

1 TO THE HONORABLE SENATE:

2 The Committee on Natural Resources and Energy to which was referred
3 House Bill No. 715 entitled “An act relating to the Clean Heat Standard”
4 respectfully reports that it has considered the same and recommends that the
5 Senate propose to the House that the bill be amended by striking out all after
6 the enacting clause and inserting in lieu thereof the following:

7 Sec. 1. FINDINGS

8 The General Assembly finds:

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

12 (2) Under the Vermont Global Warming Solutions Act of 2020 and
13 10 V.S.A. § 578, Vermont has a legal obligation to reduce greenhouse gas
14 emissions to specific levels by 2025, 2030, and 2050.

15 (3) The Vermont Climate Council was established under the Vermont
16 Global Warming Solutions Act of 2020 and was tasked with, among other
17 things, recommending necessary legislation to reduce greenhouse gas
18 emissions. The Initial Vermont Climate Action Plan calls for the General
19 Assembly to adopt legislation authorizing the Public Utility Commission to
20 administer the Clean Heat Standard consistent with the recommendations of
21 the Energy Action Network’s Clean Heat Standard Working Group.

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

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

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

15 CHAPTER 94. CLEAN HEAT STANDARD

16 § 8121. CLEAN HEAT STANDARD

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

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

4 (c) An obligated party may obtain the required amount of clean heat credits
5 through delivery of eligible clean heat measures, through contracts for delivery
6 of eligible clean heat measures, through the market purchase of clean heat
7 credits, or through delivery of eligible clean heat measures by a designated
8 statewide default delivery agent.

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

11 § 8122. DEFINITIONS

12 As used in this chapter:

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

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

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

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

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

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

9 (7) “Obligated party” means:

10 (A) a regulated natural gas utility serving customers in Vermont; or

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

13 (8) “Thermal sector” has the same meaning as the “Residential,
14 Commercial and Industrial Fuel Use” sector as used in the Vermont
15 Greenhouse Gas Inventory and Forecast.

16 § 8123. CLEAN HEAT STANDARD COMPLIANCE

17 (a) Required amounts.

18 (1) The Commission shall establish the number of clean heat credits that
19 each obligated party is required to retire each calendar year. The size of the
20 annual requirement shall be set at a pace sufficient for Vermont’s thermal
21 sector to achieve lifecycle carbon dioxide equivalent (CO2e) emission

1 reductions consistent with the requirements of 10 V.S.A. § 578(a) expressed as
2 lifecycle greenhouse gas emissions pursuant to subsection 8124(d) of this title.

3 (2) Annual requirements shall be expressed as a percent of each
4 obligated party's contribution to the thermal sector's lifecycle CO2e emissions
5 in the previous year with the annual percentages being the same for all parties.
6 To ensure understanding among obligated parties, the Commission shall, in a
7 timely manner, publicly provide a description of the annual requirements in
8 plain terms.

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

14 (4) To support the ability of the obligated parties to plan for the future,
15 the Commission shall establish annual clean heat credit requirements for
16 10 years with the required amounts being updated so 10 years' worth of
17 requirements are always available. Every three years, the Commission shall
18 extend the requirements three years, shall assess emission reductions actually
19 achieved in the thermal sector, and, if necessary, revise the pace of clean heat
20 credit requirements for future years to ensure that the thermal sector portion of

1 the emission reduction requirements of 10 V.S.A. § 578(a) for 2030 and 2050
2 will be achieved.

3 (b) Annual registration.

4 (1) Each entity that sells heating fuel in or into Vermont shall register
5 annually with the Commission by an annual deadline established by the
6 Commission. The form and information required in the registration shall be
7 determined by the Commission and shall include all data necessary to establish
8 annual requirements under this chapter. The Commission shall use the
9 information provided in the registration to determine whether the entity shall
10 be considered an obligated party and the amount of their annual requirement.

11 (2) At a minimum, the Commission shall require registration
12 information to include legal name, doing business as name if applicable,
13 municipality, state, type of heating fuel sold, and the volume of sales of
14 heating fuels into or in the State for final sale or consumption in the State in
15 the calendar year immediately preceding the calendar year in which the entity
16 is registering with the Commission.

