

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 23-2220-RULE

Proceeding to design the potential Clean Heat Standard	
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VERMONT DEPARTMENT OF PUBLIC SERVICE
COMMENTS ON EARLY ACTION CREDITS

On September 18, 2023, the Vermont Public Utility Commission (“Commission”) issued an “Order Requesting Comments on Early Action Credits” pursuant to Act 18 of 2023 (“Affordable Heat Act”). Section 8124(c) of the Affordable Heat Act provides that, “Beginning on January 1, 2023, clean heat measures that are installed and provide emission reductions are creditable. Upon the establishment of the clean heat credit system, entities may register credits for actions taken starting in 2023.”¹ In its September 18, 2023, Order, “The Commission seeks feedback on the topic of early action credits, including what documentation and recordkeeping should be maintained to allow for verification of clean heat measures seeking early action credits, and any other information or suggestions participants may have on the topic of early action credits.”²

With this filing, the Vermont Department of Public Service (“Department”) recommends a uniform and transparent method for documenting clean heat measures delivered or installed as of January 1, 2023. Any entity seeking early action credits should document eligible measures delivered or installed as of January 1, 2023, that are consistent with the list of eligible measures in Section 8127(d):

- (d) List of eligible measures. Eligible clean heat measures delivered to or installed in residential, commercial, and industrial buildings in Vermont shall include:
- (1) thermal energy efficiency improvements and weatherization;
 - (2) cold-climate air, ground source, and other heat pumps, including district,

¹ Vt. Stat. Ann. tit. 30, § 8124(c).

² *Order requesting comments on early action credits*, Case No. 23-2220-RULE, Order of 9/18/23, at 1.

- network, grid, microgrid, and building geothermal systems;
- (3) heat pump water heaters;
 - (4) utility-controlled electric water heaters;
 - (5) solar hot water systems;
 - (6) electric appliances providing thermal end uses;
 - (7) advanced wood heating;
 - (8) non-combustion or renewable energy-based district heating services;
 - (9) the supply of sustainably sourced biofuels;
 - (10) the supply of green hydrogen;
 - (11) the replacement of a manufactured home with a high efficiency manufactured home and weatherization or other efficiency or electrification measures in manufactured homes; and
 - (12) line extensions that connect facilities with thermal loads to the grid.³

Documentation and Recordkeeping

The Department recommends the following minimum general documentation be required for all early action measures to include:

- Physical location where the measure has been delivered or installed and site information.
 - Customer account number(s) for natural gas, unregulated fuels and/or electricity.
 - Account type (residential or commercial).
 - Physical address.
 - Customer name or business name.
 - Primary contact name.
 - Email address
 - Phone number
 - Mailing address
- Measure type
 - Measure Description, explaining the intent and scope of work that may yield Clean Heat Credits.
 - Baseline equipment (what was there previously, including any relevant equipment efficiencies, data establishing historical fossil fuel use, if applicable).
 - Proposed new condition, new equipment type and efficiency or biofuel blend to be delivered, whether existing equipment is retained or removed, and any other information relevant to the new condition.
- Cost and incentives
 - Total cost of measure documented through invoices for purchase of any equipment, materials and installation costs (assuming a physical measure

³ Vt. Stat. Ann. tit. 30, § 8127(d).

has been installed at the location). If the total cost and the cost borne by the obligated parties differ, then both should be collected. Invoices should include quantities, make/models, and costs.

- Incentives provided by Vermont utilities or other Vermont programs:
 - Energy Efficiency Utilities
 - Distribution Utility Tier III
 - Clean Energy Development Fund
- Documentation of any other information that will help an evaluator understand where assumptions came from or other unique aspects of the operations of the measures at the location.

For heat pumps (all types), water heaters, solar hot water, electrical appliances providing thermal end uses and advanced wood heating, the following should also be provided:

- Photos of nameplates with model numbers of any equipment being replaced and of any new equipment after it has been installed.
- Inspection notes or certifications provided related to the system.

For biofuels and green hydrogen deliveries, the following should also be provided:

- Documentation of ongoing deliveries of biofuels, detailing the dates and amounts (gallons) delivered and the blend provided. In the case of blended biofuels, additional documentation that certifies the actual blend percentage purchased/delivered. (Credits for measures such as biofuel deliveries will be based upon gallons delivered with no assumed lifetime consumption.)
- If no equipment is being replaced, then photos of nameplates with model numbers of existing equipment should be documented.

For custom measures, such as line extensions, the following should also be provided:

- Explanation of the Load shape: when the use of the measure will occur throughout the day, week, year to be relatable to ISO-NE and VT system peaks. (Credits may be derated based upon electrical generation mix at time of typical use.)
- Description of any electric load shifting, if applicable (example measure: utility controlled electric water heaters)

This list of recommended documentation requirements is broad and intended to capture most documentation needs related to the establishment and verification of any early action credits. The Technical Advisory Group may narrow or expand the scope of the documentation

requests depending on their perceived needs once the Group is established and is able to provide guidance on this matter.

Credit Ownership

It is important to note that, pursuant to Section 8127(b), credit ownership shall be determined by the Commission in consultation with the Technical Advisory Group. As such, entities seeking early action credits should not assume ownership of credits at the time of documentation.

(b) Credit ownership. The Commission, in consultation with the Technical Advisory Group, shall establish a standard methodology for determining what party or parties shall be the owner of a clean heat credit upon its creation. The owner or owners may transfer those credits to a third party or to an obligated party.⁴

As provided by Section 8127(a), the Department shall perform verification of clean heat credit claims, including early action credit claims:

(a) Credits established. By rule or order, the Commission shall establish or adopt a system of tradeable clean heat credits that are earned by reducing greenhouse gas emissions through the delivery of clean heat measures. While credit denominations may be in simple terms for public understanding and ease of use, the underlying value shall be based on units of carbon dioxide equivalent (CO₂e). The system shall provide a process for the recognition, approval, and monitoring of the clean heat credits. The Department of Public Service shall perform the verification of clean heat credit claims and submit results of the verification and evaluation to the Commission annually.⁵

The Department recommendations for early action credit documentation and record keeping are based on its experience evaluating the Energy Efficiency Utilities and Tier III programs since inception.

⁴ Vt. Stat. Ann. tit. 30, § 8127(b).

⁵ Vt. Stat. Ann. tit. 30, § 8125(a).

As such, the Department recommends that the Commission adopt the minimum standard of early action credit documentation described above. The Department also recommends that the Commission explicitly require obligated entities to provide written notice to customers who undertake eligible clean heat measures that their information, while confidential, will be made available to the Department and its contractors for evaluation and verification.

Dated at Montpelier, Vermont this 5th day of October 2023.

VERMONT DEPARTMENT OF PUBLIC SERVICE

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