



November 1, 2024

Holly Anderson  
Clerk of the Commission  
Vermont Public Utility Commission  
112 State Street  
Montpelier, VT 05620-2701

*Submitted electronically via ePUC*

**Re: 23-2220-RULE, Proceeding to Design the Potential Clean Heat Standard – Comment on Draft Clean Heat Standard Rule and Companion Status Report**

Dear Ms. Anderson,

Thank you for the opportunity to review and comment on the proposed rule implementing Vermont’s new Clean Heat Standard, pursuant to Act 18 of 2023. The Partnership for Policy Integrity (PFPI) has identified several key issues that are not addressed in either the proposed rule or the companion status report published by the Commission.

Overall, the proposed rule does not address how the Commission will implement the statute’s public health requirements. The legislative intent (§ 8121) clearly states that the Clean Heat Standard be designed and implemented in a manner that both reduces greenhouse gas emissions and “minimizes costs to customers, **protects public health**, and recognizes that affordable heating is essential for Vermonters” (emphasis added). In addition, given the costs and other potential impacts of this law on Vermonters, more transparency and opportunities for public engagement are required. Below are our specific comments and recommendations.

**1. Add language implementing the biennial review of consequences**

The law requires the Commission to assess the harmful consequences that may arise in Vermont or elsewhere from the implementation of specific types of clean heat measures every two years, and to set standards or limits to prevent those consequences. The draft rule should include both the process to perform the biennial review and the process to set standards or limits. We recommend that the Commission include a provision in the rule for public input into the biennial assessment and codify that the assessment utilize the equity rubric developed by the Equity Advisory Group. We further recommend a 30-day public comment period on the Commission’s biennial assessment and proposed actions to address adverse consequences, including any standards or limits set to prevent those consequences.

**2. Remove “advanced wood heating” from the list of clean heat measures in Sec. 8.103 (8)(A)**

As has been brought up throughout the legislative process and during the meetings of the Technical Advisory Group (TAG), some of the clean heat measures identified in the

statute are associated with adverse health impacts. The TAG is currently reviewing the human health impacts of the proposed measures, as required by law. A draft memo prepared by the TAG summarizing the public health impacts of the clean heat measures found, with high confidence, that there are negative health benefits from all categories of wood heating, and fairly consistent findings of increased nitrogen oxides, sulfur dioxide, formaldehyde and overall toxicity from the combustion of biofuels compared with conventional fuels.<sup>1</sup>

To the extent possible, the draft rule should exclude any clean heat measures that are harmful to public health. Clearly, wood heating falls within this category. According to the memo, 97% of the health care costs from residential heating emissions in Vermont are attributable to wood heating, costing Vermonters between \$105 million and \$238 million a year. This is about 30 times greater than for all other residential fuels combined. Likewise, pollution from wood heating is associated with 10-22 early deaths each year, about 20 times greater than for all other residential fuels. These findings indicate that wood heating is not only harmful to public health, but also costly to human lives and the economy.

One approach the Commission could take would be to include a definition for “Advanced Wood Heating” in the draft rule that limits which types of wood-burning appliances could qualify as installed clean heat measures. However, this would not actually protect public health, as the law requires. The memo states that “residential wood heating emits substantially more fine particulate matter and air toxics than other non-woody residential fuels,” and that “this is true for all wood fuel types and heating equipment.” The only way to actually meet the public health protection requirement in the law is to remove “advanced wood heating” from the list of clean heat measures in Sec. 8.103 (8)(A) entirely.

### **3. Add procedures for removal or restriction of clean heat measures**

The rule lists the eligible measures from Act 18 in Sec. 8.103(8) and establishes a process for approval of additional clean heat measures that are not listed in the statute in Sec. 8.107. However, the rule has no process for removing or limiting clean heat measures. Clearly, the Legislature anticipated that such steps might be required when it directed the Commission to “biennially assess harmful consequences that may arise in Vermont or elsewhere from the implementation of specific types of clean heat measures and shall set standards or limits to prevent those consequences” and tasked the TAG to assist in this review.

Procedures should be added for removing clean heat measures from the list of eligible clean heat measures, and for restricting or conditioning the eligibility of clean heat measures, based on information presented to the Commission through the biennial review of consequences or otherwise. Any member of the public should be permitted to petition the Commission to remove or to restrict or condition the eligibility of a clean heat measure. Any such petition should be subject to public notice and a 30-day public comment period.

---

<sup>1</sup> Memo, Health Impacts and Considerations for the Clean Heat Standard, prepared by Jared Ulmer and Emily Levin, Draft 10/29/24.

**4. Require robust review of custom clean heat measures (Sec. 8.111 (c))**

The proposed regulations treat “renewable-energy-based district heating services,” “green hydrogen,” and other measures as “custom heat measures.” For custom heat measures where the GHG emission reduction assumptions have not been previously established, the rule only requires an obligated party to “maintain its documentation of all assumptions and calculations used to establish its greenhouse gas reduction claims.” (Sec. 8.111(c)). This is not sufficient, especially for a major proposal like the McNeil biomass steam project, which could have significant GHG impacts and should not be assumed to be using the same accounting methodologies as the TRM. For custom measures, the Commission should require obligated parties to provide accurate and verifiable emissions reduction calculations in order for the Commission to determine their eligibility, and such petitions should be subject to a 30-day public comment period.

**5. Require greater transparency and opportunity for public participation in emissions accounting (Sec. 809)**

The Commission should include public notice and a 30-day public comment period on the initial Emissions Table, not just the triennial updates (Sec. 8.109(a)). In addition, any member of the public, not just an obligated party, should be allowed to petition the Commission for a change in a fuel’s lifecycle emissions rate outside of the triennial review process (Sec. 8.109(b)). Any proposed change to the Emissions Table between triennial reviews should include a public notice and 30-day public comment period, as is required in Sec. 8.109(a).

**6. Add clear and complete definitions of clean heat measures in the rule**

Certain terms in Act 18 are unclear and should be defined in the rule. These include “green hydrogen,” which should be defined as hydrogen that is produced with renewable energy that is not carbon-emitting. “Advanced wood heating,” if not eliminated entirely, should also be defined in the rule.

With regard to the Commission’s Companion Status Report, PFPI supports either amending the Clean Heat Standard, or creating an alternative to the Clean Heat Standard, that focuses on home weatherization and electrification. These measures afford the most emissions reductions, cost savings, and public health benefits.

Thank you for this opportunity to comment on the proposed Clean Heat Standard rule.

Sincerely,



Laura Haight  
U.S. Policy Director  
lhaight@pfpi.net