



Vermont Climate Economy Action Team

2018 Action Priorities

Vermonters are creating answers to climate change that will be the foundation for the economic renewal of the state. The Climate Economy is the economy of the future, informed by Vermont's history of independence, resiliency, and innovation.

Efficiency

Every Vermonter has a comfortable, healthy, and affordable place to live

Dramatically Expand Weatherization

Current resources to meet Vermont's weatherization goals are inadequate. For residents, this means colder homes, burdensome heating costs, discomfort, and adverse health impacts.

In 2007, Vermont set a goal of weatherizing 20,000 low income homes by 2020. As of March 2016, there was still a gap of 9,200 homes. Currently Vermont spends about \$9.5 million annually to weatherize about 1,000 homes through the Weatherization Assistance Program. Weatherization investments now will reduce fuel needs for the most vulnerable Vermonters, reduce their energy burden, and make their homes healthier; providing significant economic returns on up front investments. **Vermont should use Weatherization Assistance Program funds to leverage a large capital investment for a surge in weatherization and deep energy retrofits between now and 2020.** A significant weatherization bond would provide returns to residents through an immediate reduction in energy bills and to the State through decreased need for fuel oil subsidies over the long term.

A program should be developed that would use a bond to fund a tiered approach to weatherization and energy retrofits on a sliding scale from lower income to moderate income Vermonters. Bonding would fund \$100,000,000 in weatherization work for low to moderate income Vermonters over the next three years, weatherizing about 10,000 homes and closing in on Vermont's 2020 goal. The bond would be paid back over 20 years using \$7.25 million annually in Gross Receipts Tax now directed to the Weatherization Assistance Program.

Dramatically increasing weatherization efforts will move Vermont towards statewide efficiency goals, create jobs and workforce development and training opportunities, reduce carbon emissions, and dramatically lower heating costs for low income Vermonters for years to come. Scaling up weatherization services can connect Community Action Agencies, EVT, HEAT Squad and other non-profit and private sector partners with additional funding and accountability measures to expand eligibility, access, and affordability.

Distributed Energy

Every Vermonter has access to affordable, clean, and dependable energy

Support Built-Environment Solar

Solar and other distributed renewable energy resources will be critical as Vermont transitions towards a clean and resilient energy system. As we expand the deployment of distributed energy in the state, Vermont should encourage and facilitate the integration of the development of solar generation in developed areas and our existing built environment.

To do this, Vermont should reduce barriers and costs to the deployment of solar on rooftops and on other developed properties such as impervious parking areas by: Eliminating ANR permit fees for rooftop solar projects; Exempting solar on impervious parking lots from state setback requirements; and Permitting solar canopies on developed areas similarly to rooftop arrays rather than as greenfield facilities.

Transportation

It is easy and affordable to travel, transport, and commute in Vermont and the state leads in the roll out of electric vehicles

Invest in Transportation Systems Efficiency and Electrification through the VW Settlement

Seize the unprecedented opportunity to transform the Vermont transportation system by deploying the \$18 million VW settlement funding to transform the public transportation and school bus markets. **The State should direct all VW Settlement funds towards electrifying our transportation system and devote no funding to the purchase of diesel vehicles.** Settlement funds should be used in a strategic way to expand infrastructure for electric vehicle (EV) charging,—especially in our downtowns—electrify heavy and medium duty trucks and transit/school busses, leverage private investment, and spur the expansion of creative technologies to transform the system and keep hundreds of millions of dollars in the state and local economies each year.

Facilitate the Shift to Electric Vehicles

Because electric vehicles (EVs) are inherently more efficient than internal combustion vehicles (three times so), they can save energy, reduce costs, and dramatically lower CO2 emissions. To dramatically transform the transportation system and facilitate electric vehicle affordability and accessibility for all Vermonters, Vermont should develop a statewide incentive, sales, policy, and deployment campaign to become the most affordable place to own and charge an electric vehicle.

