

Clean Heat Standard Equity Advisory Group
Tuesday, August 20, 12:30-3:00 PM ET
Agenda

Meeting Link: <https://cbi-org.zoom.us/j/87383177532>

Participant Agenda

12:30	Welcome & Review of agenda <ul style="list-style-type: none">• Initiate recording	Mia
12:35	Review and approval of 8/06/24 meeting minutes	Mia
12:40	Updates from the PUC	Dierdre
1:00	Initial Conversation and Question Formation: Manufactured Homes (Speaker TBA)	Chris
1:40	Public Comment	Ashira
1:50	Bringing the Report Together <ul style="list-style-type: none">• Each section owner rewrite their section as if it were to be submitted to the PUC next week.• Find volunteers for gaps	Mia
2:05	Credit Issues Subgroup Update <ul style="list-style-type: none">• Discuss DDA memo• Opening LMI credits to NGOs	Ben/Mia
2:45	Public Engagement Subgroup Update	Ashira
2:55	Next Steps	Ashira
3:00	Close	Mia

August 20, 2024

Ms. Holly Anderson, Clerk
Vermont Public Utility Commission
112 State Street
Post Office Drawer 20
Montpelier, Vermont 05620-2701

Re: 23-2220-RULE, Proceeding to Design the Potential Clean Heat Standard, EAG
Memo on LMI Credit Characterization

Dear Clerk Anderson,

The Equity Advisory Group (EAG) for the Clean Heat Standard (CHS) submits the following memo on the topic of defining Low-and Moderate Income CHS credits to convey benefits to institutions serving low and moderate income (LMI) households. While Public Utility Commission Staff did not formally request comments on this topic, the EAG wishes to provide feedback on the matter to consider as the Commission continues its rulemaking.

Background:

Act 18 of 2023 requires that “Of their annual requirement, each obligated party shall retire at least 16 percent from customers with low income and an additional 16 percent from customers with low or moderate income. For each of these groups, at least one-half of these credits shall be from installed clean heat measures that require capital investments in homes, have measure lives of 10 years or more, and are estimated by the Technical Advisory Group to lower annual energy bills.”

However, there are many households that do not purchase their own fuel but nevertheless could ultimately feel the impacts of higher fuel costs expected under the Clean Heat Standard. One primary example of this is shelters for individuals or families experiencing homelessness. There are also institutions that directly serve but do not house low-income households, such as community food shelves.

These institutions provide essential services to low- and moderate-income households, but, in the interpretation of the EAG, would not be eligible for generating LMI-specific CHS credits under the current language of Act 18. This would require these organizations to shoulder the financial burdens from expected fuel cost increases under the CHS, reducing their ability to provide services, without a clear pathway to receive

additional benefits beyond what any business could potentially expect to experience from the transfer of their credits to obligated entities under the CHS.

Recommendation:

The EAG feels that in order to enhance social equity under the CHS, the definition of low and moderate CHS credits should be expanded to allow credits derived from the types of organizations described above. However, this category must also be tailored narrowly. Allowing too wide a definition of an LMI-serving institution could ultimately divert resources from benefiting LMI households.

The EAG proposes the following components of a definition of these eligible institutions:

LMI credits may be derived from:

- a) Measures installed in, or delivered to, property owned by a nonprofit organization*
- b) The organization's primary purpose must be to provide essential services to low- or moderate-income individuals or households.*
- c) The organization currently receives state and federal funding to provide services to low and moderate-income individuals or households.*

The EAG acknowledges that part b) of the above framework may be difficult to define or verify. Part c) allows for confirmation that the entity is legitimately offering services and is not merely self-proclaimed to serve LMI households. However, removing part b) could conceivably expand the definition of LMI-serving institutions to include schools and hospitals. While those institutions do often receive targeted funds to provide services to low- and moderate-income individuals, this is not the primary purpose for these institutions, and expanding the definition to such a large extent would likely dilute the intended benefits to low and moderate-income households.

The Public Utility Commission, or the Legislature, as appropriate, should review this language and adjust as necessary to preserve the intent. The Legislature may choose to provide a list of acceptable state or federal funding sources to help narrow down a list of appropriate services.

Although adding a new facet of the CHS framework has the potential to increase complexity of the program overall, this is a voluntary pathway for obligated parties to obtain LMI credits and should not increase their compliance burden under the CHS.

The Default Delivery Agent (DDA) will be an important resource for serving many of the populations that are expected to be disproportionately impacted by increased costs related to the Clean Heat Standard. The EAG encourages the Commission to ask that proposals for the DDA include a description of the entity's experience with, and plan for serving, the following groups:

- Renters
- Low-income households
- Moderate-income households
 - Does the organization plan to offer financing or connect households to financing opportunities to encourage increased installation of clean heat measures?
- Manufactured homes
- Households living in older homes
 - Does the organization have experience working with contractors on installed measures?
 - Does the organization have a plan for serving homes in need of significant repair, and connecting those households with available resources supporting enabling upgrades?
- Households with Limited English Proficiency (LEP)
 - Does the organization have a Language Access Plan (LAP) or other plan to provide translated materials and/or translated materials to serve individuals with LEP?
 - Does the organization have experience in community outreach, particularly among First Generation or immigrant communities?

Since the Commission is permitted under Act 18 to select more than one DDA, it may be possible that the DDAs will be sector-specific and not all applicants would have a plan to serve all these demographic groups. However, in this case, the Commission should carefully review applicants to ensure that the selected DDAs jointly have the capacity and experience to serve all the impacted populations described above.

To support these groups and an equitable implementation of the CHS overall, EAG encourages the Commission to require that DDA(s) have a DEI Plan or equivalent organizational framework. Such a plan should include clearly defined goals and actions that increase diversity, equity, and inclusion in all areas of the organization and its work.

Finally, although Act 18 requires that the DDA offer statewide services, the Commission should review applicants to ensure that the entity has sufficient experience and capacity to effectively serve the entire state of Vermont, including rural areas that have historically experienced underinvestment.