

1 Introduced by Committee on Energy and Technology

2 Date:

3 Subject: Climate change; air pollution; renewable energy; heating; fuel

4 Statement of purpose of bill as introduced: This bill proposes to establish the
5 Clean Heat Standard to reduce Vermont’s greenhouse gas emissions from the
6 thermal sector. It would be administered by the Public Utility Commission
7 with assistance from the Clean Heat Standard Technical Advisory Group.

8 An act relating to the Clean Heat Standard

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

10 Sec. 1. FINDINGS

11 The General Assembly finds:

12 (1) All of the legislative findings made in 2020 Acts and Resolves
13 No. 153, Sec. 2, the Vermont Global Warming Solutions Act of 2020, remain
14 true and are incorporated by reference here.

15 (2) Under the Vermont Global Warming Solutions Act of 2020 and
16 10 V.S.A. § 578, Vermont has a legal obligation to reduce greenhouse gas
17 emissions to specific levels by 2025, 2030, and 2050.

18 (3) The Vermont Climate Council was established under the Vermont
19 Global Warming Solutions Act of 2020 and was tasked with, among other
20 things, recommending necessary legislation to reduce greenhouse gas

1 emissions. The Initial Vermont Climate Action Plan calls for the General
2 Assembly to adopt legislation authorizing the Public Utility Commission to
3 administer the Clean Heat Standard consistent with the recommendations of
4 the Energy Action Network’s Clean Heat Standard Working Group.

5 (4) As required by the Vermont Global Warming Solutions Act of 2020,
6 the Vermont Climate Council published the Initial Vermont Climate Action
7 Plan on December 1, 2021. As noted in that plan, over one-third of Vermont’s
8 greenhouse gas emissions come from the thermal sector. Approximately
9 72 percent of Vermont’s thermal energy use is fossil-based, including
10 43 percent from the combustion of fossil gas and propane and 29 percent from
11 the burning of heating oil.

12 (5) To meet the greenhouse gas emission reductions required by the
13 Vermont Global Warming Solutions Act of 2020, Vermont needs to transition
14 away from its current carbon-intensive building heating practices to lower-
15 carbon alternatives. It also needs to do this equitably, recognizing economic
16 effects on energy users, especially energy-burdened users; on the workforce
17 currently providing these services; and on the overall economy.

1 Sec. 2. 30 V.S.A. chapter 94 is added to read:

2 CHAPTER 94. CLEAN HEAT STANDARD

3 § 8121. CLEAN HEAT STANDARD

4 (a) The Clean Heat Standard is established. Under this program, obligated
5 parties shall reduce greenhouse gas emissions attributable to the Vermont
6 thermal sector by retiring required amounts of clean heat credits to meet the
7 thermal sector portion of the greenhouse gas emission reduction obligations of
8 the Global Warming Solutions Act.

9 (b) By rule or order, the Commission shall establish or adopt a system of
10 tradeable clean heat credits earned from the delivery of clean heat measures
11 that reduce greenhouse gas emissions.

12 (c) An obligated party may obtain the required amount of clean heat credits
13 through delivery of eligible clean heat measures, through contracts for delivery
14 of eligible clean heat measures, through the market purchase of clean heat
15 credits, or through delivery of eligible clean heat measures by a designated
16 statewide default delivery agent.

17 (d) The Public Utility Commission shall adopt rules and may also issue
18 orders to design and implement the Clean Heat Standard.

1 § 8122. DEFINITIONS

2 As used in this chapter:

3 (1) “Clean heat credit” means a tradeable, non-tangible commodity that
4 represents the amount of greenhouse gas reduction caused by a clean heat
5 measure. The Commission shall establish a system of recognition for clean
6 heat credits pursuant to this chapter.

7 (2) “Clean heat measure” means fuel and technologies delivered and
8 installed to end-use customers in Vermont that reduce greenhouse gas
9 emissions. Clean heat measures shall not include switching from one fossil
10 fuel use to another fossil fuel use. The Commission may adopt a list of
11 acceptable actions that qualify as clean heat measures.

