



**Amendment Language to S.5 Affordable Heating Act
Submitted to the Senate Natural Resources Committee
February 8, 2023**

350VT does not believe the approach to cleaning up our thermal sector as laid out in the AHA is the right approach. Direct subsidies and assistance for demand reduction, efficiency, and geothermal networks are what we believe is needed and will actually work because they would be transparent, easier to implement, and allow for real accountability. The fossil fuel industry needs to pay for these capital improvements and provide the services needed for this transition. We don't want any clean heat credits assigned to biofuels, hydrogen (except for high heat industrial processes, per [Rocky Mountain Institute's analysis](#).) Finally, we don't believe we will be able to achieve needed reductions without decreasing consumption levels beyond what we can do through weatherization and efficiency measures.

If the bill were to move forward, here are things that could work to strengthen it to address the issues raised in 350VT's testimony to the Senate Natural Resources Committee.

- No clean heat credits for more efficient fossil fuel infrastructure (ie. no more efficient furnaces to burn fuel oil, or to burn methane)
- Increase the required proportion of clean heat credits for low income consumers from 16 to 32% and increase the required proportion for moderate income consumers from 16 to 32% (which amounts to a total of 64% which represents the total population of low and moderate income households in VT.)
- 100% of the required clean heat credits to low and moderate income consumers should be from weatherization, heat pumps, and high efficiency wood heating.
- Mandate that clean heat credits are front loaded for low and moderate income households.

- **Cap** the amount of clean heat credits derived from biofuels (including liquid biofuels, renewable natural gas) to 15% in 2025, 10% in 2030, and **phase out (0%)** by 2050.
- Hydrogen - Define green hydrogen. Require it to be produced with new and dedicated electricity from in-state 100% Tier 2 and limit its use to high heat industrial processes - no hydrogen for anything else.
- Strengthen consumer protection section per Conservation Law Foundation's recommendations.
- Cost of installation of these clean heat measures need to be subsidized upfront so that low income customers don't need to be reimbursed to obtain clean heat measures.

In line with this, here are some changes and additions we suggest to revise the bill:

8123 DEFINITIONS

- Add the following section § 8123 (12):
Green hydrogen means hydrogen gas produced by splitting water into hydrogen and oxygen using only (100%) renewable electricity from in-state Tier 2 sources.
- Add the following paragraph to subsection § 8123 (d. 4):
In accordance with the intent and function of the Advisory Council on Environmental Justice within the Agency of Natural Resources, b. 3 and b. 4)), the Affordable Heating Act is required to undergo review of its impact on environmental justice pursuant to S. 148 subsection § 6003 (b. 1).
- Add the following paragraph to subsection § 8123 (d. 4):
 - In accordance with the intent and function of the Advisory Council on Environmental Justice within the Agency of Natural Resources, the Affordable Heating Act is required to undergo review to ensure the rules and policies are concise, understandable, and readily accessible to the public pursuant to S. 148 subsection § 6003 (b. 3).

8124 CLEAN HEAT CREDIT COMPLIANCE

Equitable distribution of clean heat measures

- Change the 16% low and 16% moderate income to 32% low and 32% moderate income (what the actual percentage of low and middle income folks is in VT) - 100% of

subsidized Clean Heat Credits need to go to heat pumps, weatherization, and advanced wood heating.

8124 (d) (2) Of their annual requirement, each obligated party shall retire at least ~~46~~**32** percent from customers with low income and ~~46~~**32** percent from customers with moderate income. **All** ~~one-half~~ of these credits shall be from installed clean heat measures that require capital investments in homes, have measure lives of 10 years or more, and are estimated by the Technical Advisory Group to lower annual energy bills. Examples shall include weatherization improvements and installation of heat pumps, heat pump water heaters, and advanced wood heating systems. The Commission may identify additional measures that qualify as installed measures

- Mandate prioritizing low and moderate income households first

8124 (d) (4) Change from “may” to “shall” – The Commission **shall** ~~consider~~ frontloading the credit requirements for customers with low income and moderate income so that the greatest proportion of clean heat measures reach Vermonters with low income and moderate income in the earlier years.

8125 CLEAN HEAT CREDITS

- We ask that liquid biofuels and renewable natural gas be limited in their use for clean heat credits. Vermont can be a leader in transitioning off fossil fuels without relying on a fuel source that would displace food crop land and damage/destroy ecosystems at a time when we will become increasingly reliant on them for survival in the face of worsening climate change. Without the oversight, biofuels production has grown rapidly with unchecked damage to people and the environments where they live. In addition, the accounting for biofuels in the Affordable Heating Act represents the largest risk for misuse and greenwashing fossil fuel emissions. In the current Affordable Heating Act bill, credits that fossil fuel wholesalers obtain by buying biofuels and RNG are independent of the rest of the market for Clean Heat Credits. This isolation of biofuel credits ensures that none of the funds spent to obtain biofuels will return to Vermont to be used to support the energy conservation efforts including weatherization and clean heat appliances.

- Add – 8125 (a) (4) The PUC shall establish enforceable limits so that no more than 15% of annual clean heat measures shall be derived from liquid biofuels and, renewable natural gas in 2025, no more than 10% of annual clean heat measures shall be derived from liquid biofuels and renewable natural gas in 2030 and phase out (0% of clean heat measures) all liquid biofuels and renewable natural gas by 2050.
- Add – 8125 (a) (5) The PUC shall establish enforceable limits so that green hydrogen is produced only on the site where it is used with new and dedicated electricity from in-state 100% Tier 2 and limit its use to the hardest to decarbonize high heat industrial processes. Green hydrogen must not be distributed off its production site.

8125 TRADEABLE CLEAN HEAT CREDIT

- 8125 (g) - Change: ... Such consequences ~~may~~ **shall** include deforestation, conversion of grasslands, or the creation of new methane to meet fuel demand.