

MASSACHUSETTS CLEAN HEAT STANDARD

VIRTUAL COMMUNITY MEETING

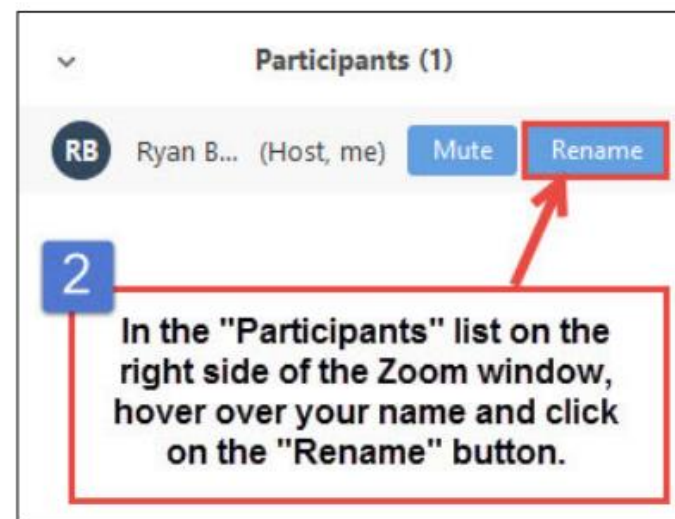
JULY 17, 2023

MassDEP