17 (3) Each year, and not later than 30 days following the annual
18 registration deadline established by the Commission, the Commission shall
19 share complete registration information of obligated parties with the Agency of
20 Natural Resources and the Department of Public Service for purposes of

1 conducting the Vermont Greenhouse Gas Inventory and Forecast and meeting
2 the requirements of 10 V.S.A. § 591(b)(3).

3 (4) The Commission shall maintain, and update annually, a list of
4 registered entities on its website that contains the required registration
5 information, except that the public list shall not include heating fuel volumes
6 reported.

7 (5) For any entity not registered, the first registration form shall be due
8 30 days after the first sale of heating fuel to a location in Vermont.

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

11 (c) Early action credits. Beginning on January 1, 2022, clean heat
12 measures that are installed and provide emission reductions are creditable and
13 therefore count towards the future clean heat credit requirements of the
14 obligated party. Upon the establishment of the clean heat credit system,
15 entities may register credits for actions taken starting in 2022.

16 (d) Equitable distribution of clean heat measures.

17 (1) The Clean Heat Standard shall be designed and implemented to
18 enhance social equity by minimizing adverse impacts to low-income and
19 moderate-income customers and those households with the highest energy
20 burdens. The design shall ensure all customers have an equitable opportunity

1 to participate in, and benefit from, clean heat measures regardless of heating
2 fuel used, income level, geographic location, or homeownership status.

3 (2) A substantial portion of clean heat credits retired by each obligated
4 party shall be sourced from clean heat measures delivered to low-income and
5 moderate-income customers. The portion of each obligated party's required
6 amount needed to satisfy the annual Clean Heat Standard requirement shall be
7 at least 16 percent from low-income customers and 16 percent from moderate-
8 income customers. The definitions of low-income customer and moderate-
9 income customer shall be set by the Commission in consultation with equity
10 stakeholders and in alignment with other existing definitions.

11 (3) The Commission may consider frontloading the credit requirements
12 for low-income and moderate-income customers so that the greatest proportion
13 of clean heat measures reach low-income and moderate-income Vermonters in
14 the earlier years.

15 (4) In order to best serve low-income and moderate-income customers,
16 the Commission shall have authority to change these portions and the criteria
17 used to define low-income and moderate-income customers for good cause,
18 after notice and opportunity for public process.

19 (5) A clean heat measure delivered to a customer qualifying for a
20 government-sponsored, low-income energy subsidy shall qualify for clean heat
21 credits required by subdivision (2) of this section.

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

6 (f) Default delivery agent.

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

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

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

15 (2) The Commission shall designate the default delivery agent. The
16 default delivery agent shall be a single statewide entity capable of providing a
17 variety of clean heat measures and **contracted** for a multiyear period through a
18 competitive procurement process. The entity selected as the default delivery
19 agent may also be a market participant **but shall not be an obligated party.**

20 (3) By rule or order, the Commission shall adopt annually the cost per
21 clean heat credit to be paid to the default delivery agent by an obligated party

1 that chooses this option. In making adjustments to the default delivery agent
2 credit cost, the Commission shall consider the default delivery agent's
3 anticipated costs to deliver clean heat measures and costs borne by customers,
4 among other factors determined by the Commission. Changes to the cost of
5 credits shall take effect not less than 180 days after adopted.

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

9 (g) Enforcement.

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

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

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

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

9 (i) Reports.

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

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

18 (3) On or before August 31 of each year following the year in which the
19 order is first adopted under this section, the Commission shall submit to the
20 standing committees a written report detailing the implementation and
21 operation of the Clean Heat Standard. This report shall include an assessment

1 on the equitable adoption of clean heat measures required by subsection (d) of
2 this section, along with recommendations to increase participation for the
3 households with the highest energy burdens. The provisions of 2 V.S.A.
4 § 20(d) (expiration of required reports) shall not apply to the report to be made
5 under this subsection.

6 § 8124. TRADEABLE CLEAN HEAT CREDITS

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

16 (b) Clean heat credits shall be based on the lifecycle CO₂e emission
17 reductions that result from the delivery of eligible clean heat measures to end-
18 use customer locations in or into Vermont. For clean heat measures that are
19 installed, the value of the clean heat credits shall be the lifecycle CO₂e
20 emission of the heating fuel use that is avoided by the installation of the
21 measure, minus the lifecycle CO₂e emissions of the energy that would be used

1 instead. Eligible clean heat measures delivered to or installed in Vermont shall
2 include:

3 (1) the installation of thermal energy efficiency improvements and
4 weatherization;

5 (2) the supply of sustainably sourced biofuels;

6 (3) renewable natural gas;

7 (4) green hydrogen;

8 (5) the installation of cold-climate heat pumps and efficient electric
9 appliances providing thermal end-uses;

10 (6) the installation of advanced wood heating appliances and systems;
11 and

12 (7) renewable energy-based district heating services.

