



January 8, 2024

Holly R. Anderson
Clerk of the Commission
112 State Street
Montpelier, VT 05620-2701

Re: Proceeding to design the potential Clean Heat Standard, Case No. 23-2220 Rule

Dear Ms. Anderson:

On behalf of the Vermont Fuel Dealer's Association (VFDA), I submit comments in response to the workshop held by the Vermont Public Utility Commission ("PUC" or "Commission") on December 19, 2023, regarding funding for the Clean Heat Standard program.

At the outset, VFDA reiterates and incorporates by reference its initial comments filed on December 4, 2023. To summarize, revenue for the administration and implementation of the clean heat standard should be derived from something other than a regressive set of taxes such as surcharges or fees based on the volume of sales of heating fuel providers. Such a regressive tax, fee, or surcharge would have the effect of further increasing the cost of a basic necessity for many Vermonters. This increased cost would have a disproportionately adverse impact on those least able to afford the increased cost of heating fuel and should be avoided.

In addition, the VFDA recommends that before revenue sources are determined, policymakers should have an accurate estimate or budget for the cost of administering and implementing the clean heat standard. This will assist in identifying and developing an equitable source of revenue for these purposes. This position appears to be shared by many of the interested parties to this docket.

The workshop on funding revealed that many interested parties believe the PUC should identify the costs for administering and implementing the clean heat standard before providing a recommendation for a particular funding source. See comments from DPS' Henry Mauck at Workshop Tr. p. 19, l. 1-5; Vermonters for a Clean

Environment's Annette Smith at Workshop Tr. p. 12, l. 14-23; Vermont Gas System's Dylan Giambatista, Workshop Tr. p. 21, l. 1-12; and Efficiency Vermont's David Westman, Workshop Tr. p. 32, l. 1-6.

Such an approach is consistent with the legislative mandate in Act 18. Section 6(h) states that:

"On or before February 15, 2024, the Commission **shall report** to the General Assembly on suggested revenue streams that may be used or created to fund the Commission's administration of the Clean Heat Standard program and shall include programs to support market transformation such as workforce development, market uplift, and training that may be administered by a third party."

The obligation here is filing a report. There is no directive to make a specific recommendation. It would be appropriate and responsive to this legislative directive to report that PUC believes it would be beneficial to identify the anticipated costs before considering or recommending a source of funding for the clean heat standard. Providing this information is critical so that the Legislature can make the difficult policy decisions about funding sources. It should be the Legislature that decides what sources of revenue that best balances the arguable benefits achieved by Act 18 against those who will be burdened and least able to afford the costs, i.e., low and moderate-income Vermonters.

The PUC should not be tasked with making this difficult decision, such as raising fuel taxes or surcharges on heating fuels. The decision to raise revenues by taxes or surcharges should be borne by the institution constitutionally responsible for such decisions, the Vermont General Assembly. See *Vt. Const.*, Ch II, § 6, "all revenue bills shall originate in the House of Representatives; but the Senate may propose or concur in amendments, as on other bills."

Sincerely,



Matt Cota
Meadow Hill