

1 S.284

2 Introduced by Senators Pearson and Clarkson

3 Referred to Committee on

4 Date:

5 Subject: Climate change; public service; taxation; greenhouse gases; carbon
6 charge; electric bill rebates

7 Statement of purpose of bill as introduced: This bill proposes to adopt a
8 charge on the carbon content of fossil fuels to address climate change and
9 facilitate meeting greenhouse gas reduction goals and to return all of the
10 revenues from that charge to customers on their electric bills. Application of
11 the charge would commence on July 1, 2019 for fuels other than gasoline and
12 on October 1, 2019 for gasoline. Electricity, dyed diesel fuel, and jet fuel
13 would be exempt.

14 An act relating to a carbon charge that is refunded on electric bills

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

16 Sec. 1. DESIGNATION

17 This act shall be referred to as the Economy–Strengthening Strategic
18 Energy Exchange (ESSEX) Act.

19 Sec. 2. 30 V.S.A. chapter 15 is added to read:

20 CHAPTER 15. ECONOMY–STRENGTHENING STRATEGIC ENERGY

21 EXCHANGE

1 (6) “CPI” shall have the same meaning as in section 8002 of this title.

2 (7) “Customer” shall have the same meaning as in section 8002 of this
3 title.

4 (8) “Distributor” means a person who imports or causes to be imported
5 fuel for use, distribution, or sale within the State or a person who produces,
6 refines, manufactures, or compounds fuel within the State for use, distribution,
7 or sale.

8 (9) “Fiscal year” or “FY” means the period of 12 months ending on
9 June 30.

10 (10) “Fuel” means each form and grade of butane, coal, clear diesel fuel,
11 gasoline, fuel oil, kerosene, natural gas, and propane.

12 (11) “Fund” means the Carbon Charge Rebate Fund established by
13 section 661 of this title.

14 (12) “Gasoline” means each fuel used or made for use in motor vehicles.

15 (13) “kg” means kilogram.

16 (14) “kWh” means kilowatt hour.

17 (15) “Rebate month” means the full billing cycle of a retail electricity
18 provider commencing during the calendar month that immediately follows the
19 collection date. For example, if the collection date is January 15, the rebate
20 month for that collection date is February.

21 (16) “Retail electricity provider” and “provider” shall have the same
22 meaning as in section 8002 of this title.

1 state generation facility owned by the company for the manufacture of
2 electricity to be used by the public;

3 (3) the sale of fuel to the U.S. government or its subdivisions, or under
4 any other circumstances in which the State lacks power to apply the charge; or

5 (4) the sale of fuel by a distributor if the same fuel has already been
6 subjected to the carbon charge, provided the sales invoice clearly indicates the
7 amount of fuel that has already been subjected to the charge and the distributor
8 possesses and retains documentation demonstrating the prior payment,
9 including the person who paid and the date and amount of payment.

10 (c) Calculation. For each fuel, the Commissioner shall convert the amount
11 per tonne stated in subsection (a) of this section to a rate per unit of fuel using
12 the applicable CO₂ emissions coefficient published by the U.S. Energy
13 Information Administration on February 2, 2016 or such carbon emission
14 coefficients as may be recommended by the Secretary of Natural Resources
15 based on the best available science. In addition to CO₂, the Secretary's
16 recommended coefficients may include emissions of other greenhouse gases,
17 such as methane and nitrous oxide.

18 (d) Publication. On or before January 15 of each year, the Commissioner
19 shall publish the carbon charge rate per unit that will be in effect during the
20 following fiscal year for each fuel.

21 § 657. ADMINISTRATION; ENFORCEMENT

22 (a) Collection; remittance.

1 (1) The distributor shall collect the carbon charge on completion of each
2 sale or delivery of fuel to which the charge applies. The distributor shall
3 identify the charge collected as a separate invoice entry on each sale of fuel.

4 (2) On or before the 15th day of each month, each distributor liable for
5 the carbon charge shall return to the Commissioner, under oath of a person
6 with legal authority to bind the distributor, a statement containing its name and
7 place of business, the quantity and type of fuel subject to the carbon charge
8 sold in the preceding calendar month, and any other information required by
9 the Commissioner, along with the charge due for the fuel sold in the preceding
10 month.

11 (b) Deposit. The Commissioner shall deposit all revenues from the carbon
12 charge into the Fund.

13 (c) Records; inspection. Every distributor shall maintain, for no fewer than
14 three years, accurate records documenting all transactions to which the carbon
15 charge applies and all transactions for which exemption is claimed under
16 subsection 656 of this chapter. The Commissioner may inspect these records
17 at all reasonable times during normal business hours.

18 (d) Enforcement; confidentiality of returns. The enforcement provisions of
19 32 V.S.A. chapter 103 shall apply to the obligations of a distributor under this
20 chapter and, for this purpose, those obligations shall be considered liabilities
21 under Title 32. The confidentiality requirements of 32 V.S.A. § 3102 shall
22 apply to records submitted to the Commissioner under this subchapter.

