

STATE OF VERMONT  
PUBLIC UTILITY COMMISSION

Case No. 23-2221-INV

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Investigation into the Clean Heat Standard Default Delivery Agent Costs and Quantities	
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Order entered: 06/30/2023

**ORDER OPENING INVESTIGATION**

**I. INTRODUCTION**

On May 11, 2023, Act 18 (the Affordable Heat Act) became law. The Act established the framework for the Clean Heat Standard, which is intended to achieve greenhouse gas reductions in Vermont’s thermal sector to meet the requirements of the Global Warming Solutions Act of 2020.<sup>1</sup> Act 18 directs the Vermont Public Utility Commission (“Commission”) to appoint one or more statewide “default delivery agents” to provide services that reduce greenhouse gas emissions from the thermal sector. In today’s Order, the Commission initiates a proceeding pursuant to 30 V.S.A. § 8125(e)(1) to “establish the default delivery agent credit cost or costs and the quantity of credits to be generated for the subsequent three-year period” and directly related matters. Most obligated parties are likely to use a default delivery agent under a potential Clean Heat Standard.<sup>2</sup> This case will determine how many clean heat credits the default delivery agent will obtain for those obligated parties and how much each clean credit will cost.<sup>3</sup>

**II. BACKGROUND**

The Clean Heat Standard would require obligated parties to reduce greenhouse gas emissions attributable to the Vermont thermal sector by retiring specified amounts of “clean heat

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<sup>1</sup> See 10 V.S.A. § 578.

<sup>2</sup> Obligated parties are defined as any regulated natural gas utility serving customers in Vermont, as well as any entity that imports heating fuel for ultimate consumption within the state or an entity that produces, refines, manufactures, or compounds heating fuel within the state for ultimate consumption within the state. 30 V.S.A. § 8123(12). A “heating fuel” is defined as a “fossil-based heating fuel, including oil, propane, natural gas, coal, and kerosene.” *Id.* § 8123(11).

<sup>3</sup> A “clean heat credit” is a tradeable commodity that represents a unit of greenhouse gas reduction attributable to a clean heat measure.

credits,” which are created through the delivery of “clean heat measures.”<sup>4</sup> Obligated parties must obtain the required amount of clean heat credits through a default delivery agent, unless an obligated party receives prior approval from the Commission to meet its obligation by another method.<sup>5</sup> The Commission must appoint one or more default delivery agents statewide to provide clean heat programs and measures on behalf of obligated parties who pay a per-credit price to a default delivery agent. Pursuant to 30 V.S.A. § 8125(e)(1), the Commission is required to open a proceeding on or before July 1, 2023, and at least every three years thereafter, to establish the default delivery agent credit cost or costs and the quantity of credits to be generated for the subsequent three-year period.

### **III. DISCUSSION**

Act 18 expressly calls for at least two distinct Commission proceedings—the broad-based proceeding we are opening today in Case No. 23-2220-RULE to implement Section 3 of the Act (the design of the potential Clean Heat Standard) and this case to address the requirement under Section 8125(e)(1) to open a proceeding on or before July 1, 2023, to establish the default delivery agent credit cost or costs, the quantity of credits to be generated for the subsequent three years, and all other directly related matters. By statute, this inquiry will include (a) the potential study that will be conducted by the Vermont Department of Public Service and completed no later than September 1, 2024, (b) the development of a three-year plan and associated budget by the default delivery agent, and (c) opportunity for public participation.

The study completed by the Department of Public Service will inform the price and amount of clean heat measures that could reasonably occur in a three-year period. This proceeding will also evaluate how much the obligated parties will rely on a default delivery agent for meeting the parties’ obligations under a potential Clean Heat Standard.

### **IV. REQUEST FOR COMMENTS**

We request comments from stakeholders and members of the public as to the scope and process to be followed in this proceeding. In particular, we request comments on whether there

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<sup>4</sup> A “clean heat measure” is fuel delivered or technologies installed to customers in Vermont that reduce greenhouse gas emissions from the thermal sector.

<sup>5</sup> 30 V.S.A. § 8122(c).

are other matters from Act 18 that are appropriately addressed within the scope of this proceeding rather than in Case No. 23-2220-RULE, or perhaps another proceeding. We also request comments on whether we should follow any contested-case-like procedures for this proceeding.<sup>6</sup> We request these comments by no later than July 21, 2023.

This proceeding is being processed in the Commission's online document management system, ePUC, which can be accessed at [epuc.vermont.gov](http://epuc.vermont.gov). Documents related to this proceeding will be available in Case No. 23-2221-INV.

The Commission will create a service list for this proceeding. Anyone interested in this proceeding can be involved in one of the following ways:

- (1) For those who are interested in actively participating in this case (for instance, filing comments), please contact the Clerk of the Commission at [puc.clerk@vermont.gov](mailto:puc.clerk@vermont.gov). After contacting the Clerk and becoming a participant in this proceeding, comments should be filed in ePUC using the "Add Briefs, Comments, or Discovery" action. For participants, the first round of comments, due on July 21, 2023, should not be filed using the "Public Comment" option.
- (2) For those who do not wish to participate but would like to be notified of new filings and orders in this case, please subscribe to the proceeding. To subscribe, go to [epuc.vermont.gov](http://epuc.vermont.gov), log in or create an account, use the "Search by Case Number" feature to find the desired case, click into the case, select "Subscribe to this Case" in the dropdown menu at the top of the screen, and fill out the form that pops up.

Further explanation on how to use ePUC can be found in the [FAQ section](#). For more information about these proceedings, please contact the Clerk of the Commission, Holly Anderson, at [puc.clerk@vermont.gov](mailto:puc.clerk@vermont.gov).

The Commission will issue a notice of further process after reviewing the July 21 comments.

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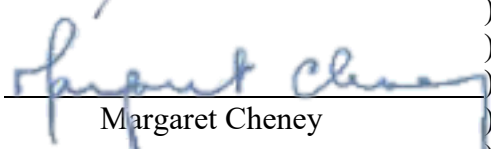
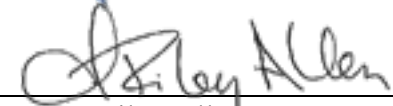
<sup>6</sup> We intend to open a separate proceeding on the selection of one or more default delivery agents, and that proceeding will necessarily be a contested case with "notice and opportunity for hearing." 30 V.S.A. § 8125(b).

**V. ORDER**

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Public Utility Commission (“Commission”) of the State of Vermont that:


1. Pursuant to 30 V.S.A. § 8125(e)(1), an investigation is opened to establish the default delivery agent credit cost or costs, the quantity of credits to be generated for the subsequent three-year period, and directly related matters.
2. The first round of comments addressing the exact scope of this proceeding, as discussed above, shall be due by July 21, 2023.

Dated at Montpelier, Vermont, this 30th day of June, 2023.

 _____ )	) PUBLIC UTILITY
Anthony Z. Roisman )	
) _____ )	) COMMISSION
 _____ )	
Margaret Cheney )	
) _____ )	) OF VERMONT
 _____ )	
J. Riley Allen )	

OFFICE OF THE CLERK

Filed: June 30, 2023

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))*

PUC Case No. 23-2221-INV - SERVICE LIST

James Porter, Director of Public Advocacy  
Vermont Department of Public Service  
112 State Street  
Montpelier, VT 05620-2601  
DPS-PA@vermont.gov

(for Vermont  
Department of Public  
Service)

Others receiving notice outside ePUC:

PUC large e-mail list