12 (3) “Commission” means the Public Utility Commission.

13 (4) “Default delivery agent” means the entity designated by the
14 Commission to provide services that generate tradeable clean heat credits.

15 (5) “Entity” means any individual, trustee, agency, partnership,
16 association, corporation, company, municipality, political subdivision, or any
17 other form of organization.

18 (6) “Heating fuel” means fossil-based heating fuel, including oil,
19 propane, natural gas, coal, and kerosene.

20 (7) “Low-income customer” means a customer with a household income
21 at or below 185 percent of the federal poverty level.

1 (8) “Obligated party” means:

2 (A) a regulated natural gas utility serving customers in Vermont, or

3 (B) for other heating fuels, the entity that makes the first sale of the
4 heating fuel into or in the State for consumption within the State.

5 (9) “Thermal sector” has the same meaning as the “Residential,
6 Commercial and Industrial Fuel Use” sector as used in the Vermont
7 Greenhouse Gas Inventory and Forecast.

8 § 8123. CLEAN HEAT STANDARD COMPLIANCE

9 (a) Required amounts.

10 (1) The Commission shall establish the number of clean heat credits that
11 each obligated party is required to retire each calendar year. The size of the
12 annual requirement shall be set at a pace sufficient for Vermont’s thermal
13 sector to achieve lifecycle carbon dioxide equivalent (CO₂e) emission
14 reductions consistent with the requirements of 10 V.S.A. § 578(a) expressed as
15 lifecycle greenhouse gas emissions pursuant to section 8124(d) of this title.

16 (2) Annual requirements shall be expressed as a percent of each
17 obligated party’s contribution to the thermal sector’s lifecycle CO₂e emissions
18 in the previous year with the annual percentages being the same for all parties.
19 To ensure understanding among obligated parties, the Commission shall, in a
20 timely manner, publicly provide a description of the annual requirements in
21 plain terms.

1 (3) The Commission may adjust the annual requirements for good cause
2 after notice and opportunity for public process. Good cause may include a
3 shortage of clean heat credits or undue adverse financial impacts on particular
4 customers or demographic segments. Any downward adjustment shall be
5 allowed for only a short, specified period.

6 (4) To support the ability of the obligated parties to plan for the future,
7 the Commission shall establish annual clean heat credit requirements for 10
8 years with the required amounts being updated so 10 years' worth of
9 requirements are always available. Every three years, the Commission shall
10 extend the requirements three years, shall assess emission reductions actually
11 achieved in the thermal sector, and, if necessary, revise the pace of clean heat
12 credit requirements for future years to ensure that the thermal sector portion of
13 the emission reduction requirements of 10 V.S.A. § 578(a) for 2030 and 2050
14 will be achieved.

15 (b) Annual registration.

16 (1) Each entity that sells heating fuel in or into Vermont shall register
17 annually with the Commission by an annual deadline established by the
18 Commission. The form and information required in the registration shall be
19 determined by the Commission and shall include all data necessary to establish
20 annual requirements under this chapter. The Commission shall use the

1 information provided in the registration to determine whether the entity shall
2 be considered an obligated party and the extent of their obligation.

3 (2) At a minimum, the Commission shall require registration
4 information to include legal name, doing business as name if applicable,
5 municipality, state, type of heating fuel sold, and the volume of sales of
6 heating fuels into or in the state for final sale or consumption in the state in the
7 calendar year immediately preceding the calendar year in which the entity is
8 registering with the Commission.

9 (3) Each year, and no later than 30 days following the annual
10 registration deadline established by the Commission, the Commission shall
11 share complete registration information of obligated parties with the Agency of
12 Natural Resources for purposes of conducting the Vermont Greenhouse Gas
13 Inventory and Forecast and meeting the requirements of 10. V.S.A. §591(b)(3).

14 (4) The Commission shall maintain, and update annually, a list of
15 registered entities on their website that contains the required registration
16 information, except that the public list shall not include heating fuel volumes
17 reported.

18 (5) For any entity not registered, the first registration form shall be due
19 30 days after the first sale of heating fuel to a location in Vermont.

