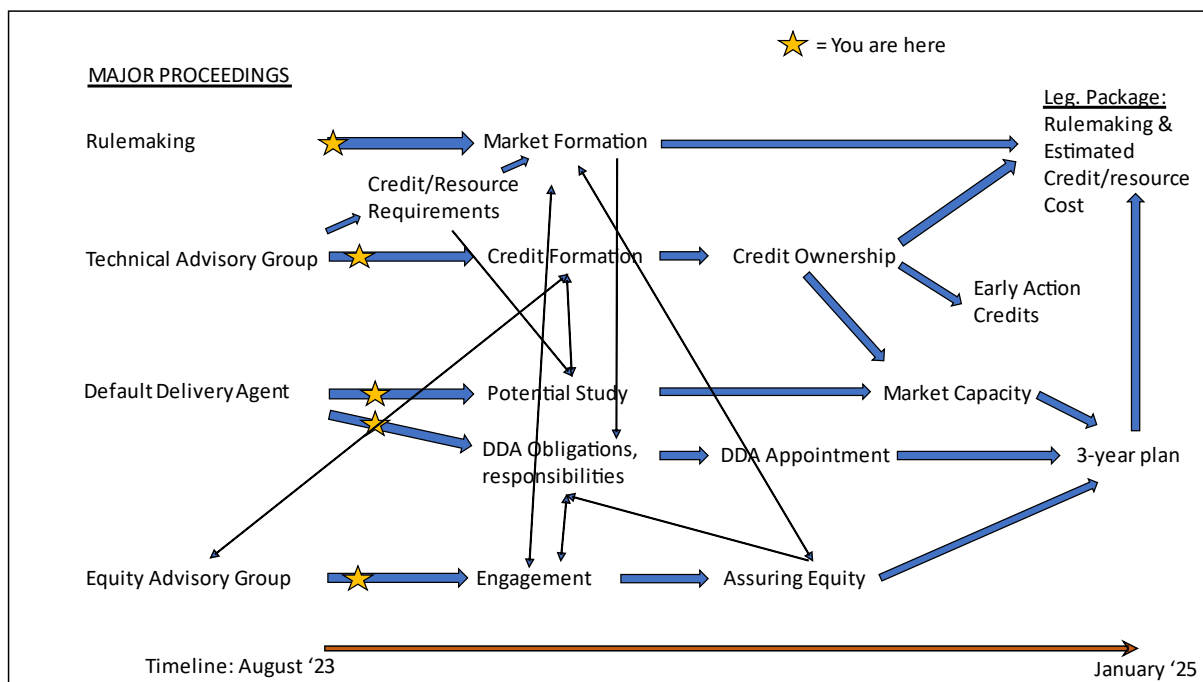


ATTACHMENT A

The Joint Responders have identified four major Proceedings needed for establishing a record for the Commission to rule on multiple requirements of the Affordable Heat Act (the “Act or “Act 18”). Within these Proceedings, the Joint Responders support the development of topical matters in parallel and synchronized steps.

The following process diagram suggests how parallel proceedings can be deployed and managed by the commission to inform and develop elements of Act 18’s requirements. These concepts are also discussed in greater detail below.

Figure 1:



The organization for these parallel proceedings, tracks and tasks is as follows:

Proceedings

➤ Tracks

1. Tasks

Parallel Proceeding #1: Clean Heat Standard Implementation Proceeding (Rulemaking and market formation) – Case No. 23-2220-RULE

Starting August 31, 2023 - July 2024
§ 8126.

Solicitations for Technical Advisory Group and Equity Advisory Group were ordered on September 19, 2023

Overall Requirements for Rulemaking:

- Opportunity for public participation
- Registration form for all entities that sell heating fuel into or in Vermont, and other related information
- Solicitations for Technical Advisory Group (TAG)
- Solicitations for Equity Advisory Group (EAG)
- Solicitations for 3rd party consultant
- Hold at least 6 public hearings or workshops and at least 3 opportunities for written comments
- Rulemaking

➤ Recommended Rulemaking Track 1 - Market formation Rules:

Complete by Jan 1, 2025.

