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Holly Anderson
Clerk of the Public Utility Commission
112 State St.
Montpelier, VT

Re: Case No. 23-2220-RULE, Proceeding to Design the Potential Clean Heat Standard

I would like to offer the following set of recommendations for inclusion with regard to specifications and ownership of Early Action Credits, and subsequent Clean Heat Credits. I believe the approach laid out below will provide equity and fair dealing, and will not advantage any one type of practitioner over another. Through clarity and true transparency, this will not only level the playing field, but it will also enhance consumer education about the system, support the idea of a well informed buyer, and forward the notion of a market system based on the actions of educated consumer choice.

Ownership

Ownership of Early Action Credits (EAC), and all subsequent Clean Heat Credits (CHC), should be granted to the party who pays for the Clean Heat Measure (CHM), or parceled out among the entities who fund the CHM.

- Ownership of a EAC or CHC by an Obligated Party or by any vendor should be based on deviation from Business as Usual.
- If an individual pays full market price, and the vendor pricing does nothing more or less than business as usual, then the purchaser should own all of the credit.
- If a portion of the Clean Heat Measure is paid for by Efficiency Vermont or other publicly funded source, including that funded by customers through the publicly required Vermont Gas efficiency program, then it is the public, or the public entity, that should own and retire the EAC or CHC.
- If a vendor can demonstrate that they are providing a demonstrated reduction in cost, a rebate, or other form of altering the 'business as usual' price as an incentive, then the vendor should own that portion of the EAC or CHC.
- If the CHM is in the form of a fuel, such as those determined by the Technical Advisory Group to be a lower GHG fuel, and the vendor's cost is simply passed along to the client, then the vendor has done nothing to advance the program goals, and should receive no credit. If the vendor clearly demonstrated that they have absorbed some of the cost, then that portion of the transaction should be eligible for appropriately pro-rated EAC or CHC.
- If an OP hires a third party contractor to perform the work, ownership of the EAC or CHC should be specified in the contract or other agreement between those parties.

- When a vendor provides any CHM to a client, with the client and other entity (such as Efficiency VT) covering the entire cost, that is a very different situation than when the vendor provides the service to a lower income client, with the vendor using the value of the anticipated EAC or CHC to be able to offer the measure at a greatly reduced price. This way, the value of the credit will act to properly incentivise the beneficial action.

Specifications

In addition to other required information, the vendor should supply complete and accurate information about the transaction, and which parties have contributed funds or other value to the transaction. In the case of the Vendor's own contribution, if there is any reduction from the 'business as usual' rates, the vendor should supply sufficient information to verify that claim.

Transparency

The vendor should supply to all parties a document that clearly declares

- the value of the installed measures,
- the amount and percent of funding by each party including any value supplied by the vendor in the form of price reductions,
- who owns the associated EAC or CHC, and the value of the credits in the credit market, as determined by the PUC.
- Estimated reductions in emissions of greenhouse gasses, according to protocols identified by the PUC and the Technical Advisory Group.
- This may be the same form required by the PUC in its verification and granting ownership of any marketable credits. A good faith estimate of this should be provided to the client prior to any contract or other agreement to provide a CHM.

While not specifically requested, I would offer one more observation on the creation of Early Action Credits. There is a great potential for the creation of EACs to depress the effectiveness of the whole program once the Clean Heat Standard fully takes effect. I think we all hope that GHG reduction action through these measures will happen at a rapid pace over the next 2 or 3 years, especially with the high level of public funding, job training, and so on. If at the end of this period, Obligated Parties and other vendors are in possession of years' worth of accumulated but banked credits, then effectively the first few subsequent years of credit requirements will have already been accomplished. This could be a situation where there will be a much reduced incentive to continue the work. Any GHG goals set at that time could be met by prior work. I am afraid I do not have a suggestion to offer for this dilemma, but I hope the PUC will consider how to sustain the work in spite of all the banked credits. I know the RGGI system has dealt with an overabundance of banked credits, so perhaps there are lessons to be learned there.

Thank you for the opportunity to offer these suggestions.

Stephen Crowley