

1 Introduced by Committee on Energy and Technology

2 Date:

3 Subject: Climate change; air pollution; renewable energy; heating; fuel

4 Statement of purpose of bill as introduced: This bill proposes to establish the
5 Clean Heat Standard to reduce Vermont’s greenhouse gas emissions from the
6 thermal sector. It would be administered by the Public Utility Commission
7 with assistance from the Clean Heat Standard Technical Advisory Group.

8 An act relating to the Clean Heat Standard

9 It is hereby enacted by the General Assembly of the State of Vermont:

10 Sec. 1. FINDINGS

11 The General Assembly finds:

12 (1) All of the legislative findings made in 2020 Acts and Resolves
13 No. 153, Sec. 2, the Vermont Global Warming Solutions Act of 2020, remain
14 true and are incorporated by reference here.

15 (2) Under the Vermont Global Warming Solutions Act of 2020 and 10
16 V.S.A. § 578, Vermont has a legal obligation to reduce greenhouse gas
17 emissions to specific levels by 2025, 2030, and 2050.

18 (3) The Vermont Climate Council was established under the Vermont
19 Global Warming Solutions Act of 2020 and was tasked with, among other
20 things, recommending necessary legislation to reduce greenhouse gas

1 emissions. The Initial Vermont Climate Action Plan calls for the General
2 Assembly to adopt legislation authorizing the Public Utility Commission to
3 administer the Clean Heat Standard consistent with the recommendations of
4 the Energy Action Network’s Clean Heat Standard Working Group.

5 (4) As required by the Vermont Global Warming Solutions Act of 2020,
6 the Vermont Climate Council published the Initial Vermont Climate Action
7 Plan on December 1, 2021. As noted in that plan, over one-third of Vermont’s
8 greenhouse gas emissions come from the thermal sector. Approximately 72
9 percent of Vermont’s thermal energy use is fossil-based, including 43 percent
10 from the combustion of fossil gas and propane and 29 percent from the burning
11 of heating oil.

12 (5) To meet the greenhouse gas emission reductions required by the
13 Vermont Global Warming Solutions Act of 2020, Vermont needs to transition
14 away from its current carbon-intensive building heating practices to lower-
15 carbon alternatives. It also needs to do this equitably, recognizing economic
16 effects on energy users, especially energy-burdened users; on the workforce
17 currently providing these services; and on the overall economy.

1 Sec. 2. 30 V.S.A. chapter 94 is added to read:

2 CHAPTER 94. CLEAN HEAT STANDARD

3 § 8121. CLEAN HEAT STANDARD

4 (a) The Clean Heat Standard is established. Under this program, obligated
5 parties shall reduce greenhouse gas emissions attributable to the Vermont
6 thermal sector by producing or acquiring and then retiring required amounts of
7 clean heat credits to meet the thermal sector portion of the greenhouse gas
8 emission reduction obligations of the Global Warming Solutions Act.

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9 (b) By rule or order, the Commission shall establish or adopt a system of
10 tradeable clean heat credits earned from the direct delivery of clean heat
11 measures that reduce for resources and projects that may be earned by reducing
12 greenhouse gas emissions qualifying for the Clean Heat Standard.

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13 (c) An obligated party may obtain the required amounts of clean heat
14 credits through direct delivery of eligible clean heat measures, through
15 contracts for direct delivery of eligible clean heat measures, through the market
16 purchase of clean heat credits, or through delivery of eligible clean heat
17 measures by an appointed statewide default delivery agent.

18 (d) The Public Utility Commission shall adopt rules and may also issue
19 orders to design and implement the Clean Heat Standard.

20 § 8122. DEFINITIONS

21 As used in this chapter:

1 (1) “Clean heat credit” means a tradeable, non-tangible commodity that
2 represents the amount of greenhouse gas reduction caused by a clean heat
3 measure. The Commission shall establish a system of recognition for clean
4 heat credits pursuant to this chapter.

5 (2) “Clean heat measure” means fuel and technologies delivered and
6 installed in Vermont homes and businesses that reduce greenhouse gas
7 emissions. Clean heat measures include the implementation of advanced wood
8 heating systems, weatherization, and other thermal efficiency measures. Clean
9 heat measures shall not include switching from one fossil fuel use to another
10 fossil fuel use, nor shall they be creditable for emissions reductions that occur
11 outside Vermont. The Commission may adopt a list of acceptable actions that
12 qualify as clean heat measures.

