents agreed that a carbon pollution tax

should be implemented in Vermont, 31% were opposed and 47% were either undecided or did not know enough about the proposed legislation to make a decision.

As I said, I'm not a supporter or opponent of a carbon pollution tax – nor am I a policy expert – but I do have questions about how one would be structured in Vermont. I'd like to ask five questions: who, what, where, when and how? You may not have the answers to these questions today, but as you craft legislation I hope that you will give them your consideration.

1. Who gets taxed? A carbon tax -- whether it is levied on wholesalers or retailers -- will, ultimately, be paid for by the end consumer. For the sake of simplicity, it seems to make sense that the state collect the tax from the small number of wholesalers operating in the state rather than the hundreds of distributors – the gas stations and fuel dealers. Please do not put additional administrative burdens on the fuel dealers.
2. What gets taxed? Some Vermont fuel dealers are selling BioHeat blends. Typically, these fuels combine between two and ten percent renewable biodiesel with 90 to 98 percent fuel oil. To be fair, it seems to me that a gallon of fuel that is 90% non-renewable should only be taxed at 90% of the full tax. We expect that sales of BioHeat blends will increase in the future, especially once the provisions in the Vermont Energy Act of 2011 kick in.
3. Where are the border controls? Vermont fuel dealers compete with dealers from New York, New Hampshire and Massachusetts. Those out-of-state dealers are supposed to pay Vermont's gross receipts tax, but if we add a carbon pollution tax, it will be essential that the state make certain that these out-of-state dealers – or the wholesalers that supply them - are paying what they owe.
4. When is the tax adjusted? The proposals I've seen call for gradually increasing the carbon pollution tax over a ten year period. At \$2 per gallon oil and gas that's one thing. But what if the price of oil climbs back to \$4 per gallon or higher? You may want to consider a pressure relief valve. If

the market alone drives the transition away from fossil fuels, can the carbon pollution tax be reduced or paused?

5. How can a carbon pollution tax help Vermont fuel dealers like the Co-op transition to offering more efficient and renewable products and services? This proposal will certainly reduce the volume of fossil fuels we deliver and have an impact on our financial viability, so I hope that you'll dedicate a portion of the revenue to assist businesses like ours train employees on new technologies, invest in new equipment, and make the evolution to a cleaner energy future.

The answers to these questions are critical to many Vermont fuel dealers, including the Energy Co-op. Thank you again.