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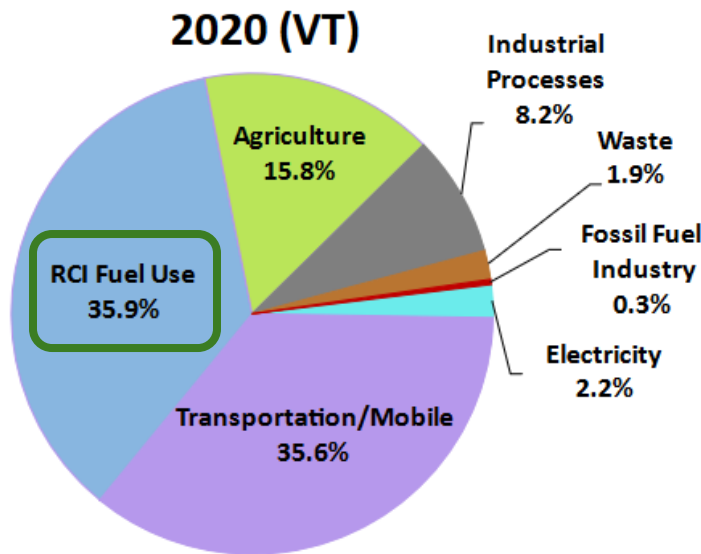


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**State of Vermont
Public Utility Commission**

Overview of the Clean Heat Standard

In 2020, the Vermont General Assembly passed the Global Warming Solutions Act, which requires Vermont to reduce its greenhouse gas emissions by 80% (from 1990 levels) by 2050, with interim requirements in 2025 and 2030. Vermont’s Agency of Natural Resources publishes a Greenhouse Gas Inventory every year that provides information on GHG emissions, including the amount from each sector.



The portion labeled RCI (residential, commercial, industrial) fuel use represents the GHG emissions from the heating sector.

In 2023, the Vermont General Assembly passed Act 18, which requires the Public Utility Commission (“PUC”) to provide a draft Clean Heat Standard (“CHS”) rule to the Legislature by January 15, 2025. Act 18 provides direction as to the general structure of the CHS but requires the PUC to propose significant and important details. The CHS rule would become effective only upon a positive vote of the Legislature. Ultimately, it will be Vermont lawmakers who decide whether and how the CHS will be implemented.

Frequently Asked Questions

What is a Clean Heat Standard?

The purpose of the CHS is to reduce the amount of fossil fuel-based heating fuels sold in Vermont to reduce greenhouse gas emissions from the heating sector. The CHS does this by requiring any company that delivers heating fuels into Vermont to obtain a certain amount of Clean Heat Credits each year. The CHS calls these companies “Obligated Parties.”

What is an Obligated Party required to do under the CHS?

Under Act 18, an Obligated Party must obtain and then retire (i.e., not sell or save) a certain number of Clean Heat Credits every year. These businesses can deliver “Clean Heat Measures” (such as weatherization services, heat pumps, biofuel) themselves, purchase Clean Heat Credits from other entities doing that work, or pay a Default Delivery Agent – appointed by the PUC – to generate the credits they are obligated to retire in any given year.

What is a Clean Heat Credit?

A Clean Heat Credit represents the amount of carbon emissions avoided as a result of activities such as weatherization, installation of an electric heat pump, or delivery of a renewable or bio-based fuel. Act 18 requires the PUC to consider a number of technical factors in assigning the appropriate number of Clean Heat Credits to any given activity. The PUC will determine how many Clean Heat Credits will need to be retired by Obligated Parties every year so that emissions from the heating sector will decrease enough that Vermont’s heating sector meets the 2030 and 2050 requirements set out in the Global Warming Solutions Act.

What is a Clean Heat Measure?

A Clean Heat Measure is some technology, fuel, or activity that results in less greenhouse gas emissions related to heating. Examples include: weatherization, electric heat pump, and biofuels.

