

Clean Heat Standard Equity Advisory Group

January 11, 2024, Meeting Minutes

Attendees

- Members of Equity Advisory Group Present
 - Melissa Bailey, Vermont Department of Public Service
 - Matt Cota, Meadow Hill Consulting
 - John Mandeville, Central Vermont Council on Aging
 - Jen Myers, Champlain Valley Office of Economic Opportunity
 - Pike Porter, individual
 - Emily Roscoe, Efficiency Vermont
 - Sriram Srinivasan, individual
 - Chris Trombly, Vermont State Housing Authority
 - Mia Watson, Vermont Housing Finance Agency
- Other Active Participants
 - Dominic Gatti, Vermont Public Utility Commission
 - Thomas Knauer, Vermont Public Utility Commission
 - Deirdre Morris, Vermont Public Utility Commission
 - Thomas Weiss, individual
 - Amanda Sachs, Rewiring America
 - John McCormick, Louise Diamond Committee to Protect Next Generations

Meeting commenced at 1:05 pm

- Welcome
 - Commission staff offered to preside over and help run the meeting in the absence of a group member who is ready to lead the meeting. No objections were heard.
- Reviewing Agenda and Making Changes
 - Commission staff suggested adding the approval of minutes to the agenda. Not all group members had reviewed the previous minutes, so the group decided to table the approval of the minutes and revisit it at the beginning of the next meeting.
 - Group members agreed to add defining equity to the agenda, it was placed after the “Discuss officers and roles” agenda item.
- PUC (Commission) to share the status of work on the Clean Heat Standard
 - Commission staff gave an overview of the work carried out since the Equity Advisory Group last met. Mentioned items include: the establishment of the Topic Tags system, Order on Early Action Credits, Order on Fuel Dealer Annual Registration, Technical and Equity Advisory Group Draft Procedures, 23-2221-INV Schedule, 23-2220-RULE Proposed Schedule, legal briefing on confidential treatment of business information, Credit Ownership Workshop, Funding Streams Workshop, and Request for Comment on Default Delivery Agent Criteria and Number. Commission staff also shared that they have selected an emissions

analyst consultant and a public engagement facilitator consultant and are in the contracting process; more information will be shared once the contracts have been completed. Commission staff are also exploring an expedited contracting process to hire an administrative facilitator for the advisory groups.

- Review and Input on Staff Draft Procedures
 - Commission staff walked the group through a new draft of Equity Advisory Group procedures that incorporated feedback received from both advisory groups and public comments on two sets of draft procedures. Major changes included: the addition of language from the opening sections of Act 18 into the Duties of the Equity Advisory Group section and the addition of the responsibility to respond to Commission requests for input in the same section; moving the Officers subsection out of the Membership section; the addition of a Reports subsection to the Quorum & Voting section with a request for input from group members; the addition of an Administration section that contains the subsections Officers, Support Staff, Scheduling, Agendas, Minutes, and Rules for Conducting Business; the updated Officers subsection refined the election process, eliminated the Secretary position, and defined the responsibilities of the Chair and Vice Chair; the new Support Staff section asserts the dedication of a staff member to support the group who would be responsible for minutes, meeting coordination, posting information, gathering agenda items, and providing parliamentary support; the updated Agendas subsection details a process to develop agendas and reiterated Open Meeting Law requirements; the updated Minutes subsection added a process by which the minutes would be written and reviewed, and reiterated Open Meeting Law requirements; the new Rules for Conducting Business subsection suggests the use of the Procedures in Small Boards section of Robert's Rules of Order by the group; the Coordination with the Commission section was expanded to a section on Coordination with Other Entities and outlined methods of interacting with the public engagement facilitator contractor, the Technical Advisory Group, the Commission and its staff, the ability for members of the group to contribute to public processes independently, and reiterated Open Meeting Law; the Changes to this Procedure section was changed to Adoption of and Changes to this Procedure, and a subsection on the adoption of procedures.
 - Commission staff also talked about the applicability of the Open Meeting Law, the Public Records Act, and the importance of conducting business transparently.
 - The group members discussed a number of these draft changes; the conversation covered 30 V.S.A. § 8127(h), how control over procedures is exercised, Robert's Rules of Order, and the drafting of reports.
 - A group member suggested adding the Review of Consequences requirement of §8127(h) to the duties of the Equity Advisory Group.
 - Group members expressed concern about the need for any changes to the procedure to be made by the Commission through an order; some were concerned that having to go to the Commission for any changes could

