

**From:** [Megan Sullivan](#)  
**To:** [PUC - Clerk](#)  
**Subject:** Case No. 23-2220-RULE – Proceeding to Design the Potential Clean Heat Standard  
**Date:** Friday, November 1, 2024 4:45:07 PM  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[image003.png](#)  
[image004.png](#)  
[Vermont Chamber Clean Heat Standard Draft Report Comments to PUC.pdf](#)

---

You don't often get email from msullivan@vtchamber.com. [Learn why this is important](#)

**EXTERNAL SENDER: Do not open attachments or click on links unless you recognize and trust the sender.**

Dear Ms. Anderson,

Please find corrected comments from those sent a few minutes ago on the issued draft rule for the Clean Heat Standard from the Vermont Chamber of Commerce attached.

Thank you,

Megan

Megan Sullivan

Vice President, Government Affairs

Vermont Chamber of Commerce

802-522-6316 (text or call)



[Join](#) the Vermont Chamber

[Subscribe](#) to Vermont Chamber News



**Holly Anderson**  
**Vermont Public Utility Commission**  
**112 State Street**  
**Montpelier, VT 05620-2701**  
[puc.clerk@vermont.gov](mailto:puc.clerk@vermont.gov)

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

Dear Ms. Anderson,

On behalf of the Vermont Chamber of Commerce, we are submitting comments on the draft Clean Heat Standard (CHS) rule issued by the Vermont Public Utility Commission (PUC) on October 1, 2024. As mandated by 30 V.S.A. § 8124, this rule seeks to reduce emissions across Vermont’s thermal energy sector, which includes residential, commercial, and industrial fuel use. This inclusion is particularly significant, as the Clean Heat Standard specifies that the “thermal sector uses the same definition as the residential, commercial, and industrial fuel use sector as used in the Vermont Greenhouse Gas Emissions Inventory” (Page 19, VT LEG #370924 v.1). Therefore, there is an express mandate to establish structures that incentivize emissions reductions across all three categories. Given the substantial economic contributions of Vermont’s commercial and industrial sectors, the CHS framework must address these sectors’ unique challenges to avoid adverse economic impacts and provide practical, equitable solutions.

The draft rule requires substantial adjustments to provide Vermont businesses with the guidance, transparency, and financial predictability needed to consider clean heating options, as available. The current draft focuses heavily on residential fuel use while neglecting the complexities involved in applying such standards across commercial and industrial sectors. Our recommendations emphasize the importance of practical and equitable measures that minimize adverse economic impacts on Vermont’s business community.

## **Key Recommendations**

### **1. Sector-Specific Financial Clarity and Incentives**

- a. **Develop clear financial incentives** tailored to commercial and industrial sectors, such as grants, tax credits, or low-interest loans, to offset the high upfront investments associated with transitioning to alternative heating solutions. Without such measures, many Vermont businesses—particularly in manufacturing—will find it economically and technically unfeasible to adopt clean heat technologies.
- b. **Provide specific guidance** on eligibility, technical specifications, and best practices for commercial and industrial entities to ensure they have the information needed to make informed, financially sound decisions.

### **2. Transparent Credit System with Defined Ownership Rights**

- a. **Establish a verified and regulated credit system** that allows for transparent buying, selling, and trading of Clean Heat Credits. Allowing heating contractors, wholesalers, and obligated parties to retain ownership of credits they generate is essential to facilitate a functional credit market and reduce the risk of fraud and manipulation.

- b. **Ensure contractors and suppliers can own and transfer credits** to support flexibility and cost-offsetting measures, rather than forfeiting them to larger entities, thereby preserving market integrity and choice.
- 3. **Clearly Define and Communicate Financial Obligations**
  - a. **Clarify the Clean Heat Fee amount and payment structures** in advance. This includes setting a per-gallon fee, establishing a collection method modeled on existing tax structures, and minimizing the time frame for collection to reduce administrative complexity and maintain accountability.
  - b. **Remove requirements for speculative credit estimates** two years in advance, and instead implement a straightforward verification system based on credits issued after project completion.
- 4. **Engage Commercial and Industrial Stakeholders in Policy Development**
  - a. **Establish a formal engagement process** for commercial and industrial stakeholders to voice concerns and provide insights on the CHS as it evolves. Input from Vermont's business sectors is essential to ensure that any regulatory approach is both practical and reflective of real-world operations.
- 5. **Exemptions and Classification Adjustments for Cost-Effective Compliance**
  - a. **Classify renewable fuels such as renewable propane, biodiesel, and renewable diesel** as "sustainably sourced biofuels" under Act 18, and provide clear guidelines for credits earned when replacing traditional fuels with these alternatives. Such measures are essential to allow more flexibility and to mitigate compliance costs.
  - b. **Exempt kerosene from the Clean Heat Credit Fee** due to its essential use among low- and moderate-income households who rely on kerosene for heating in areas with limited clean heat options.
- 6. **Streamline Compliance Processes for Vermont Businesses**
  - a. **Simplify verification and compliance requirements** to reduce unnecessary administrative burdens, allowing businesses to focus on capital investment rather than navigating complex and costly compliance frameworks.
  - b. **Remove small, non-mobile fuel sources from CHS registration and fees** to reduce the regulatory load on smaller entities and maintain accessibility for consumers relying on these sources.

These recommendations reflect the Vermont Chamber's commitment to advocating for regulatory frameworks that account for economic realities while minimizing unnecessary burdens on Vermont's businesses. We strongly urge the PUC to address these issues as it moves forward with the CHS rule development.

Sincerely,



Megan Sullivan  
Vice President of Government Affairs  
Vermont Chamber of Commerce