How would I receive services under the CHS?

The CHS would not necessarily change how services are delivered. For example, Community Action Partnerships would continue to deliver weatherization for customers with low income, and individual homeowners could opt to have a heating company install heat pumps. The CHS would operate behind the scenes, and the carbon reduction requirements are expected to lead to increased incentives for clean heat services.

Who would be affected by the CHS?

At a high level, the CHS would affect every Vermonter who uses heating oil, propane, kerosene, or natural gas to heat their home or business. Although individual customers

are not regulated under the CHS, certain heating fuel providers would be. The costs of the CHS requirements are expected to increase the cost of heating fuels.

What would the CHS cost?

This type of program has not been implemented before, and the costs associated with complying with the program are not yet known. The PUC is working with a Technical Advisory Group to estimate the costs of the CHS. This estimate is not expected to be complete until the winter of 2024.

What will be the effect on my fuel bill?

The price per gallon of heating fuel is expected to increase. However, depending on the type of Clean Heat Measure a homeowner installs and its performance, overall energy costs should decrease, and/or heating costs should become more stable and predictable.

Are there any equity considerations in Act 18?

Yes. Act 18 requires that at least 16% of the necessary Clean Heat Credits that a fuel dealer retires must come from customers with low income and an additional 16% from customers with moderate income. The Act also requires the PUC to consider increasing those percentages to maximize benefits to customers with low and moderate income in the early years.

What is meant by low and moderate income?

Act 18 defines low and moderate income as up to a percent of Area Median Income (AMI), which is determined by the U.S. Department of Housing and Urban Development. Preliminary calculations for what that would mean for Vermont are shown in this table:

Preliminary Calculation of LMI for Clean Heat Standard Discussion								
Based on HUD Vermont median income for 2024, calculated according to HUD instructions.								
Family size	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Low income (60% of AMI)	\$ 43,020	\$ 49,140	\$ 55,260	\$ 61,380	\$ 66,300	\$ 71,220	\$ 76,140	\$ 81,060
Moderate income (120% of AMI)	\$ 86,040	\$ 98,280	\$ 110,520	\$ 122,760	\$ 132,600	\$ 142,440	\$ 152,280	\$ 162,120

What are greenhouse gas (GHG) emissions?

Greenhouse gases are gases that trap heat in the atmosphere. They include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), and fluorinated gases. The Vermont Greenhouse Gas inventory and the related potential Clean Heat Standard focus on human-caused emissions.

See “Overview of Greenhouse Gases,” United States Environmental Protection Agency.
<https://www.epa.gov/ghgemissions/overview-greenhouse-gases>