13 (3) “Commission” means the Public Utility Commission.

14 (4) “Default delivery agent” means the entity designated by the
15 Commission to provide services that will generate tradeable clean heat credits.

16 (5) “Entity” means any individual, trustee, agency, partnership,
17 association, corporation, company, municipality, political subdivision, or
18 any other form of organization.

19 (6) “Heating fuel” means fossil-based heating fuel, including oil,
20 propane, natural gas, coal, and kerosene.

1 (7) “Low-income customer” means a customer with a household income
2 at or below 185 percent of the federal poverty level.

3 (8) “Obligated party” means:

4 (A) a regulated natural gas utility serving customers in Vermont, or

5 (B) a wholesaler selling fossil based heating fuel for delivery to final
6 customers in Vermont, or

7 (C) where a wholesale transaction occurs outside the jurisdiction of
8 the State, the obligated party shall be the entity that makes the first sale of the
9 fossil based heating fuel in the State for consumption within the State for other
10 heating fuels, the entity that makes the first sale of the heating fuel into or in
11 the State for consumption within the State.

12 (9) “Thermal sector” means the Residential, Commercial and Industrial Ene-
13 Use sector of the Vermont Greenhouse Gas Inventory and Forecast

14
15 § 8123. CLEAN HEAT STANDARD COMPLIANCE

16 (a) Required amounts.

17 (1) The Commission shall establish the number of clean heat credits that each
18 obligated party is required to acquire and retire each calendar year, with the
19 first requirement applying to calendar year 2024. The size of the annual
20 requirement shall grow by ~~not~~ at a pace sufficient for Vermont’s thermal sector
21 to achieve lifecycle carbon dioxide equivalents (CO₂e) emission reduction.

1 consistent with the requirements of 10 V.S.A. § 578(a) expressed as lifecycle
2 greenhouse gas emissions pursuant to 30 V.S.A. § 8124(d).

3 (2) Annual requirements shall be expressed as a percent of each
4 obligated party's contribution to the thermal sector's lifecycle CO₂e emissions
5 in the previous year pursuant to 30 V.S.A. § 8124(d), with the annual
6 percentages being the same for all parties. The Commission shall in a timely
7 manner provide to the public in plain terms a description of the annual
8 requirements to ensure understanding among obligated parties.

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10
11 (2) Annual requirements shall be expressed as a percent of each
12 obligated party's contribution to the thermal sector's lifecycle CO₂e emissions
13 in the previous year pursuant to 30 V.S.A. § 8124(d), with the annual
14 percentages being the same for all parties. The Commission shall in a timely
15 manner provide to the public in plain terms a description of the annual
16 requirements to ensure understanding among obligated parties annual volume
17 of sales of fossil fuels in the previous year, with the annual percentages being
18 the same for all obligated parties.

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Commented [WP2]: We will eventually need to address this, but we Chase, Ben, and I agreed that continuing to work on it in advance of the TAG meeting is the best path forward.

19 (3) The Commission may adjust the annual requirements amount for
20 good cause after notice and opportunity for public process. Good cause may
21 include negative undue adverse financial impacts on customers and high credit

1 ~~prices a shortage of clean heat credits.~~ Any downward adjustment shall be
2 allowed for only a short, specified period.

Commented [WP3]: The language discussed in committee on 2/15/22 was a good addition here

3 (4) To support the ability of the obligated parties to plan for the future,
4 ~~on or before September 30, 2023,~~ the Commission shall establish annual clean
5 heat credit requirement percentages for ~~the 10 years from 2024 through 2033,~~
6 with the requirements being updated so 10 years' worth of requirements are
7 always available.

8 (5) ~~On or before September 30, 2027 and every three years thereafter,~~
9 the Commission shall extend the requirements three years, shall assess
10 emission reductions actually achieved in the thermal sector, and if necessary,
11 revise the pace of clean heat credit requirements for future years to ensure that
12 the emission reduction requirements, in part, of 10 V.S.A. § 578(a) for 2030
13 and 2050 will be achieved.

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14 (b) Annual registration.