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

19 (d) To promote certainty for obligated parties and clean heat providers, the
20 Commission shall, by rule or order, establish a schedule of lifecycle emission
21 rates for heating fuels and eligible clean heat measures. The schedule shall be

1 based on transparent and accurate emissions accounting adapting the Argonne
2 National Laboratory GREET Model, **Intergovernmental Panel on Climate**
3 **Change (IPCC) modeling,** or an alternative of comparable analytical rigor to
4 achieve the thermal sector greenhouse gas emissions reductions necessary in
5 order to meet the sector’s share of the requirements of 10 V.S.A. § 578(a), to
6 **accurately account for biogenic and geologic emissions,** and to deter
7 substantial unintended harmful consequences. The schedule may be amended
8 based upon changes in technology or evidence on emissions, but clean heat
9 credits previously awarded shall not be adjusted retroactively.

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

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

19 (g) All eligible clean heat measures that are delivered in Vermont shall be
20 eligible for clean heat credits and may be retired and count towards an
21 obligated party’s emission reduction obligations, regardless of who creates or

1 delivers them and regardless of whether their creation or delivery was required
2 by other State policies and programs. This includes individual initiatives,
3 emission reductions resulting from the State’s energy efficiency programs, the
4 low-income weatherization program, and the Renewable Energy Standard
5 Tier 3 program.

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

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

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

1 § 8125. CLEAN HEAT STANDARD TECHNICAL ADVISORY GROUP

2 (a) The Commission shall establish the Clean Heat Standard Technical
3 Advisory Group (TAG) to assist the Commission in the ongoing management
4 of the Clean Heat Standard. Its duties shall include:

5 (1) establishing and revising the lifecycle carbon dioxide equivalent
6 (CO₂e) emissions accounting methodology to be used to determine each
7 obligated party’s annual requirement pursuant to subdivision 8123(a)(2) of this
8 chapter;

9 (2) establishing and revising the clean heat credit value for different
10 clean heat measures;

11 (3) periodically assessing and reporting to the Commission on the
12 sustainability of the production of clean heat measures by considering factors
13 including greenhouse gas emissions; carbon sequestration and storage; human
14 health; land use changes; ecological and biodiversity impacts; groundwater and
15 surface water impacts; air, water, and soil pollution; and increases in food
16 costs;

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

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

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

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

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

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

12 (10) any other matters referred to TAG by the Commission.

13 (b) Members of the TAG shall be appointed by the Commission and shall
14 include the Department of Public Service, the Department of Environmental
15 Conservation, and parties who have, or whose representatives have, expertise
16 in one or more of the following areas: technical and analytical expertise in
17 measuring lifecycle greenhouse gas emissions; energy modeling and data
18 analysis; clean heat measures and energy technologies; sustainability and non-
19 greenhouse gas emissions strategies designed to reduce and avoid impacts to
20 the environment; delivery of heating fuels in cold climates; and climate change
21 mitigation policy and law. The Commission shall accept and review motions

1 to join the TAG from interested parties who have, or whose representatives
2 have, expertise in one or more of the areas listed in this subsection. Members
3 who are not otherwise compensated by their employer shall be entitled to per
4 diem compensation and reimbursement for expenses under 32 V.S.A. § 1010.

5 (c) The Commission shall hire a third-party consultant responsible for
6 developing clean heat measure characterizations and relevant assumptions,
7 including CO₂e lifecycle emissions analyses. The TAG shall provide input
8 and feedback on the consultant’s work.