§8127

Tasks for Rulemaking Track 1:

- 1.) Identify an economically efficient and binding market structure for the CHS to exist in.
 - Answer Qn: What form of market will participants be using?
- 2.) Establish a process for identification of 10-year obligated party annual credit requirements.
- 3.) Establish a process for assigning credit requirements to DDA.
- 4.) Process for establishing noncompliance payment cost and enforcing payment.
- 5.) Stand up an administrative system to register, sell, transfer, and trade credits to obligated parties. 3rd party consultant to evaluate, develop, implement, maintain, and support database and tracking of clean heat credits and compliance with annual requirements.
 - PUC is empowered to hire third-party consultant: Evaluate, develop, maintain, and support database for tracking clean heat credits and compliance.
- 6.) Process and system for DPS verification of clean heat credits.
- 7.) Determine if singular or multiple markets are needed for biofuels, low income installed measures, moderate income installed measures, market rate installed measures.

➤ Recommended Track 2 - Other matters of rulemaking for legislative review following market formation rules:

Complete by Jan 1, 2025

§ 8124(e) (f) and (g)
§ 8125(d)(2) and (3)

Tasks for Rulemaking Track 2:

- 1.) Identify clean heat measures
 - Clean heat measure should be informed by TAG review
- 2.) Credit banking requirements
- 3.) Development of CHS Fund
- 4.) Obligated party opt-out process
- 5.) PUC enforcement
- 6.) Records

Tasks for Rulemaking Track 3:

- 1) Incorporation of Parallel Proceeding #2 (Technical Advisory Group) Tracks and Tasks into rulemaking, including the lifecycle greenhouse gas emissions schedule and carbon intensity requirements in determining clean heat measure eligibility and value.
- 2) Incorporation of Parallel Proceeding #3 (Equity Advisory Group) Tracks and Tasks to ensure the Commission's proposed rules achieve Act 18's equity requirements and intent.

§ 8127 and § 8128

Parallel Proceeding #2 - Technical Advisory Group

- Recommended Track 1 - Clean Heat Credit Resource Requirements – Important Tasks for completion

October 2023 – December 2024 (Note: monthly meetings held indefinitely)

Tasks for Technical Advisory Group Track 1:

- 1.) Schedule for lifecycle emission rates for heating fuels, biofuels, electricity, and other fuels based on fuel pathways and other Act 18 requirements.
- 2.) Establishing carbon intensity values and helping the Commission set relevant clean heat measure eligibility criteria.
- 3.) Clean heat credit values for clean heat measures including expected life length of clean heat measures
- 4.) PUC has authorization for 3rd Party Consultant to pursue clean heat measure characterizations and relevant assumptions, including CO₂e lifecycle emissions analysis¹
- 5.) 10-yr forecast for VT thermal emissions
- 6.) Anticipated emissions reductions from existing programs (Tier III, EEU TEPF, WAP)
- 7.) CO₂e reduction methodology to determine clean heat credit requirements; Incremental thermal emissions reduction to reach 2030 and 2050 GWSA requirements on both a lifecycle basis and as measured by the GHG inventory, as required by Act 18.
- 8.) Calculating savings associated with public health benefits due to clean heat measures

¹ On September 9, 2023, an RFP was issued for a Clean Heat Measure Characterization Technical Consultant. The consultant will work until May 2025, unless directed to extend the contract.

Questions regarding the RFP must be sent no later than October 13, 2023.

Responses to the RFP must be received no later than October 30, 2023.

The Consultant will be expected to deliver draft clean heat measure characterizations and relevant assumptions, including CO₂e lifecycle emissions analyses, by August 31, 2024.

The consultant will also be expected to compile a final Clean Heat Standard Technical Reference Manual by December 31, 2024. On or before January 15, 2025, the Commission will present to the Legislature proposed Clean Heat Standard rules and a written report addressing, among other things, topics informed by the consultant's work.

- 9.) Coordination with other programs and ANR
- 10.) Ensuring the CHS is implemented to maximize federal funding in the delivery of clean heat measures
- 11.) Assessing and recommending how best to deliver clean heat measures to renters, manufactured home residents, and Vermonters with low income, moderate income, and high energy burdens.
- 12.) Assessing the sustainability of clean heat measures and preventing unintended harms
- 13.) Calculating the savings associated with public health benefits due to clean heat measures
- 14.) Assessing the impact of clean heat credit and cost savings on per-unit heating fuel prices
- 15.) Identify and clarify interactions with existing state and utility incentive programs

➤ Recommended Track 2 - Clean Heat Credit Ownership

Tasks for Technical Advisory Group Track 2:

- 1.) Methodology for ownership of clean heat credits upon creation

Process Recommendation: TAG members appointed as soon as practicable.

