



August 12, 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, Reply Comments on Staff Straw Proposal issued on July 25, 2024.

Dear Ms. Anderson:

On behalf of the Vermont Fuel Dealers Association (VFDA), which represents the entities selling liquid energy in Vermont to provide heat and hot water, I submit the following in response to the Vermont Public Utility Commission's (PUC) request for comments to its Staff Straw Proposal issued on July 25, 2024, regarding review of three-year plans and budgets.

A) Regarding the potential study, what source of funds should be used to pay for the Department's potential study?

The answer is the General Fund. Either DPS or PUC should include the line item in their budget request. It should not be an obligated party. As discussed in past filings, the number and identity of obligated parties will change every year. As will the obligation of these entities based on the weather and daily decisions about where and when to purchase fuel. The general societal benefits that derive from this report are best paid by the broad tax base that funds the general fund. A fee or tax on obligated parties will only exacerbate the financial pressures many small fuel dealers experience by having to undertake obligations under the clean heat standard

B) "The result of the Commission's review of DDA budget proposals and plans will be publication of DDA credit cost by May 1 of the year preceding the compliance period."

May first is too late. Fuel dealers enter contracts as early as April. If the obligation period with the revised Clean Heat Credit fee goes into effect on January 1, the credit fee should be provided 12 months prior.

C) "Between May 1 and October 1 of the year preceding the compliance period,

obligated parties will file, and the Commission will review the obligated parties' compliance plans. After this, default delivery agents may propose amendments to their plans and budgets."

As stated in our July 29 filing, this schedule is part of the PUC straw proposal that will not work for obligated parties, and it should change. Obligated parties will not be able to file compliance plans in advance of knowing their respective obligations.

Fuel dealers cannot predict where they will procure their fuel. This impacts whether a fuel dealer will even qualify as an obligated party, much less how many gallons will need offsetting credits. Obligated parties will not know in advance whether their gallons will be blended with renewables, how many clean heat measures will be implemented by the obligated parties, and how many credits will be purchased privately.

A more effective compliance regimen is to account for these clean heat measures after the scope of the obligation is determined, not before. Furthermore, any compliance plan must not exceed an annual time period. Based upon the uncertainty of where fuel dealers acquire products and whether they will be obligated for any given year, it would be a manifest injustice to lock in a particular fuel dealer's obligations for more than one year at a time. VFDA believes the PUC's approach is fundamentally flawed, and we predict its adherence will ultimately lead to program failure. We respectfully ask the PUC to reconsider its approach to reflect the realities of the fuel dealer marketplace. If statutory changes are needed to accommodate these marketplace realities, the PUC should advocate for such changes before the Vermont legislature.

D) Should the rule protect Obligated Parties from upward changes in credit prices when DDA budgets are amended?

Yes, Vermont's small fuel dealers need price certainty to plan for these additional costs to their operations. Since such costs are passed onto consumers, the Vermont public would also benefit from protections against upward charges.



Matt Cota
Meadow Hill