



Vermont Businesses
for Social Responsibility



SIERRA CLUB
VERMONT CHAPTER



February 18, 2022

Dear Honorable Members of House Appropriations, Energy & Technology, Transportation, Commerce and Economic Development, Natural Resources, Fish & Wildlife and Human Services committees,

The below-listed climate advocacy and sustainable business organizations offer the following **climate action budget recommendations for the FY23 budget**. Implementing these recommendations will help ensure Vermont is on the path to implement the recently-adopted initial Climate Action Plan. The scope and scale of investments recommended in this letter will be essential to meeting the greenhouse gas emissions targets required by law, as established in the Global Warming Solutions Act (GWSA).

Importantly, we must ensure equity is front and center as we transition to a far cleaner, low-carbon economy. The investments we recommend below prioritize that just transition. How these programs are further shaped and implemented will also be critical to ensure opportunity for *all* Vermonters to access cost-saving, carbon cutting solutions.

We recognize there is a historic opportunity to truly accelerate this work by maximizing the unprecedented federal funding now available. At the same time, we also appreciate that the state must balance many important priorities, and we thank you and your colleagues for trying to strike the best balance of investments in programs that will keep Vermonters healthy, safe, housed, fed and more financially secure now – and into an uncertain future. The priorities outlined below are essential to ensuring Vermont truly meets the moment to help combat the climate crisis. We also believe the investments we recommend can achieve multiple benefits, helping to improve public health, reduce energy burdens and improve equity outcomes, put Vermonters to work in good paying, union jobs, strengthen our economy by keeping more energy dollars in our state and enhance the resilience of our communities.

Governor's Climate Budget Recommendations:

- **Low-income Weatherization** (OEO and Community Action Program):
 - Our organizations support the scale of the Governor’s recommended funding for this program of **\$45,000,000**. **We urge that these funds be spent in FY23 and FY24, and that the Legislature also enable these funds to support simultaneous, one-touch clean, efficient electrification and heating upgrades** (such as heat pumps and heat pump hot water heaters) while weatherization work is undertaken.
 - *In Proposed Budget: Climate Action Investments Sec.XX(a), page 29*
- **Moderate Income Weatherization**
 - Our organizations support the Governor’s recommended budget for this proposal of **\$35,000,000** to PSD to be deposited in the Electric Efficiency Fund and allocated by Efficiency Vermont by December 31, 2024.
 - *In Proposed Budget: Climate Action Investments Sec.XX(b), page 29*
- **Electric Vehicle Supply Equipment (EVSE) grant program**
 - Our organizations **support the Governor’s proposal of \$19,250,000 for EV charging infrastructure (EVSE), and urge that these funds be spent in FY23 and FY24, to ensure a pace of EVSE deployment necessary to support the EV adoption rates necessary to meet Vermont’s legal climate pollution requirements under the GWSA.**
 - *In Proposed Budget: Climate Action Investments Sec.XX(c), page 29-30. Please note that under the IIJA, Vermont will also receive roughly \$4,250,000 annually over the next five years for EVSE build-out, which accounts for the balance of these funds. See [Governor’s Proposed FY23 ARPA Budget, January 18, 2022](#).*
- **Efficient and Electric Vehicle Incentive programs**
 - Our organizations **support the Governor’s proposal of \$20,000,000 for the state’s vehicle incentive programs, and \$2,000,000 for Drive Electric Vermont, and urge that these funds be directed to be deployed as much as possible in FY23 to ensure the pace of EV adoption necessary to meet Vermont’s legal climate pollution requirements under the GWSA.** Recognizing the uncertainties of supply chain constraints and the need to ramp up these programs from current annual levels, **we also recommend these funds be allowed to carry forward into FY24 as necessary.** Each of the programs supported in the Governor’s budget - MileageSmart, the Incentive Program for New EVs, Replace Your Ride, e-bike and e-recreation incentives, and the educational work done by Drive Electric Vermont (along with the EVSE grant program described above), address a specific need. In combination they make up a complementary package of incentives that will set Vermont up for success as we work to transition our transportation sector toward cleaner options and technologies.
 - *In Proposed Budget: Climate Action Investments Sec.XX(d), page 30*
- **Low-to-Moderate Income Electrical Upgrades/"Make Ready"**
 - Our organizations **support the Governor’s proposal of \$20,000,000 to PSD “to provide financial and technical assistance for low and moderate-income Vermonters to upgrade home electrical systems to enable installation of energy saving technologies.”**