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

15 § 8126. CLEAN HEAT STANDARD EQUITY ADVISORY GROUP

16 (a) The Commission shall establish the Clean Heat Standard Equity
17 Advisory Group to assist the Commission in developing and implementing the
18 Clean Heat Standard in a manner that ensures an equitable share of clean heat
19 measures are delivered to low-income and moderate-income Vermonters, and
20 that low-income and moderate-income Vermonters who are not early

1 participants in clean heat measures are not negatively impacted in their ability
2 to afford heating fuel. Its duties shall include:

3 (1) providing feedback to the Commission on strategies for engaging
4 low-income and moderate-income Vermonters in the public process around
5 development of the Clean Heat Standard;

6 (2) supporting the Commission in assessing whether customers are
7 equitably served by clean heat measures and how to increase equity in this
8 area;

9 (3) identifying actions needed to provide better service to, and mitigate
10 the fuel price impacts calculated in section 8125 of this title on low-income
11 and moderate-income customers;

12 (4) recommending any additional programs, incentives, or funding
13 needed to support low-income and moderate-income customers, and
14 organizations that provide social services to Vermonters, in affording heating
15 fuel and other heating expenses;

16 (5) providing feedback to the Commission on the impact of the Clean
17 Heat Standard on the everyday experience of low-income and moderate-
18 income Vermonters; and

19 (6) providing information to the Commission on the challenges renters
20 face in being equitably served by clean heat measures and recommendations to
21 ensure that renters have equitable access to clean heat measures.

1 (b) The Clean Heat Standard Equity Advisory Group shall consist of up to
2 10 members appointed by the Commission and at a minimum shall include at
3 least one representative from each of the following groups: the Department of
4 Public Service, the Department for Children and Families Office of Economic
5 Opportunity, community action agencies, Efficiency Vermont, individuals with
6 socioeconomically, racially, and geographically diverse backgrounds, renters
7 and rental property owners, and a member of the Vermont Fuel Dealers
8 Association. Members who are not otherwise compensated by their employer
9 shall be entitled to per diem compensation and reimbursement for expenses
10 under 32 V.S.A. § 1010.

11 **§ 8127. SEVERABILITY**

12 If any provision of this chapter or its application to any person or
13 circumstance is held invalid or in violation of the Constitution or laws of the
14 United States or in violation of the Constitution or laws of Vermont, the
15 invalidity or the violation shall not affect other provisions of this chapter that
16 can be given effect without the invalid provision or application, and to this end,
17 the provisions of this chapter are severable.

18 Sec. 3. PUBLIC UTILITY COMMISSION IMPLEMENTATION

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

1 (b) Facilitator. On or before October 1, 2022, the Commission shall hire a
2 third-party consultant to design and conduct public engagement. The
3 Commission may use funds appropriated under this act on hiring the
4 consultant.

5 (c) Public engagement process. The Commission shall use the forms of
6 public engagement described in this subsection to inform the design and
7 implementation of the Clean Heat Standard. Any failure by the Commission to
8 meet the requirements of this section shall not affect the validity of the
9 Commission's actions.

10 (1) The Commission shall hold at least six public meetings, three of
11 which that allow members of the public to participate in person and remotely.
12 The meetings shall be held in at least six different counties of the State. The
13 meetings shall be recorded and publicly posted on the Commission's website.

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

1 (3) The Commission shall hold at least two workshops to solicit the
2 input of potentially affected parties. To reach as many potentially interested
3 entities as possible, such as Vermont’s fuel wholesalers and retail fuel
4 suppliers, renewable energy advocacy organizations, environmental and
5 consumer advocacy organizations, organizations that specialize in serving low-
6 and moderate-income Vermonters, organizations that specialize in serving
7 older Vermonters, entities that provide weatherization services, energy
8 transition providers, regional planning commissions, municipal energy
9 commissions, community action agencies, environmental justice organizations,
10 financial institutions that specialize in implementing low-income financing
11 programs, affordable housing advocates, the Office of Economic Opportunity,
12 and regional development corporations; the Commission shall provide notice
13 of the workshops on its website, shall publish the notice once in a newspaper
14 of general circulation in each county of Vermont, and shall also provide direct
15 notice to any person that requests direct notice or to whom the Commission
16 may consider direct notice appropriate. The Commission also shall provide an
17 opportunity for submission of written comments, which the notice shall
18 include.

19 (d) Draft order. The Commission shall publicly publish a draft order and
20 provide notice of it to the stakeholders who registered their names and email
21 addresses with the Commission during the workshops. The Commission shall

1 provide a 30-day comment period on the draft and accept written comments
2 from the public and stakeholders. The Commissions shall incorporate
3 necessary changes in response to the public comments before adopting the
4 final order.