1 Subchapter 3. Return of Charge to Vermonters

2 § 661. CARBON CHARGE REBATE FUND

3 (a) The Carbon Charge Rebate Fund is established in the State Treasury
4 under 32 V.S.A. chapter 7, subchapter 5 to receive all revenues from the
5 carbon charge and such other monies as may be appropriated or deposited into
6 the Fund.

7 (b) Balances in the Fund shall be used solely for the purposes set forth in
8 this subchapter and shall not be used for the general obligations of government.
9 Notwithstanding any contrary provisions of 32 V.S.A. chapter 7, all balances
10 in the Fund at the end of any fiscal year shall be carried forward and remain
11 part of the Fund and interest earned by the Fund shall be deposited in the Fund.

12 § 662. REBATE; ALLOCATION

13 (a) Rebate. In accordance with this subchapter, the total revenues from the
14 carbon charge remitted to the Commissioner of Taxes by each collection date
15 shall be rebated on the bill from each Vermont retail electricity provider to its
16 customers during the rebate month for that collection date.

17 (b) Allocation of revenues; calculation of rebates. The Commission shall
18 adopt by rule a formulaic method that governs the allocation of the carbon
19 charge revenues and the calculation of rebates. The method shall comply with
20 each of the following:

21 (1) Allocation to classes. The mechanism shall allocate the total
22 revenues received by the collection date among three customer classes, based

1 on the estimated percentage contribution of each class to those total revenues.

2 The classes shall be commercial, industrial, and residential.

3 (2) Commercial and industrial classes. For each of the commercial and
4 industrial classes, using 100 percent of the amount allocated to each class:

5 (A) The method shall calculate a rebate per kWh that each provider
6 shall apply to its retail bill for each commercial and industrial customer during
7 the rebate month. The amount of the rebate per kWh shall be the same for
8 each provider and for each customer within a class.

9 (B) The method shall apportion, among the providers, the total
10 amount allocated to the class based on each provider's percentage share of the
11 statewide kWh sales to customers in the class.

12 (3) Residential class.

13 (A) General residential rebate. Of the amount allocated to the
14 residential class, 50 percent shall be used for a general residential rebate. The
15 method shall determine a rebate per kWh that each provider shall apply to its
16 retail bill for each residential customer during the rebate month. The amount
17 of the rebate per kWh shall be the same for each provider and for each
18 residential customer. The method shall apportion, among the providers, the
19 total amount allocated to this rebate based on each provider's percentage share
20 of the statewide kWh sales to the customers in the class.

21 (B) Additional residential rebate; rural customers. Of the amount
22 allocated to the residential class, 25 percent shall be used for a rural residential

1 rebate that shall be in addition to the other rebates authorized in this
2 subdivision (3).

3 (i) The method shall calculate the rebate as a fixed amount per
4 month on the bill of each rural customer. This amount shall not vary by
5 provider.

6 (ii) To be eligible for the rebate, the customer's primary residence
7 shall be located within a rural area of the State as determined by the
8 Commission and the customer's account shall be for that residence.

9 (iii) The Commission shall determine which areas of the State
10 qualify as rural for the purpose of this subdivision (3)(B) and in doing so shall
11 consider the information set forth in "Mapping Total Energy Burden in
12 Vermont" prepared on behalf of Efficiency Vermont (July 2016).

13 (iv) The method shall apportion the revenue amount to be used for
14 this rural residential rebate among the providers based on each provider's
15 percentage share of residential customers located in the areas that the
16 Commission determines are rural.

17 (C) Additional income-based residential rebate. Of the amount
18 allocated to the residential class, 25 percent shall be used for a rebate to
19 customers of low and middle income that shall be in addition to the other
20 rebates authorized in this subdivision (3).

21 (i) The rebate shall be a fixed amount per month on the bill of
22 each eligible customer. This amount shall not vary by provider.

1 (ii) To be eligible for the rebate, the customer's primary residence
2 shall be within the State, the customer's account shall be for that residence, and
3 the customer's annual household income shall be below 300 percent of the
4 federal poverty level.

5 (iii) In consultation with the Department for Children and Families
6 (DCF), the Commission shall include in the method income tiers for the rebate
7 so that customers with lower household incomes receive a rebate that is larger
8 than the rebate provided to customers with higher household incomes.

9 (iv) With the monthly bill to a customer who has demonstrated
10 eligibility for this income-based rebate, the provider shall include a check to
11 the customer if, on the bill, the total amount of the residential rebates pursuant
12 to this subdivision (3) exceeds the total amount of other charges on the bill.
13 The amount of the check shall be the difference between these two amounts.

14 (c) Eligibility demonstration; verification. A customer seeking one or both
15 of the rural residential and income-based rebates established under this section
16 shall demonstrate eligibility. The Commission shall create a mechanism to be
17 used by residential customers to self-certify eligibility for these rebates.

18 (1) The Commission, in consultation with DCF, shall determine:

19 (A) When, how, and to whom customers demonstrate eligibility and
20 the manner in which eligibility is verified. In making this determination, the
21 Commission shall consider employing measures similar to those used under
22 affordability programs approved pursuant to section 218(e) of this title.

