

From: [Leslie Anderson](#)
To: [PUC - Clerk](#)
Subject: CHS Draft Rule Comments - Case No, 23-2220 Rule
Date: Friday, November 1, 2024 9:31:37 AM
Attachments: [image001.jpg](#)
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Attached please find our comments on the CHS Draft Rules.

Thank you for your consideration, Leslie

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November 1, 2024

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

The Propane Gas Association of New England (PGANE) is pleased to have the opportunity to offer its comments regarding the proposed Clean Heat Standard Draft Rule.

PGANE is a regional alternative energy trade association representing members of the propane industry in the 6 New England States. We exist to serve the propane industry by promoting safety, education, and public awareness of the uses of propane. Our membership includes propane companies and suppliers, including numerous small companies who are often family owned and operated, many for several generations.

Propane is the cleanest burning of all combustion fuels, and critical for energy security. For rural Vermonters and citizens living in older homes it is an affordable and reliable energy that promotes environmental justice. For families with health concerns or small children or for critical infrastructure such as hospitals and cell towers, propane is a reliable energy source for backup generators when the electricity fails. For tourists camping and hiking through our state, or visiting a hot air balloon festival, propane is the portable clean energy that is utilized. For Vermonters living off the grid, building a net zero home, or living in a tiny home, propane is the backup, cooking, and hot water source they utilize to complement solar. Vermont will always need a non-toxic energy source that is blessed by chemistry to fit into a small container and generate a great deal of energy in times of natural disaster.

Concerns Raised by the Draft Rule:

On behalf of our member companies in Vermont, we request that the Public Utility Commission include Renewable Propane in the measure characteristics for sustainably sourced biofuels so that it may earn credits under the Clean Heat Standard. Renewable propane is the same molecule – C₃H₈ – as conventional propane but is derived from non-fossil resources. It can be produced from many sustainable sources, including fats, oils, greases, forest resources, and agricultural residues. Renewable propane has been delivered into Vermont for over two years.

The Public Utility Commission should also do the following to help obligated parties and their downstream customers understand the financial implications of the credit market, make economic decisions about whether to purchase forward contracts, and build capacity for sustainable liquid and gaseous fuels. As pointed out in the Status Report that accompanied the Draft Rule, this regulatory structure has "the potential for fraud and market manipulation." With that concern in mind, please consider the following as you further design this policy over the next 75 days for the Legislature to consider.

- Determine the amount of the Clean Heat Fee that must be paid by the obligated parties on a per-gallon basis.

- Determine on what date the Clean Heat Fee will apply to gallons sold.
- Determine where, when, and how the Clean Heat Fee is paid.
- Ensure the Clean Heat Fee collection method models an existing tax collection structure in order to prevent "fraud and market manipulation."
- Shorten the time frame for collecting the Clean Heat Fee (similar to existing tax collection methods) to ensure that there is a nexus between the gallon sold and the fee attached to that gallon in order to prevent "fraud and market manipulation."
- Provide obligated parties with the amount of the Clean Heat Fee 18 months in advance. This information should be on a per-gallon basis for propane.
- Recommend that the legislature remove non-mobile sales of heating fuels (from a stationary pump or in a canister or tank cylinder less than 100 gallons) from the Clean Heat Standard registration and Clean Heat Fee calculation. This would reduce the number of potentially regulated entities by approximately 60% and ensure that canisters used for cooking or emergency heat remain widely available to Vermonters. Tracking BBQ 20 pound propane cylinders is not realistic as these cylinders are mobile and often cross state lines.
- Ensure renewable propane is counted as a "sustainably sourced biofuel" under Act 18.
- Provide details about how much credit obligated parties will earn if they replace traditional propane with renewable propane.
- Remove the requirement that obligated parties provide detailed estimates of where and how they will acquire future Clean Heat Credits two years in advance of the credits being counted and verified by the PUC.
- Develop a robust enforcement program to ensure gallons sold from fuel trucks coming from outside of Vermont are counted when they are delivered and not 18 months after the fact in order to prevent "fraud and market manipulation."

In order for heating service contractors and equipment wholesalers to understand the financial implications of the credit market and make economic decisions to build capacity for equipment and services that qualify for Clean Heat Credits, the Public Utility Commission should do the following:

- Ensure that Clean Heat Credits are verified and counted after they are delivered and installed and not before.
- Ensure that heating contractors who install clean heat measures are able to own Clean Heat Credits and that they are not forfeited to energy utilities.
- Ensure that heating contractors who install clean heat measures and clean heat energy sellers can mint the credits that they install or deliver.
- Ensure that heating contractors who install clean heat measures and clean heat energy suppliers can sell or trade these minted credits with obligated parties.
- Provide a clear and transparent "Credit Exchange" where heating contractors, equipment wholesalers, and obligated parties can buy and sell Clean Heat Credits.
- Ensure that this "Credit Exchange" is regulated to prevent "fraud and market manipulation."
- Ensure that Clean Heat Credit Claim Forms are certified by the PUC before they are traded between heating contractors and obligated parties to prevent "fraud and market manipulation."
- Ensure that credit aggregators are certified by the PUC to prevent "fraud and market manipulation."

Please provide clear direction to the above points in the Final Clean Heat Standard Regulation when it is submitted to the Legislature on January 15, 2025.

Thank you for the opportunity to comment.