



Position on proposed VT Clean Heat Standard bill 2022 legislative session

In late August 2021, 350VT launched a Just Transition Campaign to call on the state to dramatically reduce Vermont's carbon emissions and dependence on fossil fuels by enacting policies that strengthen communities and improve the lives of everyday Vermonters. We must especially avoid false solutions that would further harm those who have shouldered most of the burdens of extractive economic practices while receiving few of the benefits. Our Just Transition [asks](#) were backed by hundreds of Vermonters who signed our People's Climate Action Plan postcards. Many of these people are now organizing to make sure climate and energy legislation passed in 2022 is consistent with these asks.

350VT appreciates the intent of this bill, but our analysis is that it is structured in such a way that leaves it open to exploitation by fossil fuel interests and that it would not lead to the emissions reductions required under the Global Warming Solutions' Act. The pathways it would provide could easily harm communities and life sustaining ecosystems, and impact our ability to grow food, beyond Vermont's borders. We believe there are better ways to address emissions from our heating sector that should be pursued instead.

This bill was developed out of the Vermont Climate Council process to reduce the heating sector's emissions by 40%, as mandated by the GWSA. The heating sector includes heating Vermont's buildings, as well as the use of propane for other uses such as cooking.

The bill established a variety of alternative energy sources to fossil fuels to achieve GHG reductions:

- Biofuels, including biomass, renewable natural gas, and liquid biofuels
- More energy efficient heating technology such as heat pumps powered by electricity
- Weatherization
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- It sets an overall cap that will decrease over time and provides ways for fuel providers, weatherization, heat pump, and wood pellet stove installers to purchase and generate clean heat credits to stay under the cap.
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- Our analysis is that Vermont’s heating sector will be powered primarily by biofuels, with heat pumps coming in second, and weatherization last. Every dollar that we spend on biofuels will be a dollar away from reducing our energy consumption through weatherization and energy-efficiency. We will be trading one fuel for another to maintain our current levels of energy consumption and doing so by diverting water and soil away from food production, weakening our ecosystems ability to store and sequester carbon, and displacing the livelihoods and cultures of the people where these crops are grown.
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- The entire world is orienting to biofuels as a way to move away from fossil fuels with devastating consequences to communities, our food supply, and our ecosystems. Vermont’s footprint in that context is very small, but we have an opportunity to be a model for the rest of the world.
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- Finally, we are concerned that the governance and accounting structure established by the bill will lead to the use of biofuels whose carbon intensity is close to fossil fuels and that it will allow for greenwashing of the emissions reductions.
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- Below are the specific concerns we have with this bill, followed by corresponding asks of the legislature to address these.

- **Concerns**
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1) Corporate loopholes will be exploited (as they have consistently been in the past, for example with our electricity sector’s Renewable Energy Standard) that will prevent us from reaching our Global Warming Solutions Act mandated greenhouse gas reduction goals. The bill currently allows:

- 2) Double-counting of reduction in emissions through weatherization;
- 3) A biofuels market that is independent of the clean heat credit market, which could result in biofuels as the dominant source of “clean” heat over weatherization and heat pumps. As currently represented in the bill, credits for biofuels are not traded in the Clean Heat Credit market. And so, fossil fuel wholesalers who trade in biofuels can participate in the market, but none of their investments return to

weatherize buildings or contribute to upgrading heating appliances to heat pumps;

4) The electrification of clean heat through heat pumps that could increase carbon emissions if the source of electricity is from Vermont's utilities' current energy mix;

5) The creation of a monopoly by a corporate entity like Vermont Gas with a conflict of interest to deliver clean heat to Vermonter customers;

6)

7) In addition, the bill is based on many uncertainties and unknowns that make it hard to predict how it would play out in reality.

8)

9) **The use of biofuels (which include liquid biofuels, biogas, and biomass) as “clean heat” from sources that are neither clean nor just:**

- Most biofuels have been shown to emit as much if not more greenhouse gasses as fossil fuels when you account for their full lifecycle. While the bill requires lifecycle accounting, we know that this quantification process is far from perfect and prone to loopholes. The bill requires “lifecycle accounting” of fuel sources to quantify total carbon emissions of the energy source from production to combustion. For example, it would compare the carbon emitted from the production, transportation, and burning of biodiesel, renewable natural gas or fracked gas versus the full carbon emissions associated with weatherization. This will require sustained tracking, analysis, and transparency to be effective. And this analysis doesn't take into account that by growing biofuels, we are losing forest and land's capacity to store and sequester carbon.

