



April 9, 2018

The Honorable Jane Kitchel, Chair
Senate Appropriations Committee
Vermont Statehouse
115 State Street
Montpelier, VT 05609

Dear Senator Kitchel,

In reviewing correspondence on the 2019 fiscal budget, it appears that a cumulative total of \$953,292 will be removed from the Clean Energy Development Fund, (CEDF) essentially depleting the fund in its entirety.

Recently, the CEDF has been instrumental in growing and helping deploy advanced wood heating in Vermont. Approximately 160 advanced wood heat projects have been completed because of this fund. Advanced wood heating supports Vermont's economy, working landscape, and our state climate and renewable energy commitments. Almost every penny spent on advanced wood heat stays right here in Vermont. The Climate Action Commission and Comprehensive Energy Plan identified advanced wood heat as a critical component of reaching our climate and renewable energy commitments. Depleting the CEDF will impede Vermonters ability to afford advanced renewable heating systems and stabilize their heating fuel costs.

Should the proposed fund swap proceed, renewable heating projects already in progress and projects that were already approved for support will not receive their rebates (17 projects are currently in the works). In many cases, CEDF funding is the reason that advanced wood heating projects are able to come to fruition. Prematurely closing the CEDF would also negatively impact important technical assistance, special projects, and public education work that staff from the Department of Public Service, the Department of Agriculture, and the Department of Forests, Parks, and Recreation provide related to renewable heating and electricity.

Please do not accept the Administration's proposal to effectively eliminate the CEDF in FY19 by cutting \$500,000. Additionally, \$453,292 previously transferred to the general fund for the historic solar Small Scale Renewable Energy Incentive Program which was not utilized by the general fund, should be re-allocated back to the CEDF.

The Clean Energy Development Fund statute (30 V.S.A. § 8015(a), includes the following language that explicitly states that the fund revenues should not be used for general state obligations.

(2) Balances in the Fund shall be expended solely for the purposes set forth in this subchapter and shall not be used for the general obligations of government. All balances in the Fund at the end of any fiscal year shall be carried forward and remain part of the Fund. Interest earned by the Fund shall be deposited in the Fund. This Fund is established in the State Treasury pursuant to 32 V.S.A. chapter 7, subchapter 5.

Without the CEDF, Vermont will see a sharp decline in advanced wood heating – one of our best immediately viable rural economic opportunities. Further, without these funds, emerging electric transportation projects, and cost saving thermal and energy storage projects won't be possible.



The CEDF was established in 2005 by the Vermont General Assembly through Act 74 (30 V.S.A. § 8015¹) to, “ increase the deployment in Vermont of cost-effective and environmentally sustainable electric power resources, primarily with respect to renewable energy resources, and the use in Vermont of combined heat and power technologies.²” Moving forward, the CEDF is necessary to progress electric transportation, and renewable heating solutions such as advanced wood heating which represent the bulk of our State’s climate pollution solutions and most challenging sources to tackle.

The CEDF has a strong track record to catalyzing cost saving renewable technologies and economic growth in Vermont without increasing general fund operating costs. The Fund is overseen by an independent Board with significant energy and finance expertise, with appointees from the legislature and the Commissioner of the Department of Public Service.

Please keep the CEDF alive and ensure that the \$953,292 which belongs in the fund returns or remains intact.

Sincerely,

A handwritten signature in green ink, appearing to read "Olivia", is positioned above the typed name.

Olivia Campbell Andersen
Executive Director
Renewable Energy Vermont

¹ <https://legislature.vermont.gov/statutes/section/30/089/08015>

² http://publicservice.vermont.gov/renewable_energy/cedf

Vermont Clean Energy Development Board

January 19, 2018

Commissioner June Tierney
Vermont Public Service Department
112 State St, Montpelier VT 05620

Dear Commissioner Tierney,

We are writing to request that you take the steps necessary to obtain the return of \$453,292 of CEDF resources transferred to the General Fund but not used to cover the tax expenditures of Vermont business solar tax credits.

In 2009, the Vermont Legislature instructed the Clean Energy Development Fund to transfer funds to the General Fund in an amount equal to the cost of the business solar energy income tax credits.

