

CHS Equity Advisory Group - Credit Ownership Subgroup Meeting

April 24, 2024, 12:30 - 1:30 PM

Agenda

Meeting Link: <https://cbi-org.zoom.us/j/87383177532>

Participant Agenda

5 mins	Open	Ashira
40 mins	Discussion	Subgroup
10 mins	Comments	Ashira
5 mins	Close	Ashira

April 17, 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 reviewed 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 feedback on matters to consider as the Commission continues its rulemaking. EAG members urge the Commission to make the process for credit transfers as simple, transparent, and fair as possible for parties involved in clean heat credit generating activities.

EAG members agree with Commission staff that for installed measures, end-use customers should be awarded all clean heat credits. However, the term “customers” should be clarified. In this context, it appears to mean “individual(s) or businesses who *own the building or property* in which the equipment is being installed”. However, the Commission Staff should confirm that this definition matches their intent in the proposal, and this definition should be made as clear as possible in final rules. This will help to avoid ambiguity in circumstances, for example, in which a third party or parties are financing the purchase, a third party is purchasing equipment for a project, or situations with a landlord-tenant relationship in which the tenant is the fuel customer, but the landlord is purchasing or owns installed equipment.

The Commission Staff proposal asserts that “customer credit ownership will give customers negotiating power in their contractual agreements with their installer or deliverer, which could result in an exchange of incentives for the credit, likely reducing the cost of the clean heat measure to the customer.”

However, this statement assumes that customers will have sufficient knowledge of the value of their credits to inform their negotiations. This cannot be presumed based on the information Staff are currently proposing to be provided to credit owners. Individuals and

small business owners will have a significant knowledge imbalance compared to obligated parties seeking to obtain and maximize the value of credits.

In addition to the proposal from Commission Staff that the Commission could require “installers or deliverers to provide Commission-approved information about the Clean Heat Standard program, alternative technologies and fuels, and information about what programs are available to help pay for measures”, EAG members suggest that the Commission consider providing the following information:

- Estimated greenhouse gas emissions reductions generated from installation of measures.
- The number of clean heat credits generated from the measures.
- Information on the monetary value of the credits generated from the measures.
- Estimated energy cost savings generated from installation of the measures.
- Health disclosures related to the installed measures (if any).

In developing these recommendations, EAG members debated the feasibility of additional disclosures, and acknowledge that the Commission will need to assess whether this additional information above is readily available at the time of a measure installation or credit transfer. In particular, the value of credits is expected to fluctuate, and may be unclear at the time of installation. However, if the Commission is serious about empowering customers, it should strive to provide as much information as practically possible to aid customers in their negotiations.

To that end, the Commission should consider what information the Commission itself could make available to consumers and the public as it designs a marketplace. EAG members have also suggested that the Commission explore establishing a permanent ombudsperson position to help customers navigate credit transactions.

EAG members continue to discuss issues of credit ownership for delivered measures. However, the EAG recommend that at a minimum, delivered fuels generating clean heat credits also be accompanied by information disclosures, to the extent practical, including:

- Commission-approved information about the CHS Program.
- Alternative technologies and fuels
- Information about programs available to help pay for measures.
- Estimated greenhouse gas emissions reductions generated from delivered fuels
- The number of clean heat credits generated from the measures.
- Information on the monetary value of the credits generated from the measures.
- Health disclosures related to the delivered fuels (if any).

The EAG sees issues of credit ownership as one of the most important elements of the Clean Heat Standard, with significant equity and affordability implications, and expects to continue to provide feedback to the Commission as the CHS framework is developed.

Sincerely,

A handwritten signature in black ink that reads "Mia Watson". The signature is written in a cursive, flowing style.

Mia Watson, Chair

On behalf of the Clean Heat Standard Equity Advisory Group

EAG Subgroup on Credit Ownership
4/15/24

Key Takeaways/ EAG subgroup recommendations

- Credits generated by installed measures are initially owned by the owner of the property where the measure is installed.
- EAG urges the PUC to require as much information as practicable to the initial credit owner from the installer and/or the entity to whom the credit is to be transferred.
 - Suggested information shared as part of the transaction would include the monetary and CO2e value of the credit(s) that are generated from installation of clean heat measure, the new estimated energy / cost savings and from installed measure vs. estimated energy cost before installation, and health disclosures related to the installed measures.
- EAG recommends the same information shared for installed measures also be shared for delivered measures (e.g. liquid biofuels and RNG)

Policy Takaways: Simplicity, Fairness and Transparency throughout the process.

- There needs to be a clear pathway for the transference of credit ownership.
- The entity hoping to obtain the credit from the customer should be responsible for educating the customer with information provided by the PUC.

Outstanding Questions Remaining for EAG discussion:

- Special credit ownership rules or WAP or other low-income assistance programs?
- Credit Ownership for delivered measures.
- If credits originate with customer, do they lose value as they are transferred to the Obligated Parties? Why or how would they lose value if they start with the customer vs. with the installer/deliverer? (This idea was raised in the subgroup and not discussed)