Tools toward that end should include:

- **Waive Sales Tax on the Purchase of EVs**

Vermont should send a market signal and incentive to Vermonters to make it more affordable and attractive to purchase an EV by waiving sales tax at the time of sale for all EVs sold in Vermont.

- **Offer a Business Tax Credit for EV Charging Installation**

Vermont should encourage EV charging installations by the private sector by offering tax incentives to businesses and landlords for installing charging infrastructure.

- **Develop a Rate Structure that Reflects the Value of Off-Peak Charging**

Smart electric rates should be designed to facilitate, value, and reflect the potential grid benefits of EV charging. Building the right rate structures could help lower the operating costs of electric vehicles, improve predictability, and encourage charging while realizing the full potential grid benefits of greater vehicle electrification.

- **Ensure EV Contribution to the Transportation Fund**

As EV ownership increases, reduced gas tax collections could exacerbate a shortfall in transportation funding, making it harder to keep up with infrastructure maintenance. This could contribute to the perception that EV owners aren't paying their "fair share" for roads and bridges. In order to get ahead of this challenge, a structure could be developed that would ensure that EV drivers are contributing to the transportation fund. An EV charging rate could be set that would include an additional penny per kWh that would go to the transportation fund to replace gas tax revenue.

- **Develop and Implement a Comprehensive Strategy for Public/Commercial EV Charging Infrastructure**

Utilize the EV charging infrastructure plan developed by VTrans to help guide the deployment of charging infrastructure where needed – both in our downtowns and village centers and along key travel corridors. It will be especially important to ensure access to charge stations in our downtowns rather than peripheral locations regionally. Vermont should use VW Settlement funds and other incentives and strategies to boost and expedite implementation.

Study the Pricing of Carbon and Carbon Market Structures

Vermont's tax structure stimulates economic opportunities, job creation, and affordability while incentivizing the transition to non-fossil fuels

Conduct a Joint Fiscal Office Study of the pricing of carbon and carbon market structures for Vermont.

The Climate Economy Action Team believes a significant long-term opportunity exists to change our relationship to, and dependence on, carbon. The importance and scale of this change requires a complex and delicate system of state, regional, and national incentives and disincentives to reward behaviors, activities, and innovations in the necessary transition to a non-fossil fuels economy and lifestyle. The Team also recognizes that further work is needed to (1) develop a fuller picture of the costs and benefits of pricing carbon, a carbon trading system, or other carbon market structures; (2) how it could stimulate economic growth, protect Vermonters and provide significant emission reduction; and (3) partner with other states, provinces or regions for collective benefit and impact.

The legislature should commission a study by the Joint Fiscal Office to analyze how carbon is already priced in Vermont, tax incentives and disincentives to reduce carbon emissions, the costs and benefits of pricing carbon and carbon alternatives, and trading models and scenarios, including carbon pricing, trading, carbon alternative incentives, and RGGI expansion, identifying those most likely to boost economic development, innovation, and job creation in the state.

Business Growth and Development

Vermont is the friendliest place in the country to start a climate economy business, and a beckoning country to entrepreneurs and investors

Fund Accel-VT

The Climate Economy Business Accelerator, The Vermont Sustainable Jobs Fund and a diverse group of business, finance, utility and economic development leaders have built a Climate Economy Business Accelerator called Accel-VT to grow entrepreneurial opportunities to promote climate solutions, products, and services that lead to collaboration and innovation. A growing entrepreneurial network of existing climate economy businesses has also been built to offer Accel-VT entrepreneurs a suite of comprehensive technical services, mentorship, and access to capital in order to attract them to Vermont.

In order to effectively run this Climate Economy Business Accelerator program twice per year to grow and sustain 16-24 new or early stage businesses, a \$500,000 total investment is needed. A State of Vermont investment of \$250,000 in FY19 to the Vermont Sustainable Jobs Fund will be matched by a \$250,000 private sector and philanthropic investment in order to carry out this work to boost economic development, innovation, and job creation in the state. To learn more about Accel-VT, click here: <https://www.accelvt.com/>.

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Vermont Council on Rural Development

Unleashing the power of Vermonters to create a better future