20 (6) Clean heat requirements and credits shall transfer to entities that
21 acquire an obligated party.

1 (c) Early action credits. Beginning in 2022, clean heat measures that are
2 installed and provide emission reductions are creditable and therefore count
3 towards the future clean heat credit requirements of the obligated party. Upon
4 the establishment of the clean heat credit system, entities may register credits
5 for actions taken starting in 2022.

6 (d) Low-income customers; equitable clean heat measures.

7 (1) The Clean Heat Standard shall be designed and implemented to
8 enhance social equity by minimizing adverse impacts to low-income customers
9 and those households with the highest energy burdens. The design shall ensure
10 all customers have an equitable opportunity to participate in, and benefit from,
11 clean heat measures regardless of heating fuel used, income level, geographic
12 location, or homeownership status.

13 (2) A substantial portion of clean heat credits retired by each obligated
14 party shall be sourced from clean heat measures delivered to low- and
15 moderate- income customers. The portion of each obligated party's required
16 amount needed to satisfy the annual Clean Heat Standard requirement shall be
17 at least 16 percent from low-income customers and 16 percent from
18 moderate-income customers. The definition of low- and moderate-income
19 households shall be set by the Commission in consultation with equity
20 stakeholders and in alignment with other existing definitions. The
21 Commission may consider frontloading the credit requirements for low-and

1 moderate-income households so that the greatest proportion of clean heat
2 measures reach low- and moderate-income Vermonters in the earlier years. In
3 order to best serve low- and moderate-income customers, the Commission
4 shall have authority to change these portions and the criteria used to define
5 low- and moderate-income customers for good cause, after notice and
6 opportunity for public process.

7 (e) Credit banking. The Commission shall allow an obligated party that
8 has met its annual clean heat obligation in a given year to retain clean heat
9 credits in excess of that amount for future sale or application to the obligated
10 party's annual obligations in future compliance periods.

11 (f) Default delivery agent.

12 (1) An obligated party may meet its annual obligation through a
13 designated default delivery agent appointed by the Commission. The default
14 delivery agent shall deliver creditable clean heat measures to Vermont homes
15 and businesses when:

16 (A) an obligated party chooses to assign its obligation to the default
17 delivery agent; or

18 (B) an obligated party fails to produce or acquire their required
19 amount of clean heat credits.

20 (2) The Commission shall designate the default delivery agent. The
21 default delivery agent shall be a single statewide entity hired for a multiyear

1 period through a competitive procurement process. The entity selected as the
2 default deliver agent may also be a market participant.

3 (3) By rule or order, the Commission shall adopt and periodically update
4 the cost per clean heat credit to be paid to the default delivery agent by an
5 obligated party that chooses this option. In making adjustments to the default
6 delivery agent credit cost, the Commission shall consider the default delivery
7 agent's anticipated costs to deliver clean heat measures and costs borne by
8 customers, among other factors determined by the Commission. Changes to
9 the cost of credits shall take effect not less than 180 days after adopted.

10 (4) All funds received from noncompliance payments pursuant to
11 subdivision (i)(2) of this section shall be used by the default delivery agent to
12 provide clean heat measures to low-income customers.

13 (h) Public process. *[Propose taking this out of this section] This subsection*
14 *applies to the first rulemaking under this section. Before filing proposed rules*
15 *with the Secretary of State, the Commission shall conduct a public process on*
16 *the development of the proposed rules that includes the following elements:*

17 (1) an opportunity for potentially affected persons and members of the
18 public to submit comments and recommendations on the design and
19 implementation of the Clean Heat Standard, both in writing and at one or
20 more public meetings held for the purpose;

1 (2) after providing the opportunity for input described in subdivision (1)
2 of this subsection, publication of a draft rule; and

3 (3) an opportunity for potentially affected persons and members of the
4 public to submit comments and recommendations on the draft rule issued
5 pursuant to subdivision (2) of this subsection, both in writing and at one or
6 more public meetings held for the purpose.

7 (i) Enforcement.