- **We further recommend that it be directed specifically to the Clean Energy Development Fund** established in 30 V.S.A. § 8015. The Clean Energy Development Fund is housed at, overseen by and ultimately under the decision-making authority of the Department of Public Service. The CEDF has, for almost two decades, successfully shaped programs and deployed millions of public and private dollars for cost-effective, carbon-cutting initiatives. Directing these revenues to the CEDF would enable the PSD to have direct oversight, while also leaning on CEDF's additional capacity, expertise and proven track record to do this very type of work well.
- We also urge the Legislature to clarify that expenditure of this \$20,000,000 should **include funding for the installation of energy-saving and electrification equipment**. Funding for electrical system upgrades is important, but the actual installation of such equipment can also present a financial barrier to low- and moderate-income Vermonters adopting these technologies. For instance, many Vermonters considering purchasing an electric vehicle are eligible for both free EV charging equipment through Tier 3 of the Renewable Energy Standard, and substantial federal, state, and utility subsidies - but may lack the upfront funds to hire an electrician to install the charging equipment even if they have an adequate electrical system. Clarifying such installations as an eligible expense under this proposal could avoid some Vermont households having difficulty in taking advantage of this and other state programs.
 - *In Proposed Budget: Climate Action Investments Sec.XX(e), page 30*
- **Low-to-Moderate Income Load Management/Storage**
 - Our organizations **support the Governor's recommended budget of \$2,000,000** to PSD for low- and moderate-income Vermonters, smaller electric distribution utilities, and municipalities to adopt energy storage and management technologies and systems for this proposal. We do, however, **recommend this appropriation go specifically to the Clean Energy Development Fund**, housed at, in partnership with and overseen by the Department of Public Service for reasons articulated above.
 - *In Proposed Budget: Climate Action Investments Sec.XX(f), page 30*
- **Municipal Energy Resilience Initiatives**
 - Our organizations support deep investments in municipal building improvements, and specifically recommend adopting the approach advanced by the House Energy & Technology Committee, on a 9-0-0 vote, to appropriate **\$48,000,000 in H.518 to support this work**. We agree, as outlined in H.518, that the core focus must be on municipal energy efficiency, weatherization and the reduction of fossil fuels for heating. We agree BGS is the appropriate entity to deploy this funding. And we urge the appropriation of the \$2.4 million in H.518 to RPCs to equitably partner with communities and EVT to implement this program.
 - *Governor's proposed capital bill adjustment - see [testimony of Secretary Kristin Clouser to the House Committee on Institutions, Jan 18, 2022, p17](#)*
- **Global Warming Solutions Act implementation**
 - We support the Governor's ask for **\$75,000 to support necessary GWSA implementation** efforts. We also strongly urge the Legislature to appropriate an **additional \$150,000** to the ANR to support the development of a **lifecycle**

greenhouse gas accounting analysis which will serve as a critical foundation of information to build programs, policies and planning approaches to accurately account for, measure and help Vermont realize real and additional climate pollution benefits.

- *In Proposed Budget: Sec B.1100(a)(9)(A) page 4*
- **Climate Office Positions**
 - We support the Governor's ask of **\$1,100,000 for the state Office of Climate Action and the expansion of the Civil Rights and Environmental Justice Coordinator position** and related expenditures. There is a real need for increased staffing to bring a range of expertise and capacity to effectively implement the Climate Action Plan and environmental justice work in Vermont.
 - See [*testimony of Secretary Julie Moore to House Committee on Appropriations, February 3, 2022, p6-8*](#)

Additional Climate Coalition Budget Recommendations:

The following Climate Coalition recommendations were not included in the Governor's budget, but are aligned with the Climate Action Plan and we believe will be necessary to successfully implement the suite of strategies needed to meet our climate targets.

