



February 19, 2019

Judith Whitney, Clerk  
Vermont Public Utility Commission 112 State Street  
Montpelier, Vermont 05620-2701

Re: 18-3810-INV, Investigation into Renewable Energy Standard Rulemaking

Dear Ms. Whitney:

On behalf of liquid fuel retailers and heating service providers in Vermont, VFDA would like to provide comments regarding Tier III. These comments are specific to Tier III custom project transparency and the consideration of alternatives that do not increase electricity when performing cost effectiveness screening of Tier III programs and projects.

VFDA's concern with lack of transparency is specific to non-electric conversion custom measures. Further transparency or notification would provide an opportunity to improve custom Tier III results for a Distribution Utility (DU) through collaboration with a third party.

For instance, a DU may consider a custom Tier III project with a consumer of #6 bunker oil (also known as residual fuel). The transition from #6 fuel to clean ultra-low sulfur biodiesel blended #2 fuel oil would demonstrate a significant reduction ( $\text{SO}_2$ ), nitrogen oxides ( $\text{NO}_x$ ) and carbon dioxide ( $\text{CO}_2$ ) emissions. It would also eliminate a secondary fossil fuel (such as natural gas or propane) that is necessary to heat residual oil to 100 degrees F in order for it to turn into a liquid that can be burned. A third party fuel supplier and/or heating service contractor could ensure such a conversion maximizes Tier III credits and further reduces fossil fuel consumption.

The same opportunities for Tier III credit could also be realized for a DU in their operations that continue to rely on fossil fuel. Peaking facilities and fleet vehicles that use diesel fuel and buildings that are warmed with oilheat can utilize a biodiesel blend and lower the DU's fossil fuel consumption and carbon dioxide emissions.

Other non-custom projects that could be contemplated in the future include partnerships between a DU and a fuel and/or heating service company on efficient equipment upgrades that utilize biodiesel blended heating oil or installations of biomass burning heating appliances. There are also opportunities to partner with motor fuel distributors to expand Vermont's electric vehicle charging infrastructure.

After several PUC proceedings regarding Tier III compliance, VFDA has had conversations with representatives from several DUs, including Green Mountain Power (GMP). GMP has expressed interest in working with VFDA on ways to demonstrate fossil fuel reduction through non-electrification measures that help meet their Tier III compliance goals. VFDA will continue to work with any DU that seeks to find partnerships with the retail fuel and service industry with regards to Tier III.

VFDA does not have a suggestion for the PUC on how to ensure that these opportunities materialize, however, VFDA appreciates the forum the PUC provides to voice our concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matt Cota', with a stylized flourish at the end.

**Matt Cota**  
Executive Director  
Vermont Fuel Dealers Association