

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.

19 § 8122. DEFINITIONS

20 As used in this chapter:

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

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

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

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

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

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

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

20 (8) “Moderate-income customer” means a customer with a household
21 income between 186 and 400 percent of the federal poverty level.

1 (9) “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 (10) “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 their annual requirement.

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 and the Department of Public Service for purposes of
13 conducting the Vermont Greenhouse Gas Inventory and Forecast and meeting
14 the requirements of 10. V.S.A. §591(b)(3).

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

19 (5) For any entity not registered, the first registration form shall be due
20 30 days after the first sale of heating fuel to a location in Vermont.

1 (6) Clean heat requirements shall transfer to entities that acquire an
2 obligated party.

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

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

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

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

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

8 (3) A clean heat measure delivered to a customer qualifying for a
9 government-sponsored low-income energy subsidy shall qualify for clean heat
10 credits required by subdivision (2) of this section.

11 (e) Credit banking. The Commission shall allow an obligated party that
12 has met its annual requirement in a given year to retain clean heat credits in
13 excess of that amount for future sale or application to the obligated party's
14 annual requirements in future compliance periods as determined by the
15 Commission.

16 (f) Default delivery agent.

17 (1) An obligated party may meet its annual requirement through a
18 designated default delivery agent appointed by the Commission. The default
19 delivery agent shall deliver creditable clean heat measures to Vermont homes
20 and businesses when:

1 (A) an obligated party chooses to assign its annual requirement to the
2 default delivery agent; or

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

5 (2) The Commission shall designate the default delivery agent. The
6 default delivery agent shall be a single statewide entity hired for a multiyear
7 period through a competitive procurement process. The entity selected as the
8 default delivery agent may also be a market participant.

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

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

19 (h) Enforcement.

20 (1) The Commission shall have the authority to enforce the requirements
21 of this chapter and any rules or orders adopted to implement the provisions of

1 this chapter. The Commission may use its existing authority under this title.

2 As part of an enforcement order, the Commission may order penalties and
3 injunctive relief.

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

11 (3) Any statements or other representations made by obligated parties
12 related to compliance with the Clean Heat Standard are subject to the
13 Commission’s enforcement authority, including the power to investigate and
14 assess penalties, under this title.

15 (i) Records. The Commission shall establish requirements for the types of
16 records to be submitted by obligated parties, a record retention schedule for
17 required records, and a process for verification of records and data submitted in
18 compliance with the requirements of this chapter.

19 (j) Reports.

20 (1) For purposes of this subsection, “standing committees” refers to the
21 House Committees on Energy and Technology and on Natural Resources, Fish,

1 and Wildlife and to the Senate Committees on Finance and on Natural
2 Resources and Energy.

3 (2) After the adoption of the order implementing this chapter, the
4 Commission shall submit a written report to the standing committees detailing
5 the efforts undertaken to establish the Clean Heat Standard pursuant to this
6 chapter.

7 (3) On or before August 31 of each year following the year in which
8 rules are first adopted under this subsection, the Commission shall submit to
9 the standing committees a written report detailing the implementation and
10 operation of the Clean Heat Standard. This report shall include an assessment
11 on the equitable adoption of clean heat measures required subsection (d) of this
12 section, along with recommendations to increase participation for the
13 households with the highest energy burdens. The provisions of 2 V.S.A.
14 § 20(d) (expiration of required reports) shall not apply to the report to be made
15 under this subsection.

16 § 8124. TRADEABLE CLEAN HEAT CREDITS

17 (a) By rule or order, the Commission shall establish or adopt a system of
18 tradeable clean heat credits that may be earned by reducing greenhouse gas
19 emissions through the delivery of clean heat measures. While credit
20 denominations may be in simple terms for public understanding and ease of
21 use, the underlying value shall be based on units of carbon dioxide equivalent

1 (CO₂e). The system shall provide a process for the recognition, approval, and
2 monitoring of the clean heat credits. The Department of Public Service shall
3 perform the verification of clean heat credit claims and submit results of the
4 verification and evaluation to the Commission annually.