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

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

11 (g) Consultant. On or before January 15, 2023, the Commission shall
12 contract with a consultant to assist with implementation of 30 V.S.A. § 8124
13 (clean heat credits).

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

18 (i) **Check-back** reports. On or before January 15, 2023 and January 15,
19 2024, the Commission shall submit a written report to and hold hearings with
20 the House Committees on Energy and Technology and on Natural Resources,
21 Fish, and Wildlife and the Senate Committees on Finance and on Natural

1 Resources and Energy detailing the efforts undertaken to establish the Clean
2 Heat Standard pursuant to this chapter and, to the extent available, estimates of
3 the impact of the Clean Heat Standard on customers, including impacts to
4 customer rates and fuel bills for participating and nonparticipating customers,
5 fossil fuel reductions, and greenhouse gas reductions. The modeled impacts
6 shall estimate high-, medium-, and low-price and greenhouse gas reduction
7 impacts.

8 Sec. 4. PUBLIC UTILITY COMMISSION AND DEPARTMENT OF
9 PUBLIC SERVICE POSITIONS; APPROPRIATION

10 (a) The following new positions are created in the Public Utility
11 Commission for the purpose of carrying out this act:

- 12 (1) one permanent exempt Staff Attorney 3;
13 (2) one permanent exempt analyst; and
14 (3) one limited-service exempt analyst.

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

1 (c) The following new positions are created in the Department of Public
2 Service for the purpose of carrying out this act:

3 (1) one permanent exempt Staff Attorney; and

4 (2) two permanent classified program analysts.

5 (d) The sum of \$600,000.00 is appropriated to the Department of Public
6 Service from the General Fund in fiscal year 2023 for the positions established
7 in subsection (c) of this section, to retain consultants that may be required to
8 support verification and evaluation required by 30 V.S.A. § 8124(a), and for
9 associated operating costs related to the implementation of the Clean Heat
10 Standard.

11 Sec. 5. SECTORAL PROPORTIONALITY REPORT

12 (a)(1) On or before November 15, 2023, the Agency of Natural Resources
13 and the Department of Public Service, in consultation with the Agencies of
14 Agriculture, Food and Markets, of Commerce and Community Development,
15 and of Transportation and the Vermont Climate Council, shall report to the
16 House Committees on Energy and Technology and on Natural Resources, Fish,
17 and Wildlife and to the Senate Committees on Finance and on Natural
18 Resources and Energy regarding:

19 (A) the role of individual economic sectors in achieving the
20 greenhouse gas emission reduction requirements pursuant to 10 V.S.A.
21 § 578(a);

1 (B) each economic sector’s proportional contribution to greenhouse
2 gas emissions in Vermont as inventoried pursuant to 10 V.S.A. 582; and

3 (C) the extent to which cost-effective, feasible, and co-beneficial
4 reasonably available greenhouse gas emission reduction measures are available
5 commensurate with each sector’s proportional contribution and emissions
6 reduction impact.

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

10 (b) The report shall make recommendations to the General Assembly to
11 amend 10 V.S.A. § 578 to include sector-specific greenhouse emissions
12 reduction requirements and, as necessary, subsector-specific greenhouse
13 emission reduction requirements for the purposes of informing and
14 appropriately scaling the implementation of programs and policies that achieve
15 greenhouse gas emission reductions. As used in this section, “sector” means
16 those established in the annual Vermont Greenhouse Gas Emissions Inventory
17 and Forecast produced by the Agency of Natural Resources pursuant to
18 10 V.S.A. § 582. The recommendations shall be made in consideration of the
19 factors established in 10 V.S.A. § 592(d).

20 (c) The Agency of Natural Resources and the Department of Public
21 Service, in consultation with the Vermont Climate Council, shall submit an

1 updated report and any corresponding recommendations in accordance with
2 this section on July 1 of a year immediately preceding a year in which an
3 updated Climate Action Plan is adopted pursuant to 10 V.S.A. § 592(a).

4 Sec. 6. EFFECTIVE DATE

5 This act shall take effect on passage.

6

7

8

9

10 (Committee vote: _____)

11

12

Senator _____

13

FOR THE COMMITTEE