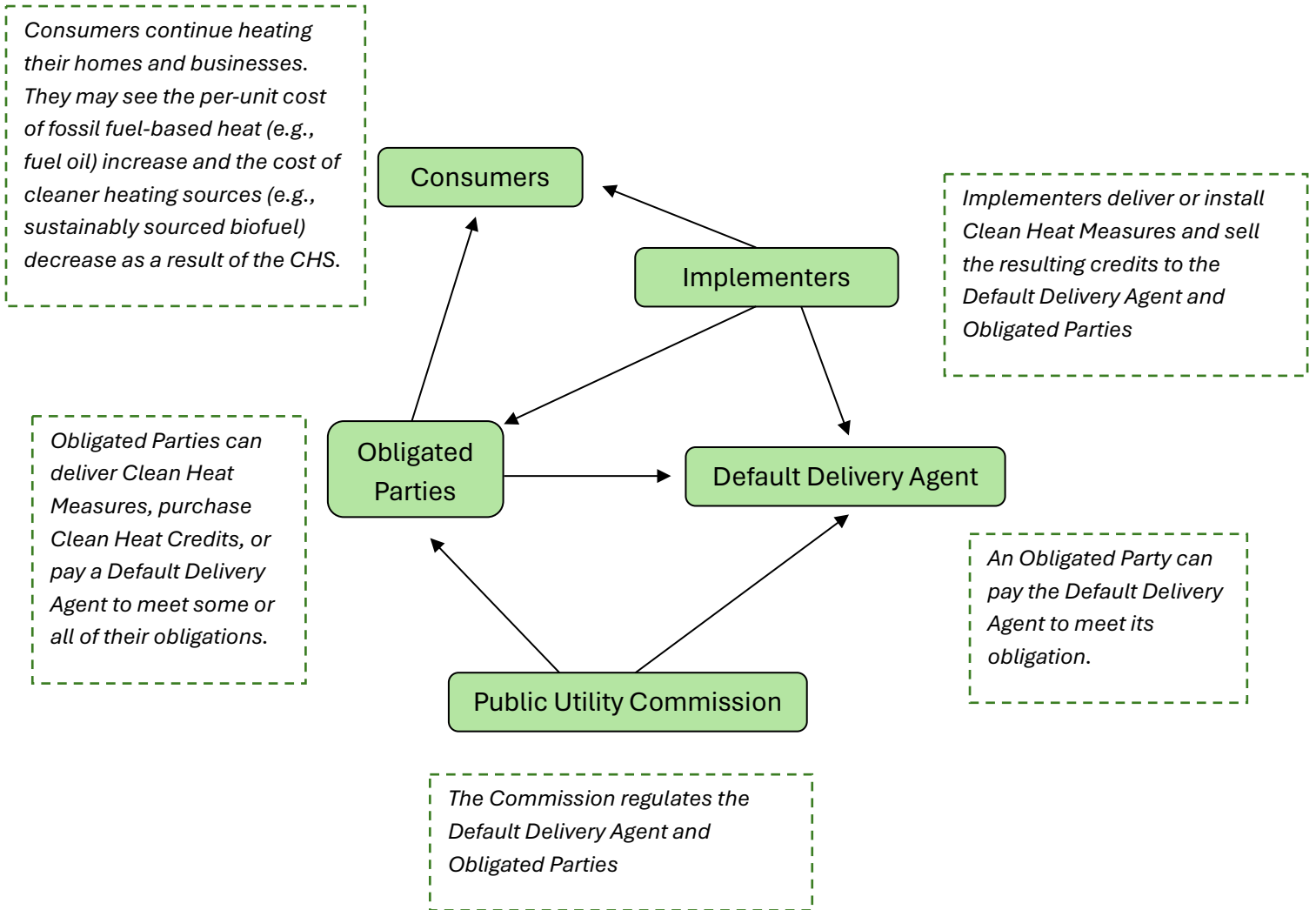
How would I install Clean Heat Measures at my home or business?

The Clean Heat Standard would not change how you would install Clean Heat Measures – you would still contact your local heating and cooling contractor or heating fuel provider, just as you do now. You may be able to install some weatherization measures on your own. The Clean Heat Standard may result in additional incentives for installing Clean Heat Measures; that is one of the things that we are looking at with this rulemaking.

How can I be involved in the potential Clean Heat Standard process?

You can participate in several ways. First, you can participate in public engagement sessions held by the Public Utility Commission’s public engagement consultant, the Vermont Partnership for Fairness and Diversity. Second, you can follow and file comments on the Public Utility Commission’s rulemaking through the online case management system (“ePUC”). The website for the Clean Heat Standard rulemaking has links to the related cases, 23-2220-RULE and 23-2221-INV: <https://puc.vermont.gov/clean-heat-standard>. Third, you can contact your Legislator directly: <https://legislature.vermont.gov/people/search/2024>.

Simplified Diagram of Potential Clean Heat Standard Interactions



The Commission intends for this entire resource to promote public understanding and simplify publicly available information related to the design of the potential Clean Heat Standard. All materials are for informational use only. Orders, which are documents signed by the Commissioners and issued by the Clerk of the Commission, are the official means of communicating the Commission’s decisions.

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