

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Proceeding to design the potential Clean Heat Standard	
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Order entered: 07/16/2024

ORDER ADOPTING INTERIM STANDARD CREDIT OWNERSHIP METHODOLOGY

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.¹ Pursuant to 30 V.S.A. § 8127(b), the Commission is to establish a standard methodology for determining ownership of clean heat credits. Over the last seven and a half months, the Commission has engaged in extensive public input on the topic of credit ownership and has consulted with the Equity and Technical Advisory Groups.

This Order describes the methodology the Commission intends to use to determine what entity initially owns a clean heat credit upon its creation.² While there will be additional opportunities to provide feedback on this element of the potential Clean Heat Standard before the final proposed rule is sent to the Legislature, participants in this rulemaking, as well as Case No. 23-2221-INV, should provide feedback on other programmatic elements of the potential Clean Heat Standard that assumes the credit ownership structure described in this Order.³

The initial ownership of early action credits – which should be understood to be all credits generated by eligible actions taken between January 1, 2023, and December 31, 2025 – will be addressed in a future order. This Order also does not address the registration, verification, transferring, trading, banking, or retirement of clean heat credits; policies to govern those elements will be addressed in future proposals and orders.

¹ 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>.

² The ownership methodology described in this Order designates the *initial* owner of clean heat credits. According to 30 V.S.A. § 8127(b), credits may be transferred to other entities after they are created.

³ Participants are welcome to explain how the ownership structure described in this Order would need to be changed to accommodate their suggestions on other policy topics when submitting comments.

Measure Types

Initial ownership of clean heat credits generated by implemented clean heat measures is determined by the type of measure implemented. There are three categories of clean heat measures: installed, delivered, and custom. When the Commission adopts a new clean heat measure, it will designate which category it falls into. Clean heat measures listed in 30 V.S.A. § 8127(d) are categorized as follows:

Installed measures are:

- thermal energy efficiency improvements and weatherization;
- cold-climate air, ground source, and other heat pumps, including district, network, grid, microgrid, and building geothermal systems;
- heat pump water heaters;
- utility-controlled electric water heaters;
- solar hot water systems;
- electric appliances providing thermal end uses;
- advanced wood heating;
- the replacement of a manufactured home with a high-efficiency manufactured home and weatherization or other efficiency or electrification measures in manufactured homes; and
- other measures adopted by the Commission that are designated as an installed measure.⁴

Delivered measures are the supply of sustainably sourced biofuels and other measures adopted by the Commission that are designated as delivered measures.⁵

Custom measures are:

- noncombustion or renewable energy-based district heating services;
- the supply of green hydrogen;
- line extensions that connect facilities with thermal loads to the grid; and

⁴ 30 V.S.A. §§ 8127(d)(1)-(7), (11).

⁵ 30 V.S.A. § 1827(d)(9).

- other measures adopted by the Commission that are designated as a custom measure.⁶

Initial Ownership

For installed measures, the individual or entity that owns the building for which the measure is being implemented will be the initial owner of the clean heat credits generated by that measure. However, if the measure is implemented at no cost to a participant under a program authorized by the Commission, the entity administering the program will be the initial owner of the credits.

For delivered measures, the entity delivering the clean heat measure initially owns the clean heat credits generated by that measure. For biodiesel blends above “B20” and other biofuels that have a reasonable risk of causing heating equipment to malfunction, the entity delivering the measure must certify that the fuel customer’s equipment is able to utilize the clean heat measure fuel effectively and safely. If the entity claiming the credits cannot produce a record of the equipment being certified for the biofuel being delivered as a clean heat measure, the fuel customer is the initial owner of the clean heat credits generated by that measure.

For custom measures, initial ownership of credits must be determined by prior written agreement among involved parties. The ownership arrangement is subject to review by the Commission upon petition of any of the participating parties.


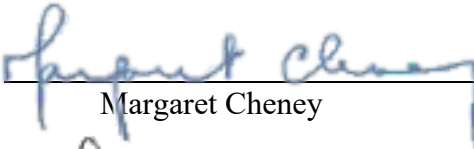
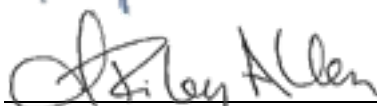
Mandatory Disclosures

For clean heat measures, regardless of type, certain disclosures must be made to the end-user customer/homeowner/building owner for the action to create clean heat credits. The Commission will provide a list of mandatory disclosures, including sample language.

SO ORDERED.

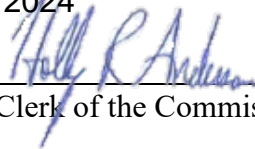
⁶ 30 V.S.A. § 8127(d)(8), (10), (12).

Dated at Montpelier, Vermont, this 16th day of July, 2024.

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

OFFICE OF THE CLERK

Filed: July 16, 2024

Attest: 

 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)

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