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H.616

Introduced by Representatives Yantachka of Charlotte, McCormack of  
Burlington, and Sullivan of Burlington

Referred to Committee on

Date:

Subject: Energy; public service; energy efficiency; efficiency utilities; thermal  
energy and process fuel funds

Statement of purpose of bill as introduced: This bill proposes to allow an  
efficiency utility to use thermal efficiency monies to convert thermal  
customers using fossil fuels to biomass-led district heat.

An act relating to thermal efficiency monies and biomass-led district heat

It is hereby enacted by the General Assembly of the State of Vermont:

~~Sec. 1. 30 V.S.A. § 209 is amended to read:~~

§ 209. JURISDICTION; GENERAL SCOPE

\* \* \*

(e) Thermal energy and process fuel efficiency funding.

(1) Each of the following shall be used to deliver thermal energy and  
process fuel energy efficiency services in accordance with this section for  
~~unregulated fuels to Vermont consumers of such fuels. In addition, the~~

1 ~~Commission may authorize an entity appointed to deliver such services under~~  
2 ~~subdivision (d)(2)(B) of this section to use monies subject to this subsection~~  
3 ~~for the conversion of thermal energy customers using fossil fuels to biomass-~~  
4 ~~led district heat, provided those customers employ high efficiency heating~~  
5 ~~appliances and such conversion is cost-effective.~~

6 (A) Net revenues above costs associated with payments from the  
7 New England Independent System Operator (ISO-NE) for capacity savings  
8 resulting from the activities of the energy efficiency utility designated under  
9 subdivision (2)(A) of this subsection (e) that are not transferred to the State  
10 PACE Reserve Fund under 24 V.S.A. § 3270(c). These revenues shall be  
11 deposited into the Electric Efficiency Fund established by this section. In  
12 delivering services with respect to heating systems using the revenues subject  
13 to this subdivision (A), the entity shall give priority to incentives for the  
14 installation of high efficiency biomass heating systems and shall have a goal of  
15 offering an incentive that is equal to 25 percent of the installed cost of such a  
16 system. ~~In this subdivision (A), “biomass” means organic nonfossil material~~  
17 ~~constituting a source of renewable energy within the meaning of section 8002~~  
18 ~~of this title.~~ Provision of an incentive under this subdivision (A) for a biomass  
19 heating system shall not be contingent on the making of other energy  
20 efficiency improvements at the property on which the system will be installed.

21 ~~(B) Net revenues above costs from the sale of carbon credits under~~

1 ~~the cap and trade program established under section 255 of this title, which~~  
2 shall be deposited into the Electric Efficiency Fund established by this section.

3 (C) Any other monies that are appropriated to or deposited in the  
4 Electric Efficiency Fund for the delivery of thermal energy and process fuel  
5 energy efficiency services.

6 (2) If a program combines regulated fuel efficiency services with  
7 unregulated fuel efficiency services supported by funds under this section, the  
8 Commission shall allocate the costs of the program among the funding sources  
9 for the regulated and unregulated fuel sectors in proportion to the benefits  
10 provided to each sector.

11 (3) In this subsection:

12 (A) “Biomass” means organic non fossil material constituting a  
13 source of renewable energy within the meaning of section 8002 of this title.

14 (B) “District heat” means a system through which steam or hot water  
15 from a central plant is piped into buildings to be used as a source of thermal  
16 energy.

17 (C) “Efficiency services” includes the establishment of a statewide  
18 information clearinghouse under subsection (g) of this section.

19 (D) “Fossil fuel” means an energy source formed in the Earth’s crust  
20 from decayed organic material. The common fossil fuels are petroleum, coal,  
21 and natural gas. A fossil fuel may be a regulated or unregulated fuel.

1 ~~(B)(E) "Regulated fuels" means electricity and natural gas delivered~~  
2 by a regulated utility.

3 ~~(C)(F) "Unregulated fuels" means fuels used by thermal energy and~~  
4 process fuel customers other than electricity and natural gas delivered by a  
5 regulated utility.

6 \* \* \*

7 Sec. 2. EFFECTIVE DATE

8 ~~This act shall take effect on July 1, 2018.~~

*Sec. 1. 30 V.S.A. § 209 is amended to read:*

*§ 209. JURISDICTION; GENERAL SCOPE*

*\* \* \**

*(e) Thermal energy and process fuel efficiency funding.*

*(1) Each of the following shall be used to deliver thermal energy and process fuel energy efficiency services in accordance with this section for unregulated fuels to Vermont consumers of such fuels. In addition, the Commission may authorize an entity appointed to deliver such services under subdivision (d)(2)(B) of this section to use monies subject to this subsection for the conversion of thermal energy customers using fossil fuels to district heat if the majority of the district's energy is from biomass sources, the district's distribution system is highly energy efficient, and such conversion is cost effective.*

*(A) Net revenues above costs associated with payments from the New*

*England Independent System Operator (ISO-NE) for capacity savings resulting from the activities of the energy efficiency utility designated under subdivision (2)(A) of this subsection (e) that are not transferred to the State PACE Reserve Fund under 24 V.S.A. § 3270(c). These revenues shall be deposited into the Electric Efficiency Fund established by this section. In delivering services with respect to heating systems using the revenues subject to this subdivision (A), the entity shall give priority to incentives for the installation of high efficiency biomass heating systems and shall have a goal of offering an incentive that is equal to 25 percent of the installed cost of such a system. ~~In this subdivision (A), "biomass" means organic nonfossil material constituting a source of renewable energy within the meaning of section 8002 of this title. Provision of an incentive under this subdivision (A) for a biomass heating system shall not be contingent on the making of other energy efficiency improvements at the property on which the system will be installed.~~*

*(B) Net revenues above costs from the sale of carbon credits under the cap and trade program established under section 255 of this title, which shall be deposited into the Electric Efficiency Fund established by this section.*

*(C) Any other monies that are appropriated to or deposited in the Electric Efficiency Fund for the delivery of thermal energy and process fuel energy efficiency services.*

*(2) If a program combines regulated fuel efficiency services with*

*unregulated fuel efficiency services supported by funds under this section, the Commission shall allocate the costs of the program among the funding sources for the regulated and unregulated fuel sectors in proportion to the benefits provided to each sector.*

*(3) In this subsection:*

*(A) “Biomass” means organic nonfossil material constituting a source of renewable energy within the meaning of section 8002 of this title.*

*(B) “District heat” means a system through which steam or hot water from a central plant is piped into buildings to be used as a source of thermal energy.*

*(C) “Efficiency services” includes the establishment of a statewide information clearinghouse under subsection (g) of this section.*

*(D) “Fossil fuel” means an energy source formed in the Earth’s crust from decayed organic material. The common fossil fuels are petroleum, coal, and natural gas. A fossil fuel may be a regulated or unregulated fuel.*

*~~(B)~~(E) “Regulated fuels” means electricity and natural gas delivered by a regulated utility.*

*~~(C)~~(F) “Unregulated fuels” means fuels used by thermal energy and process fuel customers other than electricity and natural gas delivered by a regulated utility.*

\* \* \*

*Sec. 2. EFFECTIVE DATE*

*This act shall take effect on July 1, 2018.*