

July 18, 2022

Governor Phillip B. Scott
Members of the Vermont Legislature
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. We write on behalf of the legislatively appointed Members of the Council, following requests from the Cross-Sector Mitigation Subcommittee and its Buildings and Thermal Task Group, which endorsed this course of action on June 16.

In December 2021, the Vermont Climate Council adopted the Climate Action Plan (CAP) as required in the GWSA. One of the most important elements of 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 included 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 believe that these funds, or equivalent 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 understand that those funds cannot be used precisely as they were appropriated. However, procedures do exist so that these funds, or other available funds, could be made available to advance the purposes stated in H.715 and by the Governor.

There is ample basis to conclude that action on clean heat should proceed as soon as possible. Vermonters' fossil heat bills are a rapidly growing burden, and current price spikes drive home the point that we need to transition away from high-priced, volatile fossil fuels as soon as practicable. Meanwhile, fossil heat is Vermont's second largest sources of climate pollution and is a major factor in the energy burden faced by lower-income households. The Legislature has found that the climate emergency is pressing, and that "Delaying necessary policy action to address the climate crisis risks significant economic damage to Vermont." [Global Warming Solutions Act of 2020, Sec.2]

We do not need to wait another year or two to address the problems of fossil heat. We judge that substantial progress could be made this year through two types of action:

1. With proper approvals, funds could be released to one or more of the relevant state agencies (likely the ANR or DPS) to conduct an economic and environmental review of the program options available to reduce emissions in the thermal sector consistent with the requirements of the GWSA. It would also be important to provide at least some level of analysis of the ANR regulations that would be required by the GWSA if sufficient progress will not be made through other pathways. The review should consider the costs, savings, and climate, environmental and health benefits of the principal design options and the costs and benefits of different heating choices. It should specifically consider program options that would minimize impacts to low-income Vermonters.

The appropriated funds could also be used to further listen to a range of Vermont voices and to provide information on heating choices and policy options across the state. This discussion could help us understand the supporting policies, such as emissions reporting, weatherization, or residential electrical service upgrades, that should accompany a program to reduce thermal sector emissions.

2. The Department of Public Service and the Public Utilities Commission could sponsor an open stakeholder process to engage a range of Vermonters on heating challenges, thermal energy efficiency, emissions, and clean heat performance standards. Multi-party collaboratives have in the past been used by the DPS and the utilities commission to advance progress on other complex energy issues, including energy efficiency, electricity markets, and how environmental costs should be included in utility resource plans. A Clean Heat collaborative could examine many of the design choices for a thermal performance standard and could weigh various options against alternatives. A collaborative would offer an opportunity for a range of stakeholders to engage on these issues outside of a formal regulatory proceeding, while developing ideas that could provide a strong foundation for future legislation or actions by public agencies.

In conclusion: Vermonters are paying far too much to import fossil fuels that responsibly, we should be phasing out of our heating systems. The Climate Council's 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 the Legislature, acting together, 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.

On behalf of the Legislatively appointed Members of the Vermont Climate Council,

Richard Cowart, Counselor
Co-Chair, Subcommittee on Cross-Sector Mitigation