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November 6th, 2023

Holly Anderson, PUC Clerk
Vermont Public Utility Commission
112 State Street
Montpelier, VT 05620-2701

Re: Case No. 23-2221-INV, Investigation into the Clean Heat Standard Default Delivery Agent Costs and Quantities & Case No. 23 – 2220- RULE Proceeding to Design the Potential Clean Heat Standard

Dear Ms. Anderson,

On October 23, 2023, the Vermont Public Utility Commission (the “Commission”) solicited recommendations on schedules to address the matters within the stated two tracks; (1) matters related to the three-year budgets and plans of the DDA(s), and (2) matters related to the appointment of DDA(s). The Commission also specifically requested comments on the timing of the appointment of DDAs with the statutory deadline of June, 1 2024, relative to the statutory deadline for the Department of Public Service’s potential study (September 1, 2024).

Efficiency Vermont, Vermont Gas Systems, Conservation Law Foundation, Vermont Public Interest Research Group, Vermont Natural Resources Council, and Burlington Electric Department (“Joint Responders”) hereby provide a joint response to the Commission’s request.

Discussion

The Joint Responders acknowledge the current statutory schedule is ambitious, but believe it is practicable if acted upon proactively. The Joint Responders also observe that there are many interwoven topics within the scope of the Affordable Heat Act (the “Act” or “Act 18”) that need development by the Commission at this phase of the proceeding. *See* Diagram in Attachment A. Accordingly, the Joint Responders believe that what is most needed at this time is a comprehensive procedural structure upon which the technical and regulatory decisions required by Act 18 can be made.

The Joint Responders observe that all Parties in the case are eager to present their most important and pressing topics to the Commission. The Joint Responders also acknowledge that they may diverge from one another on some of those topics. However, all agree that a comprehensive procedural structure is both possible and necessary. Moreover, several issues have already been identified and can thus assist the Commission moving forward, including in the previous rounds of comments submitted on potential additional dockets and DDA related topics,¹ and on early action credits.²

In the interest of remaining focused on a steady but reasonable pace for development, the Joint Responders provide Attachment A, which is appended to this letter. Attachment A identifies the

¹ Those Comments due by August 4, 2023.

² Those Comments due by October 5, 2023.

Responders' suggestions for the sequential development of topics based on the statutorily derived requirements.

Attachment A identifies four parallel proceedings. The first two have been started. The third and fourth are associated with working groups that are structurally situated to immediately start researching and developing the framework for the Clean Heat Standard. Those proceedings are summarized as follows:

- I) Clean Heat Standard Rulemaking
- II) Technical Advisory Group
- III) Equity Advisory Group
- IV) Default Delivery Agent

Within each of these proceedings, the Joint Responders identify principal tracks each proceeding should follow, with iterative steps towards the development of statutory requirements that result in significant components of the Clean Heat Standard. Additional items or steps may later be added by the Commission or at the suggestion of a Party, but the attached description provides a meaningful starting place.

The tracks identified by the Joint Responders point to the creation of major elements that are interactive in effect, and necessary for implementation of Act 18. The Commission should remain focused on these principal elements of the Act, including the formation of a clean heat market, carbon reduction and environmental measures central to Act 18's requirements, identification of Default Delivery Agent responsibilities and costs, and mechanisms for assurance the clean heat market will be fair and equitable. The Joint Responders request that the Commission make a Procedural Order supported by Attachment A to set a timeframe and scope for the multiple proceedings that all Parties can refer to and use to plan accordingly.

The Commission has opened proceedings for both rulemaking and identification of the Default Delivery Agent, the latter of which is the subject of the Commission's October 23, 2023, request for comments. However, while Attachment A identifies the important roadmap necessary for development of key statutory requirements, the Joint Responders recognize the Commission needs many hands to move these matters forward. For that reason, the Joint Responders support the Commission's timely request, dated June 30, 2023, for names and organization affiliation to participate in the TAG and EAG. The Joint Responders believe these working groups are critical for the path ahead in each of the formal proceedings and urge the Commission to identify their members as urgently as practicable. Once in place, these working groups can start the process of laying the groundwork for the Commission's decisions in the main proceedings and rulemaking processes. The Joint Responders emphasize the importance that the TAG investigates, and the Commission determines the interactions with existing state and utility incentive programs, as described in Attachment A. The interactions between the Clean Heat Standard and existing state and utility incentive programs will impact the tasks of the suggested parallel proceedings, further presenting the need for timeliness in the TAG's establishment.

Conclusion

It is therefore requested that the Commission consider the Joint Responders' recommendations by creating a schedule through a Procedural Order within the Clean Heat Standard Rulemaking and Designated Delivery Agent proceedings. Should the Commission agree with this recommendation, the Joint Responders would be pleased to review a Hearing Officer's Proposal for Decision containing the drafted schedule, to comment, and to file reply comments.

Sincerely,

David C. Westman

Efficiency Vermont

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