Between 2009 and 2013, the Clean Energy Development Fund transferred \$5,117,407 to the General Fund to meet the requirements of the law. The business solar income tax credit expired in 2010, and taxpayers had five years to carry forward their credits against income tax liability.

In 2017, the Clean Energy Development Fund Executive Director received communication from the Tax Department that due to unclaimed credits, there were \$453,292 transferred by the Clean Energy Development Fund in excess of the amount of tax credits claimed. We believe that this amount should be returned to the Fund in order meet the statutory obligations under 30 V.S.A. § 8015(d) directing the use of those funds.

We observe that statute is clear about the specific uses of the Clean Energy Development Fund. In the statute creating the Clean Energy Development Fund (30 V.S.A. § 8015(a)(2)), the following language explicitly states that the fund revenues should not be used for general state obligations.

(2) Balances in the Fund shall be expended solely for the purposes set forth in this subchapter and shall not be used for the general obligations of government. All balances in the Fund at the end of any fiscal year shall be carried forward and remain part of the Fund. Interest earned by the Fund shall be deposited in the Fund. This Fund is established in the State Treasury pursuant to 32 V.S.A. chapter 7, subchapter 5.

This indicates clearly that the funds transferred to General Fund to meet the cost of solar energy income tax credits in excess of those obligations must be returned to the CEDF.

The Clean Energy Development Board requests that you seek the return of the \$453,292 to the Clean Energy Development Fund. Because existing funds are fully obligated and no new funding is yet available, diverting these CEDF resources to other purposes will significantly reduce the capacity of the CEDF program.

Please let us know if there is anything we can do to assist your efforts to recover these CEDF resources from the General Fund.

Thank you,

Clean Energy Development Board Members¹

¹ At the Board's January 17, 2018 meeting, the full Board voted unanimously to provide this communication to Commissioner Tierney for her action.

Bob the Green Guy * Caluwe Biomass Heat and Power Solutions * Cutting Edge Energy Systems * Dewey + Associates, Architects and Planners * Downstreet Housing & Community Development * Energy Co-op of Vermont * Hickory Street Apartments * Innovative Natural Resource Solutions LLC * Forward Thinking Consultants LLC * Gagnon Lumber * Lamoille Housing Partnership * Lignetics of New England, Inc. * Long Meadow Resource Management LLC * Maine Energy Systems * Maple Street Senior Apartments * Northeastern Vermont Development Association * Pellergy * Renewable Energy Vermont * Richard Green Trucking * River Station Apartments * Rutland Housing Authority * South Main Apartments * SunWood Biomass * Sustainable Heating Outreach & Education Inc. * Tarm Biomass * Vermont Artisan Coffee * Vermont Businesses for Social Responsibility * Vermont Conservation Voters * Vermont Forest Products Association * Vermont Interfaith Power & Light * Vermont Natural Resources Council * Vermont Public Interest Group * Vermont Sustainable Jobs Fund * Vermont Wood Pellet * Vermont Woodlands Association * Vermont Wood Works Council * Watson Research

Dear Vermont Officials:

Advanced wood heating supports our rural economy, working landscape, and commitments to climate pollution reductions all while stabilizing and lowering energy costs for Vermonters. It is with this in mind that we urge you to support Vermonters' access sustainable local heating by:

- Implementing a state sales tax exemption on the purchase of advanced wood heating equipment and fuel;
- Maintaining funding for the Clean Energy Development and Working Lands Funds and streamline financing and incentives; and
- Increasing the number of HVAC installers that can install and maintain advanced wood systems.

Taking these steps now will serve as lasting investments in Vermont and support the continuation of Vermont's long, proud history of a forestry sector which keeps energy dollars local, supports jobs for our neighbors, and keeps forests viable and sustainably managed. By utilizing renewable resources within our borders, we can forgo sending \$131 million out of state every year on heating oil and instead invest \$70 million annually back into our local economy.

As businesses and organizations whom use or support advanced wood heating, and are committed to growing the state's economy, we urge you to strongly consider taking these small steps which will have a substantial positive effect on future Vermonters.

Sincerely,

Wood Heat Supporters