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

9 (1) thermal energy efficiency improvements and weatherization;

10 (2) the supply of sustainably sourced biofuels;

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

12 (4) the installation of cold-climate heat pumps and efficient electric
13 appliances providing thermal end-uses;

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

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

16 (c) For pipeline renewable natural gas and other renewably generated
17 natural gas substitutes to be eligible, an obligated party shall purchase
18 renewable natural gas and its associated renewable attributes and demonstrate
19 that it has secured a contractual pathway for the physical delivery of the gas
20 from the point of injection into the pipeline to the obligated party's delivery
21 system.

1 (d) To promote certainty for obligated parties and clean heat providers, to
2 achieve the thermal sector greenhouse gas emissions reductions necessary in
3 order to meet the sector’s share of the requirements of 10 V.S.A. § 578(a), and
4 to deter substantial unintended harmful consequences, the Commission shall,
5 by rule or order, establish a schedule of lifecycle emission rates for heating
6 fuels and eligible clean heat measures. The schedule shall be based on
7 transparent and accurate emissions accounting adapting the Argonne National
8 Laboratory GREET Model or an alternative of comparable analytical rigor.
9 The schedule may be amended based upon changes in technology or evidence
10 on emissions, but clean heat credits previously awarded shall not be adjusted
11 retroactively.

12 (e) Clean heat credits shall be “time stamped” for the year in which the
13 clean heat measure is delivered as well as each subsequent year during which
14 the measure produces emission reductions. Only clean heat credits with the
15 current year time stamp, and credits banked from previous years, shall be
16 eligible to satisfy the current year obligation.

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

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

9 (h)(1) The Commission shall create a registration system to lower
10 administrative barriers to individuals and businesses seeking to register
11 qualified actions eligible to earn clean heat credits, and to facilitate the transfer
12 of credits to obligated parties. The Commission may hire a third-party
13 consultant to evaluate, develop, implement, maintain, and support a database
14 or other means for tracking clean heat credits and compliance with the annual
15 requirements of obligated parties.

16 (2) The system shall require entities to submit the following information
17 to receive the credit: the location of the clean heat measure, whether customer
18 or tenant has a low-or moderate-income, the type of property where the clean
19 heat measure was installed or sold, the type of clean heat measure, and any
20 other information as required by the Commission.

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

4 § 8125. CLEAN HEAT STANDARD TECHNICAL ADVISORY GROUP

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

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

12 (2) establishing and revising the clean heat credit value for different
13 clean heat measures;

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

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

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

20 (6) facilitating the program's coordination with other energy programs;

1 (7) calculating the impact of the cost of clean heat credits and the cost
2 savings associated with delivered clean heat measures on per unit heating fuel
3 prices;

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

9 (9) advising the Commission on the periodic assessment and revision
10 requirement established in section 8123(a)(4) of this chapter; and

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

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

18 (c) The Commission shall hire a third-party consultant responsible for
19 developing clean heat measure characterizations and relevant assumptions,
20 including CO₂e lifecycle emissions analyses. The Clean Heat Standard

1 Technical Advisory Group shall provide input and feedback on the
2 consultant’s work.

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

9 § 8126. CLEAN HEAT STANDARD EQUITY ADVISORY GROUP

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

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

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

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

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

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

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

16 **Sec. 3.** PUBLIC UTILITY COMMISSION IMPLEMENTATION

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

20 (b) Facilitator. On or before October 1, 2022, the Commission shall hire a
21 third-party consultant to design and conduct public engagement. The

1 Commission **may use funds** appropriated under this act on hiring the
2 consultant.

3 (c) Public engagement process. The Commission shall use the forms of
4 public engagement described in this subsection (c) to inform the design and
5 implementation of the Clean Heat Standard.

6 (1) The Commission shall hold at least six hybrid public meetings that
7 allow members of the public to participate in person **and** remotely. The
8 meetings shall be held in at least six different regions of the State. The
9 meetings shall be recorded and publicly posted on the Commission’s website.

10 (2) **In order to receive focused feedback from specific constituents,** the
11 Commission, with the assistance of the consultant, shall also hold at least four
12 meetings using deliberative polling. The facilitator shall assist the
13 Commission in developing a format for using deliberative polling at the
14 meetings. Each of these meetings **shall focus on seeking input from a specific**
15 **group,** including heating fuel dealers, low-, **moderate-**, and fixed-income
16 customers and advocates, and customers who use large amounts of heating
17 fuel.

