

LOUISE DIAMOND COMMITTEE TO PROTECT NEXT GENERATIONS

A Project of the Institute for Multi-Track Diplomacy

December 3, 2023

Holly R. Anderson
Clerk of the Commission
112 State Street Montpelier, VT 05620-2701

Re: Case No. 23-2220 RULE

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Re: Proceeding to design the potential Clean Heat Standard Case No. 23-2220 RULE, Comments on suggested revenue streams.

Dear Ms. Anderson:

On behalf of the Louise Diamond Committee to Protect Next Generations, I submit the following in response to the Vermont Public Utility Commission's (PUC) request for comments on suggested "revenue streams that may be used or created to fund the Commission's administration of the Clean Heat Standard program and shall include programs to support market transformation such as workforce development, market uplift, and training that may be administered by a third party."

280 Rounds Road
Bristol, VT 05443
571-331-1066
jmccormick@imtd.org

PUC's request for comments and suggestions on revenue streams that may be used or created to fund the Commission's administration of the Clean Heat Standard is premature and void of any context that would reflect on the level and total of revenues required (i.e. increased fuel costs). Suggestions on the use of such revenues include on-going S.5 related programs and efforts to include supporting market transformation such as workforce development, market uplift, and training that may be administered by a third party. Aside from training and workforce development, market uplift is vague and lacks any definition that lends boundaries for PUC and PSD undertaking "market uplift".

Funding the Commission's administration of the Clean Heat Standard is also less clear because obvious expenditures by PUC and PSD will be required to design the proposed rules sufficient for the General Assembly to debate those rules.

Several examples are being publicly circulated that mention the need to augment the technical personnel to verify legitimate installations without clear caps on costs allowed by the AFA. And, the enormous scale of record-keeping and compliance by DDAs, private sector HVAC companies and individuals, obligated parties and building owners will require a robust and expensive computer program designed, in a limited timeframe, using program design details remaining under discussion and – most important – all prior to the General Assembly's approval or rejection of the submitted proposed rule. The costs of each and any end-use revenue allocation puts the G.A. in the untenable position of

factoring the “administrative” costs into its decision to cast a cost-effective vote without knowing the total and true cost of administering the AFA.

PUC’s request for comments also referenced The Energy Action Network’s Clean Heat Standard whitepaper that identifies a small surcharge on fossil-fuel sales to provide the funding necessary to support the Department’s role in verification of compliance and evaluation and requests that participants also address this proposal in their comments.

EAN’s whitepaper stated: “Small Fossil Fuel Surcharge to Fund PSD Review and Evaluation Studies: Both the annual review and evaluation studies will require some technical resources. For example, the current PSD budget for evaluating the state’s efficiency utility savings claims is a little under \$2 million per year. A small surcharge on fossil fuel sales could be levied to provide funding necessary to support the PSD role in verification of compliance and evaluation.”

EAN’s whitepaper provided no details on the number of full-time or part-time personnel and the number of verifications of compliance and evaluations they performed (a gauge of the volume of verifications and evaluations performed) to aid commenters as they realistically suggest new revenues to accomplish those tasks given the huge volume of transactions that will be performed by DDA’s, obligated parties and building owners.

O.E.O.’s Weatherization Assistance Program’s budget for FTEs, in SFY 2023 is \$348,998. It oversees weatherization and retrofit of more than 1,200 homes.

Vermont Fuel Dealers Association represents nearly 300 heating fuel and service companies. HVAC contractors and related technically trained contractors number in the hundreds. They represent the Default

Delivery parties, all of which can apply for certification by the PUC. Increasing PUC FTEs will increase heating fuel costs. Using PUC's roster of personnel and their total salary and benefits costs sheds light on the impact to fuel customers.

For the purpose of this comment, I suggest the following new hires:

Administrative Srvcs Tech III	\$92,306
Staff Attorney	\$159,209
Staff Attorney	\$ 182,025
Business Manager	\$129,724
Utilities Analyst	\$157,185
Environmental Analyst	\$163,233
Deputy Clerk PUC	\$103,856
Utilities Analyst	\$171,570
Total	\$1,159,108

The proposed rules will not be complete without having designed a computer program to facilitate the many thousands of registrations, credit valuation and transfers and bookkeeping and unknown account records to assure accountability, verification, etc. While an estimate of the costs of compiling such an intricate software program (without the benefit of PUC's prior experience in regulation of heating fuels deliveries) it is worth reflecting on Vermont's Department of Motor Vehicles data base being upgraded to a new computerized entity. That cost Vermont taxpayers, in fees and budget appropriated about \$45 million.

All of PUC's "program design" costs will be paid in higher fuel costs on top of the certain fuel cost increases as the AFA is implemented.

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