- **Switch & Save: Heat Pump Water Heater Change Outs**
 - We support an investment of **\$5,000,000** to a program designed by the broad Energy Action Network Switch & Save Network Action Team. Water heating is often the second largest energy cost in a home. Heat pump water heaters typically have a higher upfront price than a conventional electric water heater, but can cost half as much to operate due to their strong energy efficiency. A program that prioritizes and incentivizes water heater changeouts at no or low cost to low-income Vermonters' could realize significant carbon pollution reductions and significant savings for homeowners (average ~\$250 annually).
 - Our recommendation would be that these dollars go to the PSD-overseen Clean Energy Development Fund or Efficiency Vermont to refine and administer.
- **Regional Planning Commission (RPC) Positions - Two Additional RPC Capacity Asks (Beyond appropriation in H.518):**
 - **Regional energy planning and climate action implementation**
 - Climate Coalition's Ask: **\$2.4 million** (2-year commitment)
 - This appropriation will carry forward and support work statutorily required by RPCs to craft and work with their member communities to implement Act 174 – required enhanced energy planning – and partner with the state to reduce carbon pollutants as obligated by the Global Warming Solutions Act.
 - **A natural resource planner at each RPC, as recommended in the Climate Action Plan**
 - Climate Coalition's Ask: **\$1.2 million**
 - As regions ramp up their work to help communities adapt to and become more resilient – and as more federal dollars and other potential funding flows down to communities for resilience initiatives – dedicated staff

embedded at the RPCs will be important to support all communities strategically assessing and accessing opportunities.

- **Climate Workforce Development**

- Climate Coalition's Ask: **No less than \$5,000,000**
- In order to meet our greenhouse gas emission reduction requirements, Vermont needs to equip thousands of workers with the skills needed to weatherize homes, install heat pumps and other clean energy solutions, electrify our transportation sector, build green commercial buildings, and sustainably manage our working lands, forests and waterways. If we're going to build and sustain a climate workforce pipeline, our state must make historic investments to expand on-site training programs such as the Vermont Training Program and the new Serve, Earn, & Learn Program; offer subsidies to allow green businesses to take on lightly skilled learners via internships, bolster wages for new hires/interns, and provide scholarships for further upskilling; provide funding to Vermont Technical Colleges to create new training and career path programs for contractors, electricians, plumbers, and building science professionals; and launch a statewide climate workforce recruitment and education campaign in partnership with ACCD, CTEs, VTC, the Vermont Adult Continuing Education, non-profits, and other partners. We support these and other key proposals and also urge that they be included in [H. 703](#), the Omnibus Workforce Development Bill.
- We also support the Distribution Utilities' **\$1.5 million** ask for **expanding the registered electrician apprenticeship program**. This should include additional training (telecom) for current electric line workers and a focus on attracting non-traditional and disadvantaged candidates.

- **Equitable "Advanced Metering Infrastructure" (Grid Modernization) Investments:**

- We support the Distribution Utilities' ask of **\$11,000,000** to establish "**Advance Metering Infrastructure**" in communities – and households – across Vermont currently underserved by this critical electrification equipment. This investment will help give all Vermonters equal access to the cost and carbon cutting benefits of a more modern grid. It will also expand further federal grant opportunities for utilities currently unable to fully access them for their customers.

We believe these investments speak to the scale, pace, multi-faceted approach and the need for an equitable energy transition, and we thank you in advance for your consideration and support of our recommendations. We also recognize that these appropriations must be paired with policies or regulatory approaches that ensure certainty and equity in progress over the long term. In our most carbon-intensive sectors – especially thermal and transportation – those policies must include a well-crafted Clean Heat Standard, significant regulatory or policy reform in the transportation arena and more. We very much look forward to collaborating with you, your colleagues, key stakeholders and a broad cross-sector of Vermonters to do that ongoing work.

We very much appreciate your hard work in service to Vermonters on many important, pressing issues. We believe these recommendations will deliver on job-creating, equity-enhancing opportunities and put a serious down payment on our obligation to build a more equitable and resilient clean energy economy. We stand ready to work together with you to continue to develop and refine a budget package that will meet this moment.

Sincerely,

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CC:

House Speaker Jill Krowinski
Representative Emily Long
Representative Mike McCarthy