- Biofuels have been shown to compete with forests and land we need to grow food, thereby driving food prices up, harming the communities where they are grown, as well as weakening ecosystems we depend on for survival. Neither social nor ecological impacts of biofuels are considered in this bill.

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3) The regulatory process includes corporate entities who have clear conflict of interest as decision-makers

- Market participants (i.e. fossil fuel companies) are allowed to be the “default provider” responsible for delivering clean fuel to customers. That is a conflict of interest.

- The Technical Advisory Group responsible for administering the effort includes the Public Utility Commission, which is an appointed political body, and the utility companies, whose interests are shareholder profit, not the public or ecological good.

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Here's what we are asking for:

1. **We ask that this bill include a statement of intent consistent with [Article 6 of the Paris Climate Agreement](#), requiring environmental integrity.** This language will ensure that the quality of the Clean Heat Credits is high and maintainable including through verification and ensuring that credits are not double counted.

2.

3. Add the following text to Section 1 (Findings) of the H.715 Clean Heat Standards bill:

4. (6) In accordance with the principle of “environmental integrity” required in Article 6 of the Paris Climate Agreement, a fundamental principle of the Vermont Global Warming Solutions Act of 2020, Clean Heat Credits may be issued only if the emission reduction achieved is real, permanent, quantifiable, verifiable, enforceable, and additional to any GHG emission reduction otherwise required by law or regulation, and any other GHG emission reduction that otherwise would occur.

5.

6. Add the following definitions to the Definitions §8122.

‘Real’ means that GHG reductions result from a demonstrable action or set of actions, and are quantified using appropriate, accurate, and conservative methodologies that account for all GHG emissions sources, GHG sinks, and GHG reservoirs and account for uncertainty and the potential for activity-shifting leakage and market-shifting leakage.

7.

8. ‘Permanent’ means that GHG reductions are not reversible, or when GHG reductions may be reversible, that mechanisms are in place to replace any reversed GHG emission reductions to ensure that all credited reductions endure for at least 100 years.

9.

10. ‘Quantifiable’ means the ability to accurately measure and calculate GHG reductions relative to a project baseline in a reliable and replicable manner for all GHG emission sources.

11.

‘Verifiable’ means that an assertion of GHG emissions reduction is well

documented and transparent such that it lends itself to an objective review by an accredited verification body.

12. 'Additional' means ... greenhouse gas emission reductions or removals that exceed any greenhouse gas reduction or removals otherwise required by law, regulation or legally binding mandate, and that exceed any greenhouse gas reductions or removals that would otherwise occur in a conservative business-as-usual scenario.

13. We ask that the H.715 Clean Heat Standard bill be referred to the Environmental Justice Advisory Council (S.148) for full review of its adherence to the Environmental Justice principles in the Paris Climate Accord, the Global Warming Solutions Act 2020 and the Environmental Justice Subcommittee of the Vermont Climate council. This is necessary because legislation regulating Vermont energy policy has a long history of harm through discrimination, health impacts, economic impacts and disproportionate ecological impacts on low income communities and communities of color.

14.

A. Add the following paragraph to subsection § 8123 (d. 4):

B. In accordance with the intent and function of the Advisory Council on Environmental Justice within the Agency of Natural Resources, b. 3 and b. 4)), the Clean Heat Standard is required to undergo review of its impact on environmental justice pursuant to S. 148 subsection § 6003 (b. 1).

C. Add the following paragraph to subsection § 8123 (d. 4):

D. In accordance with the intent and function of the Advisory Council on Environmental Justice within the Agency of Natural Resources, the Clean Heat Standard is required to undergo review to ensure the rules and policies are concise, understandable, and readily accessible to the public pursuant to S. 148 subsection § 6003 (b. 3).

E.

3. We ask that the Default Delivery Agent (page 10; article § 8123. CLEAN HEAT STANDARD COMPLIANCE, section f (1 & 2) **not be a market participant to prevent a conflict of interest for participants in both the fossil fuel wholesale market and the weatherization / installer markets.** The current bill language allows market participants occupying the position of default provider to control access to Clean Heat Credits and Clean Heat Standard complying fuels while also competing with other participants in those markets.

A. Change / amend the language of subsection § 8123. (f. 2) lines 4 and 5 "The entity selected as the default delivery agent may also be a market participant" to

“The entity selected as the default delivery agent may not be a market participant nor may be an obligated provider”

4. **We ask that there is special provision to ensure that sources of electricity used for residential and business heating be assessed with lifecycle accounting to ensure that the Clean Heat Credits attributed to electric appliances such as heat pump installations accurately represent associated CO₂e emissions.** This is necessary because irregularities in electrical supply compliance filings show that electrical sources from natural gas and coal are being used at significant rates and are not being reported as CO₂e emitting.