8 (1) The Commission shall have the authority to enforce the requirements
9 of this chapter and any rules or orders adopted to implement the provisions of
10 this chapter. The Commission may use its existing authority under this title.
11 As part of an enforcement order, the Commission may order penalties and
12 injunctive relief.

13 (2) The Commission may order an obligated party that fails to retire the
14 number of clean heat credits required in a given year, including the required
15 amounts from low- and moderate-income customers, to make a noncompliance
16 payment to the default delivery agent. The per credit amount of the
17 noncompliance payment shall be three times the amount established by the
18 Commission under subsection (f) of this section for timely per credit payments
19 to the default delivery agent.

20 (3) Any statements or other representations made by obligated parties
21 related to compliance with the Clean Heat Standard are subject to the

1 Commission’s enforcement authority, including the power to investigate and
2 assess penalties, under this title.

3 (j) Records. The Commission shall establish requirements for the types of
4 records to be submitted by obligated parties, a record retention schedule for
5 required records, and a process for verification of records and data submitted in
6 compliance with the requirements of this chapter.

7 (k) Reports.

8 (1) For purposes of this subsection, “standing committees” refers to the
9 House Committees on Energy and Technology and on Natural Resources, Fish,
10 and Wildlife and to the Senate Committees on Finance and on Natural
11 Resources and Energy.

12 (2) After the adoption of the order implementing this chapter, the
13 Commission shall submit a written report to the standing committees detailing
14 the efforts undertaken to establish the Clean Heat Standard pursuant to this
15 chapter.

16 (3) On or before August 31 of each year following the year in which
17 rules are first adopted under this subsection, the Commission shall submit to
18 the standing committees a written report detailing the implementation and
19 operation of the Clean Heat Standard. This report shall include an assessment
20 on the equitable adoption of clean heat measures required subsection (d) of this
21 section, along with recommendations to increase participation for the

1 households with the highest energy burdens. The provisions of 2 V.S.A.
2 § 20(d) (expiration of required reports) shall not apply to the report to be made
3 under this subsection.

4 § 8124. TRADEABLE CLEAN HEAT CREDITS

5 (a) By rule or order, the Commission shall establish or adopt a system of
6 tradeable clean heat credits that may be earned by reducing greenhouse gas
7 emissions through the delivery of clean heat measures. While credit
8 denominations may be in simple terms for public understanding and ease of
9 use, the underlying value shall be based on units of carbon dioxide equivalent
10 (CO₂e). The system shall provide a process for the recognition, approval,
11 verification, and monitoring of the clean heat credits.

12 (b) Clean heat credits shall be based on the lifecycle CO₂e emission
13 reductions that result from the delivery of eligible clean heat measures to end-
14 use customer locations in or into Vermont. Eligible clean heat measures
15 delivered to or installed in Vermont shall include:

16 (1) thermal energy efficiency improvements and weatherization;

17 (2) the supply of sustainably sourced biofuels;

18 (3) renewable natural gas and low-emission advanced gases;

19 (4) the installation of cold-climate heat pumps and efficient electric

20 appliances providing thermal end-uses;

21 (5) advanced wood heating appliances and systems; and

1 (6) renewable energy-based district heating services.

2 (c) For pipeline renewable natural gas and other renewably generated
3 natural gas substitutes to be eligible, an obligated party shall purchase
4 renewable natural gas and its associated renewable attributes and demonstrate
5 that it has secured a contractual pathway for the physical delivery of the gas
6 from the point of injection into the pipeline to the obligated party’s delivery
7 system.

8 (d) To promote certainty for obligated parties and clean heat providers, the
9 Commission shall, by rule or order, establish a schedule of lifecycle emission
10 rates for heating fuels and eligible clean heat measures. The schedule shall be
11 based on transparent and accurate emissions accounting adapting the Argonne
12 National Laboratory GREET Model or an alternative of comparable analytical
13 rigor to achieve the purposes of this chapter, the greenhouse gas emissions
14 reduction requirements, in part, of 10 V.S.A. § 578(a), and to deter substantial
15 unintended harmful consequences. The schedule may be amended based upon
16 changes in technology or evidence on emissions, but clean heat credits
17 previously awarded shall not be adjusted retroactively.

