



August 4, 2023

Holly R. Anderson
Clerk of the Commission
112 State Street
Montpelier, VT 05620-2701

Re: Proceeding to design the potential Clean Heat Standard, Case No. 23-2221 INV.

Dear Ms. Anderson:

On behalf of the Vermont Fuel Dealer's Association (VFDA) and the Heating and Cooling Contractors of Vermont (HCCV), I submit the following comments to the Vermont Public Utility Commission's (PUC) in response to its Order Opening Investigation.

At the outset it is noted that the opening paragraph of the investigation makes an erroneous assumption. The PUC assumes that "[m]ost obligated parties are likely to use a default delivery agent under a potential Clean Heat Standard." VFDA and HCCV represent both obligated parties and clean heat credit contractors, and they are not operating under this assumption and neither should the PUC. In fact, obligated parties and clean heat credit contractors are incentivized to NOT use the default delivery agent under Act 18. All of the obligated parties under Act 18 **can earn their own credits** to comply with the law. Or, they can buy or barter for clean heat credits with a clean heat credit contractor without ever using the default delivery agent.

VFDA and HCCV do not believe that the policy objective underlying Act 18 was intended to establish a funding mechanism for a thermal efficiency utility. If so, the legislature could have simply designed it that way. Indeed, one of Act 18's supporters referred to the legislative scheme as a "Rube Goldberg" system designed to make the concept of a default delivery agent wholly unnecessary. In other words, if all the obligated parties satisfy the obligation as determined by the PUC, there will be no need for a default delivery agent. It is clear from testimony before the legislature by those obligated parties that the default delivery agent will be their last resort to obtain the necessary credits.

1. Other matters from Act 18 that are appropriately addressed within the scope of this proceeding.

As set forth in comments in Case No. 23-2220 RULE, we need immediate regulatory clarity on installations for clean heat measures retroactive to Jan, 1, 2023. Act 18 provides for early action credits to those entities installing heating measures retroactive to January 1, 2023. 30 V.S.A. § 8124(c). VFDA and HCCV's members are currently engaged in such activities that should qualify for early action credits. For example, some VFDA and HCCV members have been and continue to install heat pumps in customer homes and businesses. Many also sell renewable liquid and/or solid fuels. Clarity on what documentation or other record keeping is needed so ensure these businesses are able to earn the early action credits is essential for the equitable implementation of Act 18. This will also help incentivize early participation in activities designed to cut greenhouse gas emissions. Otherwise, businesses may not be able to fairly take advantage of the opportunity to earn early action credits pending the implementation of the Clean Heat Standard. Given the significance of this issue, VFDA and HCCV request that establishing a regulatory framework for early action credits be prioritized over the establishment of a default delivery agent.

2. Contested case like procedures for this proceeding.

A workshop approach for the Budget and Designation of the Default Delivery Agent docket makes sense. However, obligated parties should be allowed to move to a fully contested proceeding should the workshop create findings and conclusions that do not follow Act 18, particularly with the right of obligated parties to work outside of the DDA in order to obtain credits.

Thank you for this opportunity to provide comments. We look forward to working with the Vermont Public Utility Commission on this important matter.

Sincerely,



Matt Cota

Meadow Hill *on behalf of VFDA and HCCV*