A. Add the following line to the list of energy sources and measures required to undergo lifecycle accounting in subsection § 8124 (d) after line 11:

(5) the supply of electricity used to power cold-climate heat pumps and other energy efficient appliances.

B. At current lines 12 and 13, re-number the current items (5) and (6) as items (6) and (7) respectively.

5. **BIOFUELS - We ask that all biofuels and all renewable natural gas be removed from eligibility for clean heat credits.** Vermont can be a leader in transitioning off fossil fuels without relying on a fuel source that would displace food crop land and damage/destroy ecosystems at a time when we will become increasingly reliant on them for survival in the face of worsening climate change. Without the oversight, biofuels production has grown rapidly with unchecked damage to people and the environments where they live. In addition, the accounting for biofuels in the Clean Heat Standard represents the largest risk for misuse and greenwashing fossil fuel emissions. In the current Clean Heat Standard bill, credits that fossil fuel wholesalers obtain by buying biofuels and RNG are independent of the rest of the market for Clean Heat Credits. This isolation of biofuel credits ensures that none of the funds spent to obtain biofuels will return to Vermont to be used to support the energy conservation efforts including weatherization and clean heat appliances.

- A. Add the following text to Section 1 FINDINGS of the H.715 Clean Heat Standards bill: (7) Consistent with the findings of the Vermont Global Warming Solutions Act of 2020 (articles 5., 6., 7.), energy policy will enjoin the principles of supporting resilient ecosystems and minimize regressive economic impacts and minimize negative impacts on human health. It is recognized that bio-energy fuels, such as renewable natural gas, corn-based ethanol, biodiesel, and wood impact land and ecosystems and livelihoods and human health in detrimental

ways. Forest loss, competition for agricultural land between energy crops and food crops, and localized community or ecosystem impacts, may be minimal at small scales, but they become substantial as these technologies are brought to larger scales.

- B. Delete/Omit subsection § 8124 (b. 2) line 8: (2) the supply of sustainably sourced biofuels;
- C. Delete/Omit subsection § 8124 (b. 3) line 9: (3) renewable natural gas and low-emission advanced gasses;
- D. Delete/Omit subsection § 8124 (c.)

350VT's position aligns with the values of the global climate justice movement asking Governments to move quickly away from market mechanisms and false solutions like biofuels to reach greenhouse gas reduction goals. Vermont needs a bill that will move us away from an extractive economic system that profits a few while harming communities here and around the world, particularly communities of color, as well as critical ecosystems. The amendments we propose will land this bill solidly in the realm of real regenerative energy solutions that strengthen our communities' and ecosystems' health and resilience in the face of climate disruption.

Background reading:

Clean Heat Standard

- Clean Heat Standard Bill, as passed out of the House Energy and Technology Committee: [H. 715](#)
- [Clean Heat Standard Whitepaper](#), and [Clean Heat Standard two-page overview](#) from the Clean Heat Standard Working Group, which developed the concept embodied in H. 715.

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Biofuels

- [Sierra Club Clean Heat Standard Webinar](#), Rachel Smolker of Biofuels Watch, February 2022.
- [Uncertainty in estimating the climate effects of biofuels](#), EPA Workshop on Biofuel Greenhouse Gas Modeling, Richard Plevin, PhD March 1, 2022.
- [Biofuels Are Not a Green Alternative to Fossil Fuels](#), World Resources Institute, 2015
- [Why Decidating Land to Bioenergy Won't Curb Climate Change](#), World Resources Institute, 2015

- [The Negative impacts of burning natural gas and biomass have surpassed coal generation in many states](#), 05/05/2021 | Environmental Research Letters
- Other resources on the impacts of biofuels and biomass from [Biofuels Watch](#).
- Biofuels [Big Gas's Latest Ploy: "Renewable Natural Gas"](#), Annika Hellweg, Conservation Law Foundation, Sep 20, 2020

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- **Other False Solutions and Global Context**

- Hoodwinked in the Hothouse: <https://climatefalsesolutions.org/>
- [Real ambition vs. false solutions: what's at stake during COP26](#), Center for International Environmental Law, 7 October 2021. Authors: Sebastien Duyck, Erika Lennon, Francesca Mingrone, Nikki Reisch and Lien Vandamme.
- [Over 700 groups demand real zero at COP26](#), Press Release, Center for International Environmental Law, Nov 1, 2021
- [Why do climate justice advocates oppose carbon market? Look at California](#), Inside Climate News, [Kristoffer Tigue](#) February 25, 2022

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