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REGULATORY
ASSISTANCE PROJECT

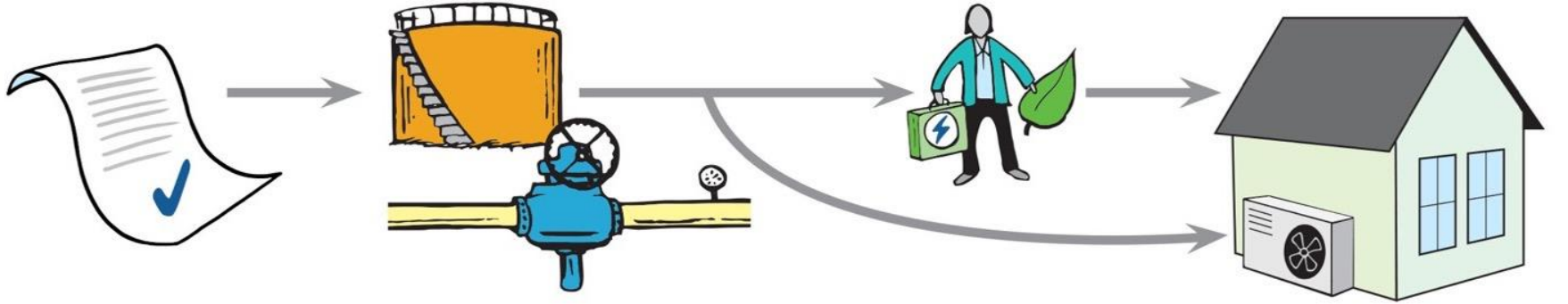
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Making Progress on Clean Heat – Opportunities and Challenges

Energy Action Summit

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Elements of a clean heat standard



A state-specific rule

Placing a quantitative obligation on fossil heating companies, including:

- Gas utilities
- Heating fuel importers

To create clean heat credits by delivering clean heat services directly or through a third party. Examples:

- Building insulation
- Heat pumps for space and water heating
- Low-emissions fuels
- Other measures in residential and commercial buildings

CHS status

- VT PUC rulemaking now underway
- Pathways analysis shows mix of heating solutions, total cost savings, and some possible cost impacts on non-participating fossil heat customers
- Further cost analysis still to come
- Vermont is not alone in tackling fossil heat:
 - CO, MA, Maryland -- implementing or designing CHS programs
 - NJ, NY, MN and a few other states -- committed to exploring them

Affordable Heat opportunities

Customers can choose:

- Weatherization
- Heat pumps and heat pump water heaters
- Certain biofuels/renewable gases
- Low-carbon district heating
- Solar thermal and advanced wood heating

Existing funding and programs will deliver a substantial share of the CHS goals – Wx & efficiency, Tier 3 RES, IRA tax credits, etc.

Performance standards build workforce and new businesses



Affordable Heat challenges:

- **Too complicated?** –
Should we simplify lifecycle accounting for avoided GHG emissions?
- **Costs too uncertain?**
Should we extend AHA deadlines or create a cost-based “circuit breaker” to insure against short-run surprises?
- **Equity impacts** – Should we strengthen the equity protections in the AHA ?
- **Too much flexibility?**
Should we further limit the heating options that qualify for clean heat credits?
- **“Compared to what?”? VT’s fossil heat costs** more than \$1.1 Billion per year, and it’s 31% of climate pollution – Should we accept that, or get started on something better?



About RAP

Regulatory Assistance Project (RAP)[®] is an independent, global NGO advancing policy innovation and thought leadership within the energy community.

Learn more about our work at raponline.org

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