1 (B) The manner in which are customers are notified of the
2 availability and eligibility requirements of these rebates and how to
3 demonstrate eligibility.

4 (C) The requirements and procedures concerning changes in income
5 or other circumstances that affect a customer's continued eligibility for one or
6 both of these rebates.

7 (2) The Commission shall determine the confidentiality requirements
8 applicable to customer eligibility information submitted under this section.
9 Violation of these requirements shall constitute a violation of this chapter.

10 (d) Periodic adjustment. The formulaic method established under this
11 section may include a periodic adjustment to each rebate to account for prior
12 over- or under-collection of revenues in comparison to rebates issued.

13 (e) Information from Department of Taxes. The Commissioner of Taxes
14 shall provide the Commission with such information as it directs concerning
15 past and projected carbon charge revenues and estimated contributions of
16 customer classes to those revenues.

17 (f) Information from providers. Each retail electricity provider shall
18 furnish the Commission with the information the Commission considers
19 necessary in implementing this subchapter.

1 § 663. ADMINISTRATION; ENFORCEMENT

2 (a) Line item on bill. A Vermont retail electricity provider shall show each
3 rebate received by a customer pursuant to section 662 of this title as a separate
4 line item on the customer's bill.

5 (b) Monies from the Fund to providers for rebates. To pay for the rebates
6 under this subchapter, the Treasurer shall disburse monies from the Fund to a
7 Vermont retail electricity provider at the direction of the Commission. Each
8 provider shall hold the monies in trust for its customers and shall use the
9 monies solely for rebates to its customers under this chapter. These monies
10 shall not be considered revenue in establishing retail rates under this title.

11 (c) Rate recovery; other provider expenses. A Vermont retail electricity
12 provider shall have the opportunity to recover in retail rates its necessary and
13 reasonable expenses, other than rebates, in implementing this chapter.

14 (d) Accounts. Each Vermont retail electricity provider shall keep accurate
15 accounts of all its receipts and disbursements of monies from the Fund and all
16 its other receipts and expenditures in implementing this chapter.

17 (e) Additional provider duties. In addition to the duties specified in this
18 chapter, the Commission may specify such other duties of retail electricity
19 providers that it considers necessary in implementing this chapter.

20 (f) Energy efficiency measures. Rebates issued under this chapter shall not
21 be used in determining the cost-effectiveness of energy efficiency programs
22 and measures delivered under this title.

1 (g) Net metering customers. Rebates issued under this chapter shall not be
2 used in determining the amount per kWh of bill credits for net metering
3 systems under chapter 89 of this title. If application of rebates under this
4 chapter results in a negative balance on a net metering customer's monthly bill
5 from the retail provider, the provider shall carry forward that credit to
6 subsequent bills unless the customer receives a check for the negative balance
7 under subdivision 662(b)(3)(C) of this title. The period for carrying forward
8 this credit shall be the same period applicable to the customer's bill credits for
9 the net metering system under the Commission's rules pursuant to section
10 8010 of this title.

11 (h) Enforcement. The provisions of chapters 1 and 5 of this title enabling
12 enforcement, records inspection by the Commission and the Department of
13 Public Service, and injunctive and other relief for violations of law shall apply
14 to the obligations of Vermont retail electricity providers under this chapter and
15 rules and orders of the Commission issued thereunder. For the purpose of
16 sections 30 and 218 of this title, a violation of such an obligation shall be
17 treated as a violation of chapter 5 of this title.

18 § 664. AUDITS

19 (a) The Auditor of Accounts of the State may conduct audits of the
20 activities under this chapter to ensure that all of the monies raised by the
21 carbon charge are returned to customers. The Auditor shall conduct two such
22 audits as follows:

1 (1) On or before January 15, 2021, for FY 2020.

2 (2) On or before January 15, 2022, for FY 2021.

3 (b) The Auditor and his or her authorized representatives may at any time
4 examine the accounts and books of a Vermont retail electricity provider
5 relating to this chapter, including its receipts, disbursements, contracts, funds,
6 investments, and any other relevant matters.

7 Sec. 3. IMPLEMENTATION

8 (a) In this section, terms defined in Sec. 2, 30 V.S.A. § 652, shall have the
9 same meaning as in Sec. 2.

10 (b) On or before March 15, 2019:

11 (1) The Commissioner of Taxes shall publish the carbon charge rate per
12 unit that will be in effect during fiscal year 2020 for each fuel and make
13 available the form distributors will use to remit carbon charge collections.

14 (2) The Commission shall take all actions required under Sec. 2 to
15 implement the carbon charge during fiscal year 2020, including finally
16 adopting the formulaic method required by 30 V.S.A. § 662(b) and creating the
17 forms and making the determinations required by 30 V.S.A. § 662(c).

18 (c) Each provider shall furnish rebates under this act with bills rendered on
19 and after September 1, 2019.

20 Sec. 4. EFFECTIVE DATE

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