

## **Members of the House Energy and Technology Committee:**

I appreciate the intensity of purpose and the thoughtfulness that you have all put into the design of the Vermont Clean Heat Standard. If it becomes law, the CHS will be the most transformative event in the heating business since 1930. This is when Vermonters first began to remove their coal bins and hot air furnaces in favor of a cleaner and more efficient technology: hydronic heat from a boiler system with a fuel oil fired burner. Nearly 100 years later, this is still how a majority of Vermonters stay warm in the winter.

The CHS will reduce the volume of fuel oil, kerosene, natural gas, and propane in the thermal sector. The CHS will provide an opportunity for sellers of biofuel, biogas, and biomass. It will lift up the existing workforce and encourage others to seek a career in the skilled trades. The CHS also acknowledges, at long last, that Vermonters that deliver fuel and install heating systems are integral in the effort to reduce greenhouse gas emissions.

***The CHS will also create unintended consequences.*** The mandates in the GWSA require a rapid reduction and eventual elimination of the fuel that provides heat, hot water, and cooking gas to nearly every home and business in Vermont. If this effort is successful, the number of Vermonters providing this service will diminish at a similar pace. The Vermont heating fuel industry has always provided an opportunity for individuals unafraid of hard work and long hours to carve out a living competing against much larger and more sophisticated operations. **This era will end with the CHS.** Consolidation in the thermal sector will commence swiftly, creating larger companies with fewer competitors which will negatively impact Vermont consumers.

Although it has been rarely discussed, it will also impact the price of an essential commodity for those that can not easily change how they heat. This includes the tens of thousands of low and moderate income Vermonters currently living in homes with outdoor kerosene tanks. I have trepidations that once the banked and cheap credits are retired in 2026 and the challenge of meeting the 2030 GWSA mandate gets closer, the credit cap will rise and the cost of staying warm in Vermont will soar. While there are “circuit breakers” contemplated in the CHS, when faced with \$5 a gallon fuel oil, Vermonters have their own “circuit breaker.” They will fill up red cans with diesel fuel at the gas station to feed their oil burners if they can’t afford a delivery. Or they will connect their BBQ tank to their propane regulator. We know because we see this already happening. *This is not a safe, affordable, or resilient energy system.*

## **As for the legislation now under consideration (draft 10.1), I offer four specific comments and suggestions:**

- We are concerned about the two-tier system of credits based on a customer’s income status. The legislation should allow compliance with §8123(d)(2) without conducting income verification checks which are both invasive to the customer and an unnecessary administrative burden on the fuel distributor. *The CHS does not provide a government subsidy or benefit that would compel a customer to verify their income status.* Without changes to §8123(d)(2), a fuel business will suffer financial penalties based on their customer’s annual income. However, every household that receives seasonal fuel assistance, crisis fuel assistance, or receives heating fuel from a state or local charitable organization is easily identified by the fuel distributor. *If*

- the fuel distributor receives heating fuel funds from any government program or charity on behalf of that customer, any qualifying clean heat fuel or service in that home can be counted toward meeting the obligation in §8123(d)(2).*
- The Default Delivery Agent (DDA) **can not** be a market participant. Whoever the PUC chooses as the DDA will undoubtedly choose their fuel or service. The point of the CHS is to be technology neutral. What if a subsidiary of a foreign owned corporation is the lowest bidder for the DDA contract? How will PUC attorneys be able to assign the obligation in §8123(d)(2) to serve low and moderate income Vermonters if that for-profit subsidiary dissolves or the parent corporation is sold? The DDA must be a state agency like the Office of Economic Opportunity (OEO) or Department of Children and Families (DCF) which already serves low and moderate income Vermonters.
  - Regarding Clean Heat Credit language on page 13: [10 VSA 578](#) calls for a reduction in “**greenhouse gas emissions**”, not simply **CO2 emissions**. This compels the CHS obligations and credits to include incorporating Methane, Nitrous Oxide, and Chlorofluorocarbons in addition to CO2. The reference on page 13 should be changed to reinforce the mandate in 10 VSA 578.
  - Regarding Section D on page 14: The schedule of transparent and accurate emissions accounting should be based on the Argonne National Laboratory Greet Model. *Period*. Please remove language that would introduce a Vermont branded alternative accounting method. We should not be reinventing this process and allowing those with the most resources and litigators to prevail. There is a national standard and we should follow it.

Thank you for your consideration.

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