

S.5
As Passed by Senate summary
 17 March 2023
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Sec.	Description
Sec. 1	Short title- Affordable Heat Act
Sec. 2	Findings
Sec. 3- adds new 30 V.S.A. chapter 94	
§ 8121	Intent- states the Intent of Legislature which should be used in the rulemaking process Intent of CHS is to achieve Vermont's thermal sector greenhouse gas emissions reductions necessary to meet the requirements of 10 V.S.A. § 578(a), minimize costs to customers, and recognize that affordable heating is essential for Vermonter. Federal funds should be used for clean heat measures to the greatest extent possible.
§ 8122	<ul style="list-style-type: none"> • Establishment of Clean Heat Standard; obligated parties required to retire clean heat credits; annual amount set by PUC • PUC by rule or order adopt system of clean heat credits • Credits can be from: direct delivery of clean heat measures, contract for work to generate credits, purchase of credits, default delivery agent; obligated party must tell PUC how they plan to acquire credits • PUC shall adopt rules or orders to implement CHS
§ 8123	Definitions of: <ul style="list-style-type: none"> • Carbon intensity value • Clean heat credit • Clean heat measure • Commission • Customer with low income • Customer with moderate income • Default delivery agent • Energy burden • Entity • Fuel pathway • Heating fuel • Obligated party • Thermal sector
§ 8124	CHS Compliance <p>(a) Required amounts- set by PUC; may be adjusted for good cause; set for 10yrs update d every 3 yrs</p> <p>(b) Annual registration starting in Jan. 31, 2024 of all those who sell heating fuel in VT is required, including obligated parties; PUC shall share data collected with ANR and DPS to use in GHG Inventory; Tax Dept shall share with the PUC data on fuel tax collected</p> <p>(c) Early action credits-actions taken in 2023 and after can generate credits</p>

	<p>(d) Equity- the PUC shall design and implement CHS to minimize negative impacts on low- and moderate-income Vermonters; At least 16% of credits must come from low-income and 16% from moderate-income Vermonters; 50% of credits from low and moderate customers must come from installed measures; required percentages can be adjusted for good cause</p> <p>(e) Credit banking- credits can be used in future years</p> <p>(f) Enforcement- PUC can use enforcement authority from Title 30, including penalties and injunctions PUC can enforce against parties that fail to meet obligation, including amounts of credits from low- and moderate-income Vermonters; penalties are four times the price of a credit; AG’s Office may enforce violations of CHS under Consumer Protection Act</p> <p>(g) Records- PUC shall require records from obligated parties and set a records retention schedule</p> <p>(h) Reports. PUC report to committees of jurisdiction after adoption of CHS and every year after.</p>
§ 8125	<p>Default delivery agent</p> <p>PUC will hire single entity to do variety of work that generates credits, including to low- and moderate-income Vermonters; entity will be appointed for up to 12yrs with option to renew; PUC & DPS will have oversight over the company and its operation and budget; obligated parties shall use the default delivery agent unless they have a plan to meet the obligation in another way; PUC sets price to be paid to default delivery agent; funds collected from enforcement go to default delivery agent to generate more credits from low and moderate income customers</p>
§ 8126	<p>Rulemaking</p> <p>The PUC shall adopt rules on the CHS, but may also issue orders; orders may revise rules if there is notice and comment period provided; orders can be appealed to the Supreme Court</p>
§ 8127	<p>Tradeable Clean Heat Credits</p> <p>(a) PUC shall establish system of tradeable credits for delivery of GHG emissions reduction measures called clean heat measures; use units of carbon dioxide equivalents (CO₂e); DPS shall perform verification of emissions reductions</p> <p>(b) PUC shall establish who owns credits when they are generated</p> <p>(c) credit values shall be based on lifecycle emissions;</p> <p>(d) lists actions eligible to count as clean heat measures</p> <p>(e) pipeline gas needs to have renewable attributes attached to count as clean heat measures</p> <p>(f) carbon intensity of fuels; for fuels to be eligible for credit, they must have a carbon intensity below 80; the allowed carbon intensity of fuels declines over time</p> <p>(g) PUC shall establish a schedule of amounts credit actions are eligible for using the GREET model from the Argonne National Lab or other equivalent</p> <p>(h) PUC shall biennially review consequences of installing clean heat measures</p> <p>(i) credits will be time stamped based on when action was delivered</p> <p>(j) credits must come from actions within Vermont</p> <p>(k) credits can be generated by anyone, even by actions required for other programs in the state</p>

