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From: **Jim Masland** <JMASLAND@leg.state.vt.us>

Date: Sun, Apr 23, 2023 at 7:52 PM

Subject: Clean Heat

To: Jim Masland <JMASLAND@leg.state.vt.us>

Cc: Rebecca Holcombe <RHolcombe@leg.state.vt.us>

Folks,

Thank you for writing about S.5. The bill is distasteful on several levels. And thanks to those of you who recognized my effort last fall to change what the PUC was contemplating at that time. As you likely remember, the issue then was that Vermont Gas (VG) had proposed to purchase natural gas from the landfill in Seneca Falls, NY, pipe it to the Midwest, blend it with huge amounts of fracked gas from Ohio, Indiana and potentially parts beyond, pipe it back east it through Canada and then import it as “bio-metric natural gas.” As you may understand, by that point, the gas in the pipeline would be almost entirely fracked gas containing only a diminimus (sp) amount of bio-metric gas.

There are no large sources of combustible gas in Vermont. As such, almost all of the natural gas that is burned to heat homes and businesses is imported and all of that is fracked fossil fuel – among the worst sources of global warming we use. Currently VG buys as much fracked gas as customers demand. In October 2022 the PUC granted VG’s petition. Unfortunately that decision won’t change VG;s import strategy regardless of the fate of S.5. What will change is that if S.5 passes, VG will able to sell/market a volumetric equivalent of gas purchased in Senaca as renewable and claim the renewable credits to benefit its bottom line - unless somewhere down the road it becomes too expensive for VG to purchase and import . Love it or hate it, S.5 won’t change the amount of fracked gas delivered and burned in Vermont. What will change is that VG will be able to use the natural gas credits to fulfill its obligation to assist homeowners and businesses to install energy efficiency improvements. This practice will be to VG’s financial benefit, and that will be the epitome of green-washing.

Unfortunately the PUC decision in case #22-2230-PETis the baseline from which the current debate springs.

We must start by acknowledging several facts. There are no large sources of combustible gas in Vermont. There are one or two landfills and several sources of “cow power” but they only produce a small fraction of the natural gas consumed here. As such, nearly all of the gas we burn to heat our homes and businesses is imported and virtually all of that is fracked fossil fuel – among the worst sources of global warming.

Currently VG buys as much fracked gas as customers consume. Passage or failure of S.5 won’t change that. Unfortunately VG will continue to import as much fracked gas as its customers demand. That’s the bitter reality we face.

Several of you have pleaded that I vote to eliminate landfill gas (which at its source is renewable) and also eliminate the possibility that allows VG to import gas from Senaca Falls while calling it renewable. Unfortunately the PUC short circuited that possibility with their vote last fall. In the current time frame, there are no straightforward ways to turn he tables on VG.

So why not just vote No and hope that the Governor's veto will be sustained? Would that be better? Actually no.

There are several important sections of S.5 that will be critical to turning the corner on CO2 emissions. One is that S.5 requires the PUC to conduct extensive rulemaking (see proposed changes to 30 VSA chapter 94, Clean Heat Standard section 8126, and 8127 (c)). The later states Clean Heat Credits shall be based on accurate and verifiable lifecycle CO2e emission reductions ... that result from delivery of eligible clean heat measures to Vermont customers. In plain English, that means lifecycle analysis of natural gas will include a stem to stern (wellhead to customer) determination of whether imported natural gas is as efficient as Vermont Gas claims relative to other sources of home heating - including wellhead and transmission leakage as well as other aspects of NG that render it suspect on many measures. VG has never had to face such scrutiny before. Another important provision is that each fuel will have to pass muster with the carbon intensity analysis that will rate all heating sources relative to one another and relative to each one's carbon (CO2) heat to emissions ratio. These analyses will determine how clean heat credits are awarded. Without S.5 neither of these analyses go forward.

To continue on carbon intensity, 8127 (f) (1) states that to be eligible for credits, a clean heat fuel whether liquid or gaseous shall have a carbon intensity value below 80 in 2025, below 60 in 2030 and below 20 in 2050. This is to say as carbon intensity requirements ramp down, fuel efficiency and consumption will have to improve dramatically.

Finally, S.5 requires that there be a look-back prior to the adoption of the final rules, and prior to that vote, the PUC must submit a slew of reports on impact of customers, customer rates, fossil fuel reductions and emissions reductions anticipated under the bill. This look-back will be an opportunity to review everything in the roll out of the bill, whether expressly stated or not. To some, the economic impacts on marginalized Vermonters will be paramount. To others, a rigorous scrutiny of life-cycle protocols and carbon intensity the matrix will rise to the very top. Regardless of one's priorities, the reports must be submitted, digested and debated before the General Assembly will vote..

In the coming months the PUC will begin rule making, carbon intensity and lifecycle emissions analyses. Our responsibility will be to stick as close to the PUC as possible and scrutinize whatever they propose. In point of fact, we (all of us) need to make sure these processes are open, transparent and entirely forthright. It's in this arena that the success of the Affordable Heat Act will achieve its goals or fail. Whether you love S.5 or hate it, please don't sit on your hands.

Jim

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