

## **Geoff Wilcox**

My comment on the agenda and Please Read Discussions is below.

I fully agree in general with the ownership of credits in the memo, except in regards to low income WAP funded Weatherization and the excerpt below. Its better than before but feel it still falls short. The WAP is a completely no cost program for low income Vermonters (for those in this group who don't know that). The funding is both Federal and State but our Office of Economic Opportunity receives those funds and grants to our 6 local Weatherization Agencies to do the work according to our rules and regs. I agree with the sentiment of making things simpler but in this case, it won't be simple for our program to have a client sign over all their credits. The State / OEO should receive all the credits (definitely not the Wx Agency) that can then all be used by OEO to fund more Weatherization projects. I'm sure that will be the sentiment of our DCF Commissioner and others at AHS as well. I will run it by them soon. If I am wrong, I'll let you know but I don't think so.

NOTE: that statement above is in relation to what I understand so far about how this CHS would work, which a lot remains to be seen.

Sorry, needed to share this with everyone for sake of transparency as I won't be at the next meeting.

Language in question below:

The EAG discussed a general waiver of this principle in the final rules if another entity entirely pays for a project, particularly for the Weatherization Assistance Program (WAP). However, other members feel that it may be simpler to have all ownership for installed measures originate with property owners and have WAP recipients sign an agreement transferring their credits to the WAP agency or the Vermont Office of Economic Opportunity (OEO).

## **Matt Cota**

I can not support this memo as written.

*Here is why:*

1) This memo suggests there is no informed consent: This is not true in cases where contractor use the HCCV Credit Form that was developed by their legal counsel. This document shows quite clearly that the contractor owns the credit. You could argue that the upstream incentive provided to a wholesale supply warehouse by EVT does not provide consent to the consumer. In that instance, the contractor should own the credit *if the customer* signed it over using a credit transfer form. If the customer did not transfer the credit to the contractor, the consumer still owns the credit.

2) The memo states that property owners "could not have reasonably understood the potential value of their credits." No one has a full grasp of the value of these credits. Or whether they have ANY value. The value of the credit is determined by the counterparty in this exchange, which is the obligated party. The obligated party has no requirement at this time to purchase the credit, so these early action credits are entirely a speculative financial instrument. The value of all these early action credits is exactly \$0.00 right now and will be \$0.00 in the future if the CHS is not passed in statute. The contractor who has undertaken a measure that may become a creditable action is taking a financial risk. Their data gathering labor is purely speculative, lacking any financial benefit if the CHS fails to become law or, if CHS becomes law, that an obligated party will recognize any monetary value in the credit which is in the homeowner or contractor's possession.

3) The memo states that "it is also unknown whether these property owners were offered any value in exchange for these credits." This is completely irrelevant. There is no requirement in Act 18 that any money exchange hands or any other value be conferred. They can be sold, bartered or given away. How much money should a contractor provide to a customer for taking possession of a credit whose value could be \$0.00? The idea that any money should change hands is not reasonable given the uncertainty over this program.

I look forward to working with you all on making these important changes to the memo.

Thank you,

Matt Cota

SECOND EMAIL:

See the attached Clean Heat Credit Form (CHCF). This is the second iteration. The original CHCF was sent by Josh Diamond at Dinse to the PUC for approval back in December 2023. The PUC returned with a general order addressing early action credits asking for more information to establish ownership. See attached. HCCV's revised CHCF was distributed in January to reflect the PUC order on this issue.

Both the original CCHF and the new CCHF are in circulation. When HCCV sends out the CCHF template, they remind their members that obtaining the information and keeping it on file may have zero value. As we all know from our daily work lives, even doing this modicum amount of office labor — with no money exchanging hands — comes at a cost. Some heating fuel and heating service providers are choosing to do this, while others are not. There is no way to accurately account for who is doing at this time. Or how well they are doing it. This is a competitive marketplace where the PUC currently has no jurisdiction. And there are 5x as many contractors as there are fuel dealers. And of course, there is the possibility that an unknown amount of contractors who are using their own CCHF.

I agree to everything in the memo, except that which I made in orange italics. I request that this section be removed. See below.

-Matt

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The Equity Advisory Group (EAG) for the Clean Heat Standard (CHS) proceeding (Case No.23) has continued to review the straw proposal created by the Vermont Public Utility Commission ("Commission") Staff on credit ownership issues ("Staff Proposal: Initial Ownership of Clean Heat Credits") and wishes to provide additional feedback on matters to consider as the Commission continues its rulemaking.

The EAG reiterates its position that credit ownership for installed measures should originate with the owner of the property in which the property is being installed. This should be the framework even though in many cases, the credit may be immediately thereafter traded to an entity offering financing or incentives.

A system that has credits belonging to the property owner can provide an additional incentive for pursuing greenhouse gas-reducing improvements to their property. Another type of ownership system, for example, one in which the entity providing financing or rebates or otherwise induces the project to occur, will be less equitable and more complicated. This approach would reduce or eliminate negotiating power for low- and moderate-income households to potentially obtain better pricing for these improvements. In addition, since projects may have multiple parties offering financing or incentives, determining who "induces" the project could potentially be complex and create disputes about ownership. In the view of the EAG, transfer of credit ownership should be a matter of contract negotiation, one that is well-supported by information provided to the property owner to aid their decision-making.

The EAG discussed a general waiver of this principle in the final rules if another entity entirely pays for a project, particularly for the Weatherization Assistance Program (WAP). However, other members feel that it may be simpler to have all ownership for installed measures originate with property owners and have WAP recipients sign an agreement transferring their credits to the WAP agency or the Vermont Office of Economic Opportunity (OEO).

*EAG members agree that this credit ownership methodology should be applied to early action clean heat credits for installed measures. EAG members have heard reports that some contractors have already asked property owners to preemptively release credits when installing clean heat measures. However, there cannot have been informed consent transferring ownership of credits during this period, as property owners could not have reasonably understood the potential value of their credits before a CHS framework had been established. It is also unknown whether these property owners were offered any value in exchange for these credits, or whether these projects happened because of the anticipated CHS or would have happened regardless.*

*EAG members acknowledged that retroactively seeking consent to obtain credits from property owners may represent a significant logistical challenge. Nevertheless, it would be inequitable to treat property owners differently during different phases of the CHS implementation.*

The EAG felt it was important to provide as much feedback on credit ownership as possible by the May 7<sup>th</sup> deadline requested by the Commission Staff. However, EAG members still have unresolved questions about issues related to credit ownership, particularly for delivered measures. The EAG anticipates continuing to discuss these issues and providing feedback to the Commission as the CHS framework is finalized.

Sincerely,

**Matt Cota**

**Benjamin Bolaski**

*The EAG should recommend that the VT low-income weatherization program be the owner of the credits generated from CHS measures installed as part of the program. The program is administered by Office of Economic Opportunity (OEO) and install of measures is completed by the regional agencies. OEO should receive CHS credits to generate revenue that could be used to weatherize more homes.*

*When we look at the spreadsheet with all the existing Heating and weatherization programs – this is the only program that is guaranteed 100% no cost to accepted clients. The program itself is large and can encompass everything from full heating system replacement to vermiculite and asbestos remediation to simple weatherstripping.*

*The program itself is unique and should be treated as such.*