impair group work by slowing down the amendment of ineffective procedures. A member suggested that the Commission need not be formally in charge of establishing these procedures, in contrast to the statutory requirement to establish procedures for the Technical Advisory Group. Commission staff assured group members that their concerns would be conveyed to the Commissioners.

- The group was interested in the additional structure Robert's Rules of Order would provide but were concerned that it could be too clunky to use and would make it difficult for those unfamiliar with the rules to participate in conversation. Some members advocated for creating a separate expectations document to guide participation in group conversation while other members expressed support for Robert's Rules as a baseline that would allow the group to move forward.
 - Some group members were concerned that the Commission could remove members without input from the group.
 - Commission staff asked the group what process they would like to use for writing reports and other documents produced by the group as a whole and offered the process of everyone submitting their drafts to the Chair or another designee to compile and bring to the next meeting as a straw proposal. Group members expressed concern that such a process would place too great of a workload on the designee tasked with compiling the drafts. A member offered the suggestion of creating a subgroup that would convene to draft sections of the required report and bring that product back to the full group for consideration. Another idea was to have the staff support person compile and unify different suggestions from group members and bring that to a group meeting in the form of a draft report. Commission staff expressed hesitation with this approach due to the possibility of the support staff person being a Commission staff member, limits on the time available from support staff (both Commission staff and a potential third-party administrative facilitator), and the resulting lack of independence in the group's critique of the potential program. The Department of Public Service suggested that if its preferred route of having a third-party administrative facilitator fulfill this role is not possible, it could explore dedicating Department staff capacity to the task.
- Discuss Officers and Roles
 - No group members expressed interest in serving in either Officer role.
 - A member suggested, and the group was interested in a rotating Officers system that would distribute the workload of being an Officer across group members. Commission staff raised the concern that doing so may make it more difficult to respond to possible public records requests.
 - Members expressed concern with the overall workload that comes with Officer roles, as none of the members felt they had the bandwidth to commit to those duties.

- Members agreed to revisit this issue at the beginning of their next meeting.
- Defining Equity
 - The group reviewed what was discussed at the previous meeting on this topic. Members expressed support for the definition and guidelines used by the Vermont Climate Council and the Guiding Principles for a Just Transition. Others emphasized the importance of identifying barriers to accessing clean heat measures, thinking beyond income or racial equity, and considering procedural equity. Members talked about using the Guiding Principles tools to evaluate different elements of a potential Clean Heat Standard design, understanding how a choice impacts different population segments, listening to marginalized groups, and focusing on impact.
 - One member suggested the group proactively identify aspects of the design process that will carry heavy equity implications and communicate with the Technical Advisory Group to ensure proper considerations are taken to steer the design towards equity.
 - The group identified the requirements of ensuring low and medium-income Vermonters are “equitably served” and that one-third of credits must be delivered to low and medium-income Vermonters as important design aspects for the group to examine and provide input on.
 - One member suggested using benchmark systems developed in other contexts to evaluate Clean Heat Standard elements and said they would try to find more research on the subject and send it in to be shared with the group.
- Input on draft 23-2220-RULE schedule
 - Commission staff walked members through which schedule items had been designated as explicitly needing the Equity Advisory Group’s input. The staff clarified that specific dates for consulting the group are approximations and staff would adjust to the meeting schedule of the group, that questions related to low and medium-income Vermonters are captured in schedule item 10, and that there may be additional items throughout the process that the Equity Advisory Group can choose to review or provide input on as they see fit.
 - Group members made the point that the aggressive pace of the draft schedule doesn’t provide much time for procedural equity.
- Discussion of Funding Streams
 - Commission staff explained the public process that has been undertaken in relation to the required funding streams report, mentioned that workshop participants made a point of saying the Equity Advisory Group should weigh in on this topic, and provided a brief overview of the comments that had been received thus far. Staff also laid out concerns expressed by other parties including the choosing of funding mechanisms without knowing the magnitude of funding needs, the list of mentioned mechanisms from the workshop, and the regressive nature of a fuel tax.

