

STATE OF VERMONT  
PUBLIC UTILITY COMMISSION

Case No. 23-2220-RULE

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Proceeding to design the potential Clean Heat Standard	
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Order entered: 12/23/2024

**ORDER SETTING DECLINING CARBON INTENSITY VALUES FOR 2025-2030**

**I. INTRODUCTION**

In Public Act 18 (2023 Vt., Bien. Sess.) (“Act 18”), the Vermont Legislature directed the Vermont Public Utility Commission (“Commission”) to develop a proposed Clean Heat Standard.<sup>1</sup> One element of the potential Clean Heat Standard is setting the rate at which carbon intensity values decrease for liquid and gaseous clean heat measures. The deadline to publish the initial rate of carbon intensity values from 2025 to 2030 is January 1, 2025.<sup>2</sup> The Commission has solicited public input and consulted with the Technical Advisory Group (“TAG”) on this topic.

**II. PARTICIPANT COMMENTS AND COMMISSION DECISION**

On May 29, 2024, the Commission issued a Staff Straw Proposal on several elements related to the pace of emission reductions required of the potential Clean Heat Standard.<sup>3</sup> The rate of decline in carbon intensity values was one of the elements included in the proposal. “‘Carbon intensity value’ means the amount of lifecycle greenhouse gas emissions per unit of energy of fuel expressed in grams of carbon dioxide equivalent per megajoule (gCO<sub>2</sub>e/MJ).”<sup>4</sup> To be eligible as a clean heat measure, Act 18 set carbon intensity value limits for 2025 (below 80), 2030 (below 60), and 2050 (below 20).<sup>5</sup> These values were relative to No. 2 fuel oil having a carbon intensity value of 100.<sup>6</sup> The Commission has discretion on the values of these limits in

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<sup>1</sup> For an overview of the work done to date and other information on the proposed Clean Heat Standard, please see the Commission’s clean heat website at <https://puc.vermont.gov/clean-heat-standard>.

<sup>2</sup> 30 V.S.A. § 8127(f)(2)(A).

<sup>3</sup> See Case No. 23-2220-RULE, Staff Straw Proposal of 5/29/24 at 2.

<sup>4</sup> 30 V.S.A. § 8123(1).

<sup>5</sup> 30 V.S.A. § 8127(f).

<sup>6</sup> 30 V.S.A. § 8127(f)(3).

interim years. In the Staff Straw Proposal, the Commission suggested adopting a step change in initial years 2025-2030 — adopting the threshold limit of “below 80 in 2025” and “below 60 in 2030” with no rate of decline in in-between years.

There was limited feedback on this specific element of the proposal. While the Department thought longer-term carbon intensity value thresholds should more closely reflect the emission reduction goals needed in the sector, it did not object to a step change in the initial period given its simplicity and flexibility. The TAG agreed that a step change approach in the initial period would provide a simple and predictable target for the marketplace. Vermont Gas Systems, Inc. supported this approach for similar reasons.

Other participants had a different view of this policy lever in the potential program. The Vermont Fuel Dealers Association did not think setting carbon intensity value thresholds was appropriate given emission reductions were already rewarded through credit values. Thomas Weiss, a participant in this proceeding, did not weigh in on the proposed step change but had questions about the process for setting these limits. Conservation Law Foundation provided input on the role of carbon intensity values in the overall program but did not weigh in on the proposed step change for 2025-2030 put forth by the Commission.

The Commission has elected to adopt its initial proposal and establish a step change in carbon intensity values in the years 2025-2030. This is illustrated by the table below.

<b>Liquid and Gaseous Clean Heat Measure Carbon Intensity Threshold Values</b>	
<b>YEAR</b>	<b>CARBON INTENSITY VALUE (“CI”)</b>
2025	<80% of the CI of No. 2 fuel oil <sup>7</sup>
2026	<80% of the CI of No. 2 fuel oil
2027	<80% of the CI of No. 2 fuel oil
2028	<80% of the CI of No. 2 fuel oil
2029	<80% of the CI of No. 2 fuel oil
2030	<60% of the CI of No. 2 fuel oil


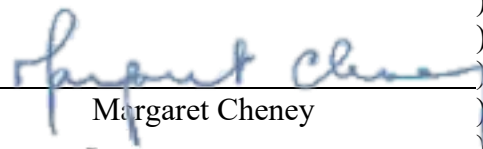
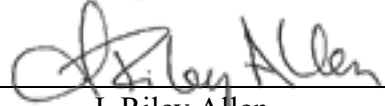
<sup>7</sup> For context, No. 2 fuel oil has a 2023 carbon intensity value of 83.4 in the latest draft of Opinion Dynamics’ emission rate table. This would mean that liquid and gaseous measures would need CI values less than 66.7 (<80%) to be eligible as clean heat measures in the potential program in years 2025-2029 and less than 50.04 (<60%) in 2030.

**III. CONCLUSION AND FINAL PROCESS**

The Commission appreciates the feedback submitted by participants in this proceeding and by the TAG on this topic. By way of this order, the Commission has fulfilled its duty under 30 V.S.A. § 8127(f)(2)(A), establishing and publishing the rate at which carbon intensity values will decrease annually for liquid and gaseous clean heat measures for 2025 to 2030.

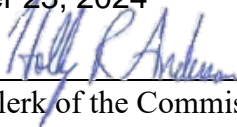
**SO ORDERED.**

Dated at Montpelier, Vermont, this 23rd day of December, 2024.

 _____ )	) PUBLIC UTILITY
Edward McNamara )	
 _____ )	) COMMISSION
Margaret Cheney )	
 _____ )	) OF VERMONT
J. Riley Allen )	

OFFICE OF THE CLERK

Filed: December 23, 2024

Attest:   
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Clerk of the Commission

*Notice to Readers: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Commission (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: [puc.clerk@vermont.gov](mailto:puc.clerk@vermont.gov))*

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