

July 11, 2022

Secretary Julie Moore
Agency of Natural Resources
Commissioner June Tierney
Department of Public Service
Hon. Tony Roisman,
Chair, Public Utilities Commission

Dear Colleagues,

We write out of deep concern over the growing global climate crisis, and Vermont's slow pace of progress in doing our part to reduce climate pollution as set out in the Global Warming Solutions Act (GWSA). To address these problems, we request two specific actions from Vermont state agencies that could help to ensure constructive progress in one of the most pressing aspects of our climate challenge -- climate pollution from the thermal sector.

The Vermont Climate Council's work does not end with the adoption of a Climate Plan. The Council is a continuing body and has an ongoing responsibility to promote actions that will help our state meet its legal and moral obligations to reduce climate pollution in Vermont. As members of the Steering Committee of the Vermont Climate Council, we write on behalf of the entire Council, and its Subcommittees, [particularly the Cross-Sector Mitigation Committee, which unanimously endorsed this course of action on June 16.] {bracketed words could be in or out of letter}

In December 2021, the Vermont Climate Council adopted the Climate Action Plan as required in the GWSA. One of the most important elements in the CAP was a recommendation that the legislature adopt legislation authorizing creation of a Clean Heat Standard in the 2022 legislative session. After extended testimony, the legislature voted for H.715, which would have required a series of studies, a program of public outreach, and a rulemaking process at the PUC to enact a Vermont Clean Heat Standard.

In his veto statement, the Governor wrote that he objected to the bill on the ground that too much about the Clean Heat Standard and its costs and benefits was uncertain:

"As Governor and as elected officials, we have an obligation to ensure Vermonters know the financial costs and impacts of this policy on their lives and the State's economy. Signing this bill would go against this obligation because the costs and impacts are unknown."

The Governor went on to request that the General Assembly be given an opportunity to review the Clean Heat policy and its potential costs in detail before adopting new legislation.

At first glance, it may seem that due to this legislative outcome, a year or more of progress could be lost, with Vermonters continuing to burn more fossil fuels, while paying higher oil and gas bills in the meantime. But we do not think this result is necessary.

This is because the Legislature also included in the 2022 budget substantial resources for the purpose of defining the details of a potential Clean Heat Standard, analyzing its costs and benefits, and seeking public input and suggestions on how it could work. The budget bill includes a total of \$1.2 million allocated to the Department of Public Service and the Public Utilities Commission for staff positions and consulting services related to the design of the Clean Heat Standard and analysis of its costs and benefits.

We urge that these funds, or other available funds, be made available to advance the purposes stated. We believe that these funds should be used in coming months to address the concerns expressed by the Governor – namely, to develop a thermal performance standard in more detail, and to examine the costs and benefits of the proposal advanced by the Climate Council and the General Assembly.

We judge that these aims could be met through two actions:

1. With proper approvals, funds could be released to one or more of the relevant state agencies (ANR, DPS, or PUC) to conduct an economic and environmental review of a thermal performance standard, including a meaningful range of design options in such a standard. It would also be important to provide at least some level of analysis of possible ANR regulations, as required by the GWSA if sufficient progress will not be made through other pathways. The review should consider the costs, savings, and environmental and health benefits of the principal design options.

The appropriated funds could also be used to listen a range of Vermont voices and to provide information on heating choices and policy options across the state.

2. With support from the Department of Public Service, the Public Utilities Commission could open an investigation into thermal energy efficiency, thermal emissions, and performance standards as a means of advancing the transition away from imported fossil fuels for heat. In that investigation many of the design choices in a thermal performance standard could be examined and weighed against alternatives. Such an investigation, together with the economic and environmental analyses noted above, could provide a strong foundation for future legislation or for the PUC's own decisions.

Vermonters are paying far too much to import fossil fuels that responsibly, we should be phasing out of our heating systems. Our aim is to help Vermonters move more quickly to cleaner and less expensive heating systems. Too much time has already been lost. We urge the Administration and your agencies to take these actions now, so the needed policy and economic analyses can begin soon.

Please feel free to contact us should you have any questions.