Note: decisions regarding the listed matters in the TAG will impact DPS Potential Study inputs and assumptions and PUC 3rd Party Consultant CHS TRM inputs and assumptions.

Parallel Proceeding #3 - Equity Advisory Group

Statute directs the EAG to be consulted in the rulemaking process for specific tasks:

- 1.) Strategies for engagement
 - PUC is authorized to bring on 3rd party engagement facilitator to design and conduct public engagement.²
- 2.) Assessing equity and recommendations for increasing equity.
- 3.) Standards to limit or prevent harmful unequitable impacts of CHS.
- 4.) Assessing and recommending how best to deliver clean heat measures to renters, manufactured home residents, and Vermonters with low income, moderate income, and high energy burdens.

Process Recommendation: EAG members appointed as soon as practicable.

Complete by January 2025

§ 8129

Parallel Proceeding #4 - Default Delivery Agent (DDA) Case No. 23- 2221-INV

➤ Recommended Track 1:

August 2023 - December 2024

Tasks for DDA Track 1:

November 2023 – January 2024:

1. Obligations, responsibilities of the DDA(s), possible number of DDA appointments based on responsibilities.

2. Eligibility for DDA implementor, compensation requirements, and evaluation criteria for DDA appointment(s).

Process Recommendation: The Joint Responders recommend that this be referred to as “DDA Track 1” (identified as Tracker 2 matters in PUC 10/23 Order), and that comments and reply comments, workshop, and Order first focus on step #1 of these matters, followed by a second round of comments, reply comments, workshop and Order for Step #2. The bifurcated process is critical for orderly development of certainty, upon which next steps can proceed. In this way, DDA Track 1 could likely take 4-6 months.

Recommended Track 1 could occur in parallel to Recommended Track 2 – the DPS Potential study.

²On September 8, 2023, an RFP was issued for a Public Engagement Facilitator. Responses to the RFP must be received no later than October 30, 2023. Questions related to the RFP must be submitted no later than September 18, 2023.

➤ Recommended Track 2: DPS Potential Study³

Complete by September 1, 2024

Tasks for DDA Track 2:

- 1.) Quantification of technical, maximum, and program achievable thermal resources.
- 2.) Comparison to legal obligations of thermal sector portion of 10 V.S.A. § 578(a)(2) and (3) requirements, thermal market conditions.
- 3.) Assessment of statewide and regional thermal workforce characteristics capable of meeting consumer demand and obligations of 10 V.S.A. § 578(a)(2) and (3).
- 4.) § 8125(e)(1)(A).

➤ Recommended Track 3: Appointment of DDA(s)

February 2024 – May 2024 (4 months)
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Tasks for DDA Track 3:

- 1.) Identify process for appointment(s).
- 2.) Solicit DDA interest.
- 3.) Vet and review, carry out process for appointment(s).
- 4.) Orders of appointment generated.
- 5.) Process for Commission approval.

Process Recommendation: Track 3 should commence no sooner than the completion (including Commission Order) of Recommended DDA Track #1.

➤ Recommended Track 4: Three-year budgets and plans of DDA(s)

June 2024 – September 2024 (4 months)
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Tasks for DDA Track 4:

- 1.) Development of 3-year budget and program proposal
 - Internal development.
 - Stakeholder outreach/coordination.
- 2.) DDA Programs Submitted for PUC Consideration
 - Process to review for reasonableness.
 - DDA cost and collections schedule.
- 3.) Notice of DDA credit cost is released
- 4.) Deadline for obligated parties to file election form
- 5.) DDA revises plan if needed based on election forms

Process Recommendation: Track 4 must commence no sooner than the completed (including Commission Order) of Recommended DDA Track 1(DDA Obligations), Track 2 (DPS Potential Study), and Track 3 (DDA appointment).

³The Vermont Department of Public Service issued an RFP to conduct a thermal sector potential study on August 30, 2023. Notice of Intent to Bid is due October 10, 2023, with proposals due October 19, 2023. The final report is due August 15, 2024. The Department is to conduct and complete a potential study no later than September 1, 2024.