## Definition of "Advanced Wood Heat" – from Ken Jones, TAG member

Act 18 lays out the process to establish the Clean Heat Standard, including "Advanced Wood Heat" as one of the technologies that is to be considered as an installed measure eligible for credits. "Advanced Wood Heat" has several interpretations. This memo details three options.

**OPTION 1:** The Clean Energy Development Fund and Efficiency Vermont provide incentive payments to installers of automated heating systems that largely replace other, fossil fueled whole home heating systems. One possible definition of Advanced Wood Heat is to **restrict the installed measures to those automated systems that are designed as whole building heating systems.**

**OPTION 2**: As another option, the term "Advanced Wood Heat" can have a broader definition.   Emma Hanson, the former wood fuels coordinator at the Agency of Natural Resources communicated the following with respect to the range of wood heating options included as "Advanced Wood Heat" in the Clean Heat Standard:

The [whitepaper](https://www.eanvt.org/wp-content/uploads/2021/12/CHS-Final-December-16-2021-copy.pdf) behind the Clean Heat Standard states, “Vermont has a long history of relying on wood for heat, and, more recently, significant experience in more efficient, lower-emitting advanced wood heat systems. Options today include efficient pellet stoves, automated pellet or chip boilers or furnaces, and efficient cordwood stoves.”

And, there is a federal tax credit for a wider range of wood burning appliances:

* All wood heating appliances (Pellet stoves, pellet boilers, pellet furnaces, wood stoves, and wood boilers) with 75% or greater efficiency are eligible for a 26% federal tax credit. The tax credit may be claimed on the appliance itself as well as the sales tax, labor and installation costs, and any parts essential to the operation of the appliance, ex a hearth pad under a stove.

For this reason, it is possible for the PUC **to define "Advanced Wood Heat" credits for installations of wood burning appliances that qualify for the federal tax credit**. Furthermore, Efficiency Vermont provides incentive payments for the installation of certain wood burning stoves. This makes at least some of the installations of wood stoves that occurred after January 1, 2023, available for early action credits.

**OPTION 3:** A third possibility exists as envisioned in the early work of Opinion Dynamics. **The delivery of wood fuel with an assigned carbon intensity value could be eligible for credits as delivered fuel credits.** In this case, the clean heat credit would be for the fuel itself, not for the installed measure. This has not been a topic of discussion, and it may not be what Act 18 envisioned for Advanced Wood Heat.