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S.377- An Act Relating to Energy Efficiency Entities and Program to Reduce Greenhouse Gas Emissions in the Thermal and Transportation Sectors.

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Thank you for the opportunity to offer comments on S.377- An Act Relating to Energy Efficiency Entities and Program to Reduce Greenhouse Gas Emissions in the Thermal and Transportation Sectors.

We have a challenging task ahead of us about how to best take action to address the climate crisis in a way that is bold, equitable, and meaningful. We need to elevate this as a priority, challenge ourselves, and ensure action. As Vermont works to take on the critical challenge of greenhouse gas reduction it will require us to capitalize on the strengths of the various implementation entities and facilitate the evolution of roles as needed to ensure smart and sustainable systems since there is no time or money to waste. We support focusing on the largest possible greenhouse gas emissions reductions in a cost-effective manner. (See section (b)(3)).

What need to get done?

It is clear that the transportation and thermal sectors posed unique challenges and opportunities for Vermont. It is important to prioritize our new efforts here. Transportation continues to be our greatest greenhouse gas contributor. We are also well behind on our 80,000 buildings by 2020 weatherization goal with 27,186 buildings currently weatherized. There is ample work that needs attention and prioritization.

We support the provision in Section (a) that targets thermal energy and transportation. It is especially important that this work prioritizes work in the lower income and rural populations.

Who should pay?

Vermont's tax policy must reflect its clean energy goals. We believe electric rate payers should not be asked to subsidize efficiency in the thermal and transportation sectors unless there is direct nexus to electric system. We ask that as you address "all-fuels" you ensure good tax policy and do not penalize electric rate players for transitioning towards efficiency and cleaner renewable energy by having them pay to subsidize efficiency for other fuels.

We support the provision in Section (b)(2) that requires a clear nexus to electric usage.

In 2019, VEC collected and remitted \$5.2 million to the EEC. In addition to our concern regarding cross subsidization between fuels, **we are firm in our position that that EEC budget should not go up.** As evidenced in the Efficiency Vermont Energy Burden Report, and the work

we do every single day, we know people struggle now to pay their electric bills and that work in rural and lower income communities must be a priority.

Vermont's Energy Burden



Who should lead on implementing?

We are supportive of evolution of the mission of EVT to include a greater emphasis on carbon reduction. There is opportunity to capitalize on some of the systems and investments made to date provided there is continued transparency and accountability. If the EEC is to be used for funding of any of these efforts there must be a nexus to electricity and benefit to the electric ratepayers, or at least no harm. As we testified in the PUC workshops we believe guardrails to be very important as we embark on these programmatic transitions. Appropriate guardrails will facilitate innovation and risk taking by providing opportunities to revisit and adjust.

The electric sector must also continue to do our part and build on our successes to date in facilitating the energy transformation to cleaner electric fuel. VEC has exceeded our annual "Tier 3" program targets and will continue to make cost effective investments that benefit our ratepayers and the climate.

It is essential that any programmatic changes being anticipated do not make it harder for the DU's to meet our increasing Tier 3 requirements. Project collaboration should not result in us being penalized so if collaboration is to be encouraged we need to find a compliance and accountability system that rewards collaboration between the EEU and the DU's.

We support the provision in Section (b)(3) that requires the program to be complementary to and not replace or be in competition with electric utility energy transformation projects pursuant to 30 V.S.A. 8 § 8005(a)(3).