15 (1) Each entity that sells heating fuel in or into Vermont shall register
16 annually with the Commission by an annual deadline established by the
17 Commission. The form and information required to be included in the
18 registration shall be determined by the Commission and shall encompass all
19 data necessary to establish annual requirements under this Chapter. The
20 Commission shall use the information provided in the registration to determine
21 whether the entity shall be considered an obligated party and the extent of their

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1 obligation. Each year, and no later than 30 days following the annual
2 registration deadline established by the Commission, the Commission shall
3 share complete registration information of obligated parties with the Agency of
4 Natural Resources for purposes of conducting the Vermont Greenhouse Gas
5 Inventory and Forecast or meeting the requirements of 10 V.S.A. §591(b)(3).
6 At a minimum, the Commission shall require registration information to
7 include: legal name, doing business as name if applicable, municipality, state,
8 type of heating fuel sold, and the volume of sales of heating fuels into or in the
9 state for final sale or consumption in the state in the calendar year immediately
10 preceding the calendar year in which the entity is registering with the
11 Commission. The Commission shall maintain, and update annually, a list of
12 registered entities on their website that contains the required registration
13 information above, except that the public list shall not include heating fuel
14 volumes reported. For any entity not registered prior to the annual deadline
15 established by the Commission, the first registration form shall be due 30 days
16 after the first sale of heating fuel into or -in Vermont. Clean heat requirements
17 and credits transfer to entities that acquire an obligated party. Each entity that
18 sells heating fuel in Vermont shall register annually with the Commission on a
19 form provided by the Commission. The Commission shall maintain a list of
20 registered entities on their website that contains the following information:
21 legal name, doing business as name if applicable, municipality, state, and type

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1 ~~of heating fuel sold. The public list shall not include fuel volumes purchased or sold,~~
2 ~~installed in 2022 and are expected to~~ provide emission reductions ~~after 2023~~
3 are creditable, and therefore count towards the ~~future~~ clean heat credit
4 requirements of the obligated party ~~that acquires the credit values of the early~~
5 ~~actions, for the appropriate number of years after 2023. Upon the~~
6 ~~establishment of the clean heat credit system, entities may register credits for~~
7 ~~actions taken starting in 2022.~~

8 ~~(2) Beginning in December 2023, each obligated party shall register~~
9 ~~annually with the Commission on a form provided by the Commission for~~
10 ~~participation in the Clean Heat Standard. For each obligated party that sells~~
11 ~~heating fuel in or into Vermont, the first registration form shall be due by the~~
12 ~~final business day of December, unless by that date the obligated party submits~~
13 ~~a sworn statement to the Commission that it will not sell heating fuel in~~
14 ~~Vermont in the following year. For any obligated party not registered by the~~
15 ~~final business day of December, the first registration form shall be due 30 days~~
16 ~~after the first sale of heating fuel to a location in Vermont. Clean heat~~
17 ~~requirements and credits transfer to entities that acquire an obligated party.~~

18 (c) Early Action Credits. ~~Beginning in 2022,~~ clean heat measures that are
19 installed ~~in 2022 and are expected to~~ provide emission reductions ~~after 2023~~
20 are creditable, and therefore count towards the ~~future~~ clean heat credit
21 requirements of the obligated party ~~that acquires the credit values of the early~~

1 ~~actions, for the appropriate number of years after 2023.~~ Upon the
2 establishment of the clean heat credit system, entities may register credits for
3 actions taken starting in 2022.

4 (d) Low-income customers; equitable clean heat measures.

5 (1) The Clean Heat Standard shall be designed and implemented to
6 enhance social equity by minimizing adverse impacts to low-income customers
7 and those households with the highest energy burdens. The design shall ensure
8 all customers have an equitable opportunity to participate in, and benefit from,
9 clean heat measures regardless of heating fuel used, income level, or
10 geographic location.

11 (2) A substantial portion of clean heat credits shall be sourced from
12 clean heat services provided to low-income households customers. To begin,
13 the portion shall be one-third of each obligated party's required amount needed
14 to satisfy the annual Clean Heat Standard requirement. The Commission shall
15 have authority to change this portion for good cause after notice and
16 opportunity for public process.

17 (e) Credit banking. Beginning in 2024, the Commission shall allow an
18 obligated party that has met its annual clean heat obligation, the required
19 amount of clean heat, in a given year to retain clean heat credits in excess of
20 that amount for application to the obligated party's annual obligations in future

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1 ~~any delivery agent's annual obligations that have been determined by the Commission.~~

2 (f) Default delivery agent.

3 (1) An obligated party may meet its annual obligation through a
4 designated default delivery agent appointed by the Commission. The default
5 delivery agent would deliver creditable clean heat measures to Vermont homes
6 and businesses when:

7 (A) an obligated party chooses to assign its obligation to the default
8 provider; or

9 (B) an obligated party fails to produce or acquire their required amount
10 of clean heat credits.

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11 (2) The Commission shall designate the default delivery agent. The
12 default delivery agent shall be a single statewide entity hired for a multi-year
13 period through a competitive procurement process. The entity selected as the

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14 ~~default delivery agent may also be a market participant.~~

15 (3) By rule or order, the Commission shall adopt and periodically update
16 the cost per clean heat credit to be paid to the default delivery agent by an
17 obligated party that chooses this option. In making adjustments to the default

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18 ~~delivery agent credit cost, the Commission shall consider the default delivery~~
19 ~~agent's anticipated costs to deliver clean heat measures and costs borne by~~
20 ~~customers, among other factors determined by the Commission. Changes to~~

1 the first changes to the code shall take effect no less than 180 days after adopted.

2 (g) Noncompliance payment. The Commission shall order an
3 obligated party that fails to obtain and retire the number of clean heat credits
4 required in a given year, including the required portion from low-income
5 customers, shall to make a noncompliance payment to the default delivery
6 agent appointed by the Commission. The per credit amount of the
7 noncompliance payment shall be three times the amount established by the
8 Commission under subsection (f) of this section for timely per credit payments
9 to the default delivery agent. All funds received from noncompliance
10 payments shall be used by the default delivery agent to provide clean heat
11 services to low-income customers.

12 (h) Public process. This subsection applies to the first rulemaking under
13 this section. Before filing proposed rules with the Secretary of State, the
14 Commission shall conduct a public process on the development of the
15 proposed rules that includes the following elements:

16 (1) an opportunity for potentially affected persons and members of the
17 public to submit comments and recommendations on the design and
18 implementation of the program Clean Heat Standard, both in writing and at one
19 or more public meetings held for the purpose;

20 (2) after providing the opportunity for input described in subdivision (1)
21 of this subsection, publication of a draft rule; and

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1 (3) an opportunity for potentially affected persons and members of the
2 public to submit comments and recommendations on the draft rule issued
3 pursuant to subdivision (2) of this subsection, both in writing and at one or
4 more public meetings held for the purpose.

5 (i) Enforcement. The requirements of this chapter and any Commission
6 rules or orders adopted to implement the provisions of this chapter may be
7 enforced by the Commission pursuant to its authority under this title. As part
8 of an enforcement order, the Commission may order penalties and injunctive
9 relief. Additionally, any statements or other representations made by obligated
10 parties related to compliance with the Clean Heat Standard are subject to the
11 provisions of the Vermont False Claims Act.

12
13 (i) The Commission shall establish requirements for types of records to be
14 submitted by obligated parties, a record retention schedule for required
15 records, and a process for verification of records and data provided by
16 obligated parties submitted in compliance with the requirements of this
17 chapter.

18 (j) Reports.

19 (1) For purposes of this subsection, “standing committees” refers to the.

20 (2) On or before January 15, 2025, After the adoption of the order
21 implementing this chapter, the Commission shall submit a written report to the

1 standing committees detailing the efforts undertaken to establish the Clean
2 Heat Standard pursuant to this chapter.

3 (3) On or before August 31 of each year following the year in which
4 rules are first adopted under this subsection, the Commission shall submit to
5 the standing committees a written report detailing the implementation and
6 operation of the Clean Heat Standard. This report shall include an assessment
7 on the equitable adoption of clean heat measures required subsection (d) of this
8 section, along with recommendations to increase participation for the most
9 energy burdened households. The provisions of 2 V.S.A. § 20(d) (expiration
10 of required reports) shall not apply to the report to be made under this
11 subsection.

12 § 8124. TRADEABLE CLEAN HEAT CREDITS

13 (a) By rule or order, the Commission shall establish or adopt a system of
14 tradeable clean heat credits that may be earned by reducing greenhouse gas
15 emissions through resources and projects qualifying for the Clean Heat
16 Standard the direct delivery of clean heat measures. While credit
17 denominations may be in simple terms for public understanding and ease of
18 use, the underlying value shall be based on units of carbon dioxide equivalents
19 (CO2e). The system shall provide a process for the recognition, approval,
20 certification and monitoring of the clean heat credits.

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1 (b) Clean heat credits shall be based on the lifecycle CO₂e emission
2 reductions that result from the direct delivery of eligible clean heat measures to
3 end-use customer locations in Vermont. Eligible clean heat measures
4 delivered to or installed in Vermont buildings and facilities shall include:

5 (1) thermal energy efficiency improvements and weatherization;

6 (2) the supply of sustainably sourced biofuels;

7 (3) renewable natural gas and low-emission advanced gases;

8 (4) the installation of cold-climate heat pumps or advanced wood
9 heating appliances and systems; and

10 (5) renewable energy-based district heating services.

11 (c) For pipeline renewable natural gas and other renewably generated
12 natural gas substitutes produced outside the State to be eligible, an obligated
13 party shall purchase renewable natural gas and its associated renewable
14 attributes and demonstrate that it has secured a contractual pathway for the
15 physical delivery of the gas from the point of injection into the pipeline to the
16 obligated party's delivery system.

17 (d)

18 To promote certainty for obligated parties and clean heat providers, the

19 To promote certainty for obligated parties and clean heat providers, the

20 To promote certainty for obligated parties and clean heat providers, the

21 To promote certainty for obligated parties and clean heat providers, the

1 To promote certainty for obligated parties and clean heat providers, the

2 Commission shall, by rule or order, establish a schedule of **Mass.3.**

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3 emission rates for **heating fuels and eligible clean heat measures.**

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4 The rule shall be based on transparent and accurate emissions

5 accounting **by adapting the Argonne National Laboratory GREET**

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6 **Model or an alternative of comparable analytical rigor to achieve the purposes**

7 **of this Chapter, the greenhouse gas emissions reduction requirements, in part,**

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8 **of 10 V.S.A. § 578(a), and to deter substantial unintended harmful**

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9 **consequences.** The schedule may be amended based upon changes in

10 technology or evidence on emissions, but clean heat credits previously

11 awarded shall not be adjusted retroactively.

12 (e) Clean heat credits shall be “time stamped” for the year in which the

13 clean heat measure is **implemented** **directly delivered** as well as each

14 subsequent year during which the measure **is expected to** produces emission

15 reductions. **As appropriate, the number of clean heat credits may decline over**

16 **the life of a measure to account for growing interactions expected to occur, on**

17 **average, between multiple measures installed over time.** Only clean heat

18 credits with the current year time stamp, and credits banked from previous

19 years, shall be eligible to satisfy the current year obligation.

20 (f) Clean heat credits can be earned only in proportion to the deemed or

21 measured **thermal sector** greenhouse gas emission reductions **in facilities and**

1 processes achieved by a clean heat measure directly delivered in Vermont.

2 Other emissions offsets, wherever located, shall not be eligible measures.

3 (g) Clean heat credits shall not be used to meet any other jurisdiction's
4 clean heat standard or other jurisdiction's carbon reduction requirements if that
5 would result in double counting.

6 (g) All eligible clean heat measures that are physically deployed directly
7 delivered in Vermont shall be eligible for clean heat credits and may be
8 acquired retired to and count towards an obligated party's emission reduction
9 obligations, regardless of who creates or installs delivers them and regardless
10 of whether their creation or installation delivery was required by other State
11 policies and programs. This includes individual initiatives, emission
12 reductions resulting from the State's energy efficiency programs, the low-
13 income weatherization program, and the Renewable Energy Standard Tier 3
14 program.

15 (h) The Commission shall establish a process for verification of clean heat
16 measures and credits awarded.

17 (h) The Commission shall create a registration system to lower
18 administrative barriers to individuals and businesses seeking to register
19 qualified actions eligible to earn clean heat credits, and to facilitate the transfer
20 of such credits to obligated parties. The Commission may appoint a qualified
21 agent to operate this registry on behalf of all parties. The system shall require

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1 entities to submit ~~at the least~~ the following information to receive the credit: location of
2 clean heat measure, whether customer is low-income, type of property where
3 measure was installed or sold, ~~and~~ type of clean heat measure, ~~and any other~~
4 information as required by the Commission.

5 (i) Nothing in this Chapter shall limit the authority of the Secretary of the
6 Agency of Nature Resources to compile and publish the Vermont Greenhouse
7 Gas Emissions Inventory in accordance with 10 V.S.A. 458.

8 § 8125. CLEAN HEAT STANDARD TECHNICAL ADVISORY GROUP

9 § 8125. CLEAN HEAT STANDARD TECHNICAL ADVISORY GROUP

10 (a) The Commission shall establish the Clean Heat Standard Technical
11 Advisory Group to assist the Commission in the ongoing management of the
12 Clean Heat Standard. Its duties shall include:

13 (1) establishing and revising the lifecycle carbon-dioxide-equivalent
14 CO₂e emissions accounting methodology to be used to determine each
15 obligated party's annual requirement pursuant to 30 V.S.A. 381.3(a)(2);

16 (2) establishing and revising the clean heat credit value for different
17 clean heat measures;

18
19 (3) assessing the sustainability of clean heat measures;

20

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1 (1) setting the lifespan length of clean heat measures for purposes of
2 calculating credit values;
3 (2) establishing credit values for each year over a clean heat measure's
4 life, including adjustments to account for increasing interactions between clean
5 heat measures over time so as to not double-count emission reductions;
6 (3) facilitating the program's coordination with other state energy
7 programs;
8 (4) any other matters referred to the Clean Heat Standard Technical
9 Advisory Group by the Commission;
10 (5) coordinating with the Agency of Natural Resources to ensure that
11 greenhouse gas emissions reductions achieved in another sector through the
12 implementation of the clean heat standard are not double counted in the
13 Vermont Greenhouse Gas Emissions Inventory and Forecast produced by the
14 Agency of Natural Resources pursuant to 10 V.S.A. § 582;
15 (6) advising the Commission on the periodic assessment and revision
16 requirement established in 30 V.S.A. § 8123(a)(5); and
17 (7) any other matters referred to the Clean Heat Standard Technical
18 Advisory Group by the Commission.

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20 (b) Members of the Clean Heat Standard Technical Advisory Group shall
21 be appointed by the Commission and at a minimum shall include at least one

1 representative from each of the following groups: the obligated parties, the
2 Department of Public Service, Department of Environmental Conservation,
3 Efficiency Vermont, the electric utilities, and environmental organizations.

4 (c) The Commission shall hire a third-party consultant responsible for
5 developing clean heat measure characterizations and relevant assumptions,
6 including CO2e lifecycle emission analyses. The Clean Heat Standard
7 Technical Advisory Group shall provide input and feedback on the
8 consultant's work.

9 (d) Emission analyses and assumptions assumptions developed by
10 the consultant shall be reviewed and approved annually by the Commission. In
11 reviewing the consultant's work, the Commission shall provide a public
12 comment period on the work. The Commission may approve or adjust the
13 consultant's work as it deems necessary based on its review and the public
14 comments received.

15 Sec. 3. PUBLIC UTILITY COMMISSION IMPLEMENTATION

16 (a) Commencement. On or before August 31, 2022, the Public Utility
17 Commission (Commission) shall commence a proceeding to implement Sec. 2
18 (Clean Heat Standard) of this act.

19 (b) Notice; comment; workshop. The proceeding shall include one or more
20 workshops to solicit the input of potentially affected parties and the public.
21 The Commission shall provide notice of the workshops on its website and

1 directly to the Department of Public Service, Vermont’s fuel wholesalers and
2 retail fuel suppliers, renewable energy advocates Renewable Energy Vermont,
3 business organizations such as the Associated Industries of Vermont,
4 environmental and consumer advocacy organizations such as the Vermont
5 Natural Resources Council and the Vermont Public Interest Research Group,
6 organizations that serve with low and moderate income Vermonters,
7 organizations that serve older Vermonters, entities that provide weatherization
8 services, energy transition providers, regional planning commissions,
9 municipal energy commissions, community action agencies, environmental
10 justice organizations, affordable housing advocates, the Office of Economic
11 Opportunity, and to any other person that requests direct notice or to whom the
12 Commission may consider direct notice appropriate. The Commission also
13 shall provide an opportunity for submission of written comments, which the
14 notice shall include.

15 (c) Order. On or before July 1, 2024, the Commission shall issue an order
16 to take effect on January 1, 2025 that initially implements Sec. 2 of this act.

17 (d) Consultant. On or before January 15, 2023, the Commission shall
18 contract with a consultant to assist with implementation of 30 V.S.A. § 8125.

19 (e) Funding. On or before January 15, 2023, the Commission shall report
20 to the General Assembly on suggested revenue streams that may be used or

1 created to fund the Commission's administration of the Clean Heat Standard
2 program.

3 (f) Reports. On or before January 31, 2023 and January 31, 2024, the
4 Commission shall submit a written report to the House Committees on Energy
5 and Technology and on Natural Resources, Fish, and Wildlife and to the
6 Senate Committees on Finance and on Natural Resources and Energy detailing
7 the efforts undertaken to establish the Clean Heat Standard pursuant to this
8 chapter

9 Sec. 4. PUBLIC UTILITY COMMISSION POSITIONS;

10 APPROPRIATION

11 (a) The following new positions are created at the Public Utility
12 Commission for the purpose of carrying out this act:

13 (1) one (1) permanent exempt Staff Attorney 3;

14 (2) one (1) permanent exempt analyst; and

15 (3) one (1) limited-service exempt analyst.

16 (b) The sum of \$600,000.00 is appropriated to the Public Utility
17 Commission from the General Fund in fiscal year 2023 for the positions
18 established in subsection (a) of this section, for the consultant required by
19 Sec. 3 of this act, and for additional operating costs required to implement the
20 Clean Heat Standard, including marketing and public outreach for Sec. 3 of
21 this act.

1 Sec. 5. **SECTORAL PROPORTIONALITY REPORT.**

2 (a) On or before November 15, 2023, the Agency of Natural Resources and
3 the Department of Public Service, in consultation with the Vermont Climate
4 Council, shall report to the House Committees on Energy and Technology and
5 on Natural Resources, Fish, and Wildlife and to the Senate Committees on
6 Finance and on Natural Resources and Energy regarding 1) the role of
7 individual economic sectors in achieving the greenhouse gas emission
8 reduction requirements pursuant to 10 V.S.A. § 578(a), 2) each economic
9 sector's proportional contribution to greenhouse gas emissions in Vermont as
10 inventoried pursuant to 10 V.S.A. 582 and 3) the extent to which cost-
11 effective, feasible and co-beneficial reasonably available greenhouse gas
12 emission reduction measures are available commensurate with each sector's
13 proportional contribution and emissions reduction impact. The report shall
14 consider the analyses performed in support of the December 1, 2021 Climate
15 Action Plan and the 2022 Comprehensive Energy Plan. The report shall
16 consider additional analyses, as necessary.

17 (b) The report shall make recommendations to the General Assembly to amend
18 10 V.S.A. § 578 to include sector-specific greenhouse emissions reduction
19 requirements and, as necessary, sub-sector-specific greenhouse emission
20 reduction requirements for the purposes of informing and appropriately scaling
21 the implementation of programs and policies that achieve greenhouse gas

1 emission reductions. For the purposes of this section, "sector" shall mean
2 those established in the annual Vermont Greenhouse Gas Emissions Inventory,
3 and Forecast produced by the Agency of Natural Resources pursuant to 10
4 V.S.A. § 582. The recommendations shall be made in consideration of the
5 factors established in 10 V.S.A. § 592(d).
6 (c) The Agency of Natural Resources and the Department of Public Service, in
7 consultation with the Vermont Climate Council, shall submit an updated report
8 and any corresponding recommendations in accordance with this Section on
9 July 1 of a year immediately preceding a year in which an updated Climate
10 Action Plan is adopted pursuant to 10 V.S.A. § 592(g).

11 Sec. 6. EFFECTIVE DATE

12 This act shall take effect on passage.