18 (3) The Commission shall hold at least two workshops to solicit the
19 input of potentially affected parties. The Commission shall provide notice of
20 the workshops on its website and directly to the Department of Public Service,
21 Vermont’s fuel wholesalers and retail fuel suppliers, renewable energy

1 advocates, environmental and consumer advocacy organizations, organizations
2 that serve low- and moderate-income Vermonters, organizations that serve
3 older Vermonters, entities that provide weatherization services, energy
4 transition providers, regional planning commissions, municipal energy
5 commissions, community action agencies, environmental justice organizations,
6 credit unions, affordable housing advocates, the Office of Economic
7 Opportunity, the regional development corporations, and to any other person
8 that requests direct notice or to whom the Commission may consider direct
9 notice appropriate. The Commission also shall provide an opportunity for
10 submission of written comments, which the notice shall include.

11 (d) Draft order. The Commission shall publicly publish a draft order and
12 provide notice of it to the stakeholders who participated in the workshops. The
13 Commission shall provide a 30-day comment period on the draft and accept
14 written comments from the public and stakeholders. The Commissions shall
15 incorporate necessary changes in response to the public comments before
16 adopting the final order.

17 (e) Advertising. The Commission shall use funding appropriated in this act
18 on advertising the public meetings in order to provide notice to a wide variety
19 of segments of the public.

1 (f) Order. On or before July 1, 2024, the Commission shall issue an order
2 to take effect on January 1, 2025 that initially implements Sec. 2 (Clean Heat
3 Standard) of this act.

4 (g) Consultant. On or before January 15, 2023, the Commission shall
5 contract with a consultant to assist with implementation of 30 V.S.A. § 8125
6 (Clean Heat Credits).

7 (h) Funding. On or before January 15, 2023, the Commission shall report
8 to the General Assembly on suggested revenue streams that may be used or
9 created to fund the Commission’s administration of the Clean Heat Standard
10 program.

11 (i) Reports. On or before January 31, 2023 and January 31, 2024, the
12 Commission shall submit a written report and hold hearings with the House
13 Committees on Energy and Technology and on Natural Resources, Fish, and
14 Wildlife and to the Senate Committees on Finance and on Natural Resources
15 and Energy detailing the efforts undertaken to establish the Clean Heat
16 Standard pursuant to this chapter and to the extent available, estimates of the
17 impact of the Clean Heat Standard on customers, including impacts to
18 customer rates and fuel bills.

1 Sec. 4. PUBLIC UTILITY COMMISSION **AND DEPARTMENT OF**
2 **PUBLIC SERVICE POSITIONS**; APPROPRIATION

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

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

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

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

8 (b) The sum of \$600,000.00 is appropriated to the Public Utility
9 Commission from the General Fund in fiscal year 2023 for the positions
10 established in subsection (a) of this section, for the consultant required by
11 Sec. 3 of this act, and for additional operating costs required to implement the
12 Clean Heat Standard, including marketing and public outreach for Sec. 3 of
13 this act.

14 **(c) The following new positions are created at the Public Service**
15 **Department for the purpose of carrying out this act:**

16 **(1) one (1) permanent exempt Staff Attorney; and**

17 **(2) two (2) permanent classified program analysts.**

18 **(d) The sum of \$600,000 is appropriated to the Department of Public**
19 **Service from the General Fund in Fiscal Year 2023 for the positions**
20 **established in subsection (c) of this section, and to retain consultants that may**
21 **be required to support verification and evaluation required by 30 V.S.A. §**

1 8124 (a), and for associated operating costs related to the implementation of
2 the Clean Heat Standard.

3 Sec. 5. SECTORAL PROPORTIONALITY REPORT

4 (a)(1) On or before November 15, 2023, the Agency of Natural Resources
5 and the Department of Public Service, in consultation with the Agencies of
6 Agriculture, Food & Markets, Commerce & Community Development,
7 Transportation, and the Vermont Climate Council, shall report to the House
8 Committees on Energy and Technology and on Natural Resources, Fish, and
9 Wildlife and to the Senate Committees on Finance and on Natural Resources
10 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 sector's 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.