	<p>(l) PUC shall create a system to register credits; PUC may hire a 3rd party consultant to maintain the database for credits</p> <p>(m) nothing in this chapter shall limit the authority of ANR to publish the GHG Emissions Inventory</p>
§ 8128	<p>Clean Heat Standard Technical Advisory Group</p> <p>(a) PUC shall establish the Technical Advisory Group (TAG) to advise them on technical issues with the CHS;</p> <p>(b) members of the TAG shall be appointed by the PUC and shall include members of the Department of Public Service, the Agency of Natural Resources, and other with relevant expertise; may receive per diems if not paid by employer</p> <p>(c) PUC shall hire a 3rd party consultant to develop clean heat measure characterizations and relevant assumptions, including CO₂e lifecycle emissions analyses; the TAG shall provide feedback to consultant</p> <p>(d) Annually the PUC shall approve or amend the consultant's work</p>
§ 8129	<p>Clean Heat Standard Equity Advisory Group</p> <p>(a) PUC shall appoint Equity Advisory Group to ensure low- and moderate-income Vermonters are not negatively impacted by CHS; advise on different aspects of CHS</p> <p>(b) The Group shall have 10 members and at a minimum shall include at least one representative from each of the following groups: DPS, the Office of Economic Opportunity, community action agencies, Efficiency Vermont, individuals with socioeconomically, racially, and geographically diverse backgrounds, renters and rental property owners, and a member of the Vermont Fuel Dealers Association. May receive per diems if not paid by employer.</p>
§ 8130	<p>Severability</p> <p>Allows sections of the act to be severed if found unconstitutional while leaving the rest of the act intact.</p>
§ 8131	<p>Rulemaking Authority</p> <p>Prohibits the PUC from adopting orders and filing final CHS rules with the Secretary of State without specific authorization by the General Assembly. (This is part of the check-back requirement. This section would need to be repealed for the CHS rules to take effect.)</p>
Sec. 4 10 V.S.A. § 582	<p>Directs ANR to include a sensitivity analysis in the Greenhouse Gas Emissions Inventory and Forecast</p>
Sec. 5 32 V.S.A. § 3102	<p>Directs the Department of Tax to provide the PUC and DPS with information related to the fuel tax</p>

Sec. 6	<p>CHS Implementation</p> <ul style="list-style-type: none"> (a) PUC shall start proceeding on CHS by August 31, 2023. (b) PUC may hire a facilitator to assist in public outreach (c) PUC shall hold 6 public hearings or workshops and accept public comments; PUC shall invite anyone that the Equity Advisory Group recommends (d) PUC shall use funding to advertise public hearings (e) PUC shall issue draft rules and provide a 30-day public comment period on it before filing final rules with SOS and LCAR. (f) PUC shall issue final rules on CHS by January 1, 2025; the rules shall go to the General Assembly for review and they cannot take effect until the General Assembly enacts specific authorization to do so; Parts of the statutory rulemaking requirements are waived in order to accomplish this. After the first set of rules are adopted, the PUC shall use regular rulemaking to update them. (g) PUC shall hire the consultant for the clean heat credit system by January 15, 2023 (h) By Jan. 15, 2024 PUC shall report to Legislature suggested revenues streams to fund CHS program (i) Reports. PUC shall submit reports and testify to committees of jurisdiction on Jan 15, 2024 and 2025 on progress and estimates of potential price impacts (j) Other State agencies shall assist PUC with economic impact analysis
Sec. 7	<p>Appropriations</p> <ul style="list-style-type: none"> (a) PUC- new positions: 1 Staff attorney, 1 analyst, and 1 limited-service analyst (b) \$825,000 to PUC for new positions and costs associated with developing CHS (c) DPS- new positions: 1 Staff attorney; 2 analysts (d) \$900,000 to DPS for new positions, potential study, and costs associated with developing CHS
Sec. 8	Effective Date- on passage