

Additional testimony re: accounting for thermal sector GHG emissions reductions in the Clean Heat Standard

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Senate Natural Resources & Energy Committee

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Dear Chair Bray and members of the committee,

I am writing to provide additional testimony on H.715, the Clean Heat Standard, following my previous testimony on March 30th and April 6th.

I want to be as clear as possible: **there is no “double-counting” of greenhouse gas (GHG) emissions reductions allowed in H. 715, the Clean Heat Standard bill. In fact, double-counting is explicitly prohibited in multiple places in the bill, and is also implicitly prohibited by the overall design of the bill.** This is important because we need to be 100% confident in the integrity and rigor of this policy in relation to meeting GWSA legal requirements.

Simply stated, in § 8121 (a) the Clean Heat Standard requires that the thermal sector meet its share of emissions reductions requirements under the Global Warming Solutions Act (GWSA), which means a 40% reduction in thermal sector GHG emissions by 2030. The Clean Heat Standard is intended to be the umbrella policy ensuring thermal sector-wide GHG emissions reductions in line with GWSA requirements. All thermal sector GHG emissions will be accounted for only in one place – via Clean Heat Standard compliance.

While it is true that there are existing State programs that already help to reduce GHG emissions from the thermal sector, ranging from Tier 3 of the Renewable Energy Standard (RES) to state funded weatherization efforts, GHG reductions are not the primary measure or requirement of those policies or programs. To the extent they occur, GHG emissions reductions are a secondary effect of those programs. More importantly, we cannot and should not have confidence that policies and programs that already exist will come anywhere near achieving the emissions reduction requirements established under the GWSA -- that will only be assured for the thermal sector with the passage of the Clean Heat Standard.

Think of it this way: in college, one often has the responsibility to fulfill both major requirements and graduation requirements. In this analogy, think of Tier 3 as a major requirement and the CHS as a graduation requirement. If someone is a science major and takes a science course, it can fulfill both their major requirement and count toward their overall graduation requirement. Similarly, if a utility installs a heat pump, it can count toward satisfying both a Tier 3 fossil fuel reduction requirement and a CHS GHG emissions reduction requirement. That is not “double-counting”—it is simply counting one thing for different purposes.

More importantly, there is no reason to believe that our existing policies or programs will be anywhere near sufficient to reduce thermal sector GHG emissions 40% by 2030. Specifically, as noted in the Clean Heat Standard white paper,

“Based on both results to date and the annual goals set in statute, we estimate that Tier 3 requirements will ultimately achieve about 7% of the needed annual thermal sector emission reductions by 2030. That represents a significant “down payment” on the 40% reductions by 2030 required by the 2020 Vermont Global Warming Solutions Act.”¹

This relates to the point Rich Cowart made in testimony on March 30th via a very simple equation: “33+7 = 40.” What we care about is that we achieve a 40% reduction in thermal sector GHG reductions, not that every GHG reduction accounted for within the CHS be something that wouldn’t have happened otherwise (especially because thermal sector GHG reductions are not counted for legal compliance by other Vermont policies). It would be nearly impossible to predict whether current programs will get us 7% or 10% or 15% of the needed GHG reductions. Thankfully, we don’t need to know that—we just need to know that they, plus the additional emissions reductions required by the CHS, will result in the necessary overall 40% reduction.

What we are legally obligated to do is to achieve the emissions reduction requirement, not to predict how much emissions reduction we will get from each program, whether new or existing. Whether the CHS gets us an additional 33% or an additional 25% beyond what would have happened otherwise does not matter. With the CHS we create the overall, umbrella certainty that matters: that we will meet the thermal sector’s share of responsibility for GWSA compliance and that the CHS will achieve additionality of some magnitude.

There are also multiple instances in H.715 that explicitly prohibit double-counting of emissions reductions, including § 8125 (a) (5) and (8).

In summary, please be assured that the “double counting” issue raised by some witnesses is either a misunderstanding or a misrepresentation. The CHS not only does not allow double-counting of GHG emissions reductions – in fact, it takes pains to explicitly prohibit it.

Thank you,

Jared Duval

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¹ See page 33, <https://www.eanvt.org/chs-whitepaper/>