18 (e) Clean heat credits shall be “time stamped” for the year in which the
19 clean heat measure is delivered as well as each subsequent year during which
20 the measure produces emission reductions. Only clean heat credits with the

1 current year time stamp, and credits banked from previous years, shall be
2 eligible to satisfy the current year obligation.

3 (f) Clean heat credits can be earned only in proportion to the deemed or
4 measured thermal sector greenhouse gas emission reductions achieved by a
5 clean heat measure delivered in Vermont. Other emissions offsets, wherever
6 located, shall not be eligible measures.

7 (g) All eligible clean heat measures that are delivered in Vermont shall be
8 eligible for clean heat credits and may be retired and count towards an
9 obligated party's emission reduction obligations, regardless of who creates or
10 delivers them and regardless of whether their creation or delivery was required
11 by other State policies and programs. This includes individual initiatives,
12 emission reductions resulting from the State's energy efficiency programs, the
13 low-income weatherization program, and the Renewable Energy Standard Tier
14 3 program.

15 (h) The Commission shall create a registration system to lower
16 administrative barriers to individuals and businesses seeking to register
17 qualified actions eligible to earn clean heat credits, and to facilitate the transfer
18 of credits to obligated parties. The Commission may appoint a qualified agent
19 to operate this registry on behalf of all parties. The system shall require
20 entities to submit the following information to receive the credit: the location
21 of the clean heat measure, whether customer or tenant has a low-or moderate-

1 income, the type of property where the clean heat measure was installed or
2 sold, the type of clean heat measure, and any other information as required by
3 the Commission.

4 (i) Nothing in this chapter shall limit the authority of the Secretary of
5 Natural Resources to compile and publish the Vermont Greenhouse Gas
6 Emissions Inventory in accordance with 10 V.S.A. §582.

7 § 8125. CLEAN HEAT STANDARD TECHNICAL ADVISORY GROUP

8 (a) The Commission shall establish the Clean Heat Standard Technical
9 Advisory Group to assist the Commission in the ongoing management of the
10 Clean Heat Standard. Its duties shall include:

11 (1) establishing and revising the lifecycle carbon dioxide equivalent
12 (CO₂e) emissions accounting methodology to be used to determine each
13 obligated party's annual requirement pursuant to section 8123(a)(2) of this
14 chapter;

15 (2) establishing and revising the clean heat credit value for different
16 clean heat measures;

17 (3) assessing the sustainability of the production of clean heat measures;

18 (4) setting the lifespan length of clean heat measures for the purpose of
19 calculating credit values;

1 (5) establishing credit values for each year over a clean heat measure’s
2 life, including adjustments to account for increasing interactions between clean
3 heat measures over time so as to not double-count emission reductions;

4 (6) facilitating the program’s coordination with other energy programs;

5 (7) the volume-weighted average price of clean heat credits and the
6 average cost or cost-savings of the Clean Heat Standard per gallon of each type
7 of heating fuel;

8 (8) coordinating with the Agency of Natural Resources to ensure that
9 greenhouse gas emissions reductions achieved in another sector through the
10 implementation of the Clean Heat Standard are not double counted in the
11 Vermont Greenhouse Gas Emissions Inventory and Forecast produced by the
12 Agency of Natural Resources pursuant to 10 V.S.A. § 582;

13 (9) advising the Commission on the periodic assessment and revision
14 requirement established in section 8123(a)(5) of this chapter; and

15 (10) any other matters referred to the Clean Heat Standard Technical
16 Advisory Group by the Commission.

17 (b) Members of the Clean Heat Standard Technical Advisory Group shall
18 be appointed by the Commission and at a minimum shall include at least one
19 representative from each of the following groups: the obligated parties, the
20 Department of Public Service, Department of Environmental Conservation,
21 Efficiency Vermont, the electric utilities, and environmental organizations.

1 (c) The Commission shall hire a third-party consultant responsible for
2 developing clean heat measure characterizations and relevant assumptions,
3 including CO2e lifecycle emissions analyses. The Clean Heat Standard
4 Technical Advisory Group shall provide input and feedback on the
5 consultant’s work.

6 (d) Emission analyses and associated assumptions developed by the
7 consultant shall be reviewed and approved annually by the Commission. In
8 reviewing the consultant’s work, the Commission shall provide a public
9 comment period on the work. The Commission may approve or adjust the
10 consultant’s work as it deems necessary based on its review and the public
11 comments received.

12 **§ 8126. CLEAN HEAT STANDARD EQUITY ADVISORY GROUP**

13 **(a) The Commission shall establish the Clean Heat Equity Advisory Group**
14 **to assist the Commission in ensuring that an equitable share of clean heat**
15 **measures are delivered to low- and moderate-income Vermonters, and that**
16 **low- and moderate-income Vermonters who do not adopt clean heat measures**
17 **are not negatively impacted in their ability to afford heating fuel. Its duties**
18 **shall include:**

19 **(1) monitoring fuel price impacts of the Clean Heat Standard;**

1 (2) assessing the impact of the Clean Heat Standard on low- and
2 moderate-income customers and organizations that provide social services to
3 Vermonters;

4 (3) recommending any additional programs or funding needed to
5 support low- and moderate-income customers in affording heating fuel and
6 other heating expenses;

7 (4) analyzing whether customers are being equitably served by clean
8 heat measures; and

9 (5) determining what actions need to be implemented to provide better
10 service to low-income and low- to moderate-income customers.

11 (b) The Clean Heat Standard Equity Advisory Group shall consist of up to
12 ten members appointed by the Commission and at a minimum shall include at
13 least one representative from each of the following groups: Department of
14 Public Service Public Advocacy Division, Department of Children and
15 Families Office of Economic Opportunity, Capstone Agencies, Efficiency
16 Vermont, individuals with socioeconomically and geographically diverse
17 backgrounds, renters and rental property owners; and a member of the
18 Vermont Fuel Dealers Association with knowledge of arrearages.

1 Sec. 3. PUBLIC UTILITY COMMISSION IMPLEMENTATION

2 (a) Commencement. On or before August 31, 2022, the Public Utility
3 Commission (Commission) shall commence a proceeding to implement Sec. 2
4 (Clean Heat Standard) of this act.

5 (b) Facilitator. On or before October 1, 2022, the Commission shall hire
6 third party consultant to design and conduct public engagement.

7 {Proposed outline of public process}

8 The facilitator hired by the Commission shall assist with conducting public
9 outreach and engagement. The Commission shall hold at least six hybrid
10 public meetings that will allow members of the public to participate in person
11 or remotely. The meetings shall be held in in six different regions of the State.
12 The meetings shall be recorded and publicly posted so that the public may
13 view them after the fact.

14 The meetings shall take the form of either standard public hearings or a
15 form of deliberative polling. Both formats shall be used. The facilitator shall
16 assist the Commission in developing a format for using deliberative polling at
17 the public hearings.

18 The Commission shall allow the public to submit written public comments.

19 The Commission shall use funding appropriated in this act on advertising
20 the public meetings in order to provide notice to a broad variety of segments of
21 the public.

1 The Commission shall hold at least two workshops with stakeholders.

2 The Commission shall publish a proposed (draft) order and provide it to the
3 stakeholders. The Commission shall accept written comments from the public
4 and stakeholders and make necessary changes before adopting the final order.

5 (b) Notice; comment; workshop. The proceeding shall include at least two
6 workshops to solicit the input of potentially affected parties. The Commission
7 shall provide notice of the workshops on its website and directly to the
8 Department of Public Service, Vermont’s fuel wholesalers and retail fuel
9 suppliers, renewable energy advocates, environmental and consumer advocacy
10 organizations, organizations that serve low- and moderate-income Vermonters,
11 organizations that serve older Vermonters, entities that provide weatherization
12 services, energy transition providers, regional planning commissions,
13 municipal energy commissions, community action agencies, environmental
14 justice organizations, affordable housing advocates, the Office of Economic
15 Opportunity, and to any other person that requests direct notice or to whom the
16 Commission may consider direct notice appropriate. The Commission also
17 shall provide an opportunity for submission of written comments, which the
18 notice shall include.

19 (c) Order. On or before July 1, 2024, the Commission shall issue an order
20 to take effect on January 1, 2025 that initially implements Sec. 2 of this act.

1 (d) Consultant. On or before January 15, 2023, the Commission shall
2 contract with a consultant to assist with implementation of 30 V.S.A. § 8125.

3 (e) Funding. On or before January 15, 2023, the Commission shall report
4 to the General Assembly on suggested revenue streams that may be used or
5 created to fund the Commission’s administration of the Clean Heat Standard
6 program.

7 (f) Reports. On or before January 31, 2023 and January 31, 2024, the
8 Commission shall submit a written report and hold hearings with the House
9 Committees on Energy and Technology and on Natural Resources, Fish, and
10 Wildlife and to the Senate Committees on Finance and on Natural Resources
11 and Energy detailing the efforts undertaken to establish the Clean Heat
12 Standard pursuant to this chapter

13 Sec. 4. PUBLIC UTILITY COMMISSION POSITIONS;

14 APPROPRIATION

15 (a) The following new positions are created at the Public Utility
16 Commission for the purpose of carrying out this act:

17 (1) one (1) permanent exempt Staff Attorney 3;

18 (2) one (1) permanent exempt analyst; and

19 (3) one (1) limited-service exempt analyst.

20 (b) The sum of \$600,000.00 is appropriated to the Public Utility
21 Commission from the General Fund in fiscal year 2023 for the positions

1 established in subsection (a) of this section, for the consultant required by
2 Sec. 3 of this act, and for additional operating costs required to implement the
3 Clean Heat Standard, including marketing and public outreach for Sec. 3 of
4 this act.

5 **Sec. 5. SECTORAL PROPORTIONALITY REPORT**

6 (a)(1) On or before November 15, 2023, the Agency of Natural Resources
7 and the Department of Public Service, in consultation with the Vermont
8 Climate Council, shall report to the House Committees on Energy and
9 Technology and on Natural Resources, Fish, and Wildlife and to the Senate
10 Committees on Finance and on Natural Resources and Energy regarding:

11 (A) the role of individual economic sectors in achieving the
12 greenhouse gas emission reduction requirements pursuant to 10 V.S.A. §
13 578(a);

14 (B) each economic sector's proportional contribution to greenhouse
15 gas emissions in Vermont as inventoried pursuant to 10 V.S.A. 582; and,

16 (C) the extent to which cost-effective, feasible, and co-beneficial
17 reasonably available greenhouse gas emission reduction measures are available
18 commensurate with each sectors proportional contribution and emissions
19 reduction impact.

1 (2) The report shall consider the analyses performed in support of the
2 December 1, 2021 Climate Action Plan and the 2022 Comprehensive Energy
3 Plan. The report shall consider additional analyses, as necessary.

4 (b) The report shall make recommendations to the General Assembly to
5 amend 10 V.S.A. §578 to include sector-specific greenhouse emissions
6 reduction requirements and, as necessary, subsector-specific greenhouse
7 emission reduction requirements for the purposes of informing and
8 appropriately scaling the implementation of programs and policies that achieve
9 greenhouse gas emission reductions. As used in this section, “sector” shall
10 mean those established in the annual Vermont Greenhouse Gas Emissions
11 Inventory and Forecast produced by the Agency of Natural Resources pursuant
12 to 10 V.S.A. § 582. The recommendations shall be made in consideration of
13 the factors established in 10 V.S.A. § 592(d).

14 (c) The Agency of Natural Resources and the Department of Public
15 Service, in consultation with the Vermont Climate Council, shall submit an
16 updated report and any corresponding recommendations in accordance with
17 this Section on July 1 of a year immediately preceding a year in which an
18 updated Climate Action Plan is adopted pursuant to 10 V.S.A. §592(a).

19 Sec. 6. EFFECTIVE DATE

20 This act shall take effect on passage.