

April 26, 2024

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

Re: **Case No. 23** – EAG comments on Staff Proposal: Initial Ownership of Clean Heat Credits

Dear Clerk Anderson,

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,

Mia Watson, Chair

On behalf of the Clean Heat Standard Equity Advisory Group