- The group discussed the issue at length, including use of federal money, the use of a fuel tax, the magnitude of necessary funds, the process by which the group would come to a vote on issues like this:
 - A group member inquired about using federal funding as part of the Inflation Reduction Act to cover some of the costs. The Department of Public Service responded that while Vermont is slated to receive a large amount of federal funding for relevant projects, their plan was to use the money to fund the installation of Clean Heat Measures through existing programs, not to administer any new program.
 - A group member was concerned about applying an appropriate incentive level to low and medium-income Vermonters, and the Department of Public Service replied that the current working assumption was that the aim would be for low-income Vermonters to have 100% of the cost covered by public funds and 75% of the cost covered for medium-income Vermonters.
 - When the possible issue of trying to fund the program with money from a source that is intended to decrease over time was raised, group members suggested that multiple sources of funding could be used to spread the burden and account for changing availability and needs for funds. Other group members explored the idea that a decreasing source of funding may not doom the program because as the program becomes more successful, it would theoretically need less funding to continue decarbonization in the thermal sector.
 - Group members asked if a total number had been calculated that funding needed to be found for, and staff replied that there is no set number. Upon further conversation, staff clarified that their current understanding of the required report is that it should address how to fund the work of the Commission and the Department of Public Service, and market uplift/workforce development/training. Group members pressed on the funding needs for the rest of the design process, and a quick estimation found that the 2024 fiscal year amounts for the Commission and the Department of Public Service were respectively \$825k and \$900k (for a total of around \$1.7 million) and that both agencies expected a slight increase would be necessary for the 2025 fiscal year.
 - A group member expressed the desire to communicate something to the Commission from the Equity Advisory Group, but after a series of suggested language and clarifications, group members decided against having a specific vote:
 - A member raised the idea of voting on a suggestion to the Commission and inquired about the process for doing so. Commission staff shared the Technical Advisory Group's approach to motioning and voting.

- Pike Porter moved that the Equity Advisory Group advise the Commission not to recommend using a fuel tax; Matt Cota seconded (3:32 pm).
- Other members asked if the motion was for short-term or long-term funding, and other members said that they did not have enough information to vote at this time.
- Further discussion occurred that clarified the motion was to apply to both short and long term, and contemplated the idea of using a funding source that relied on people who use fossil fuels and use that money to fund low-income decarbonization.
- Commission staff repeated the existing motion and other group members said that they were not ready to vote and asked if votes had to be noticed. Staff answered that aside from elections, votes don't have to be noticed.
- Pike Porter withdrew his motion (3:36 pm).
- A member suggested the group recommend to the Commission that a fuel tax should not be used in the short term. Another member said that they wanted a strawman proposal on what amounts of funding would be available from different sources. Some members agreed that it was too early to exclude any specific sources without understanding the full scope of what all the options might raise. A member contended that no one knows what the program will cost or how much revenue a specific source may raise, so it would be best to set those questions aside and focus on what would be equitable.
- Identifying the funding of the rest of the design process to be the first step of the funding question, a member suggested putting aside the question of how to fund the market transformation and just recommending that the General Fund be used to fund the rest of the design work.
- Mia Watson moved that the group advise the Commission to recommend to the Legislature that the General Fund should be used for the rest of the design process; the motion was not seconded (3:44 pm).
- Group members reiterated that they did not feel prepared to vote and didn't feel comfortable recommending using the General Fund without knowing more about the status of the General Fund. Other members mentioned that most organizations recommended using the General Fund for the rest of the design process in their written comments on the subject, and it wasn't appropriate to spring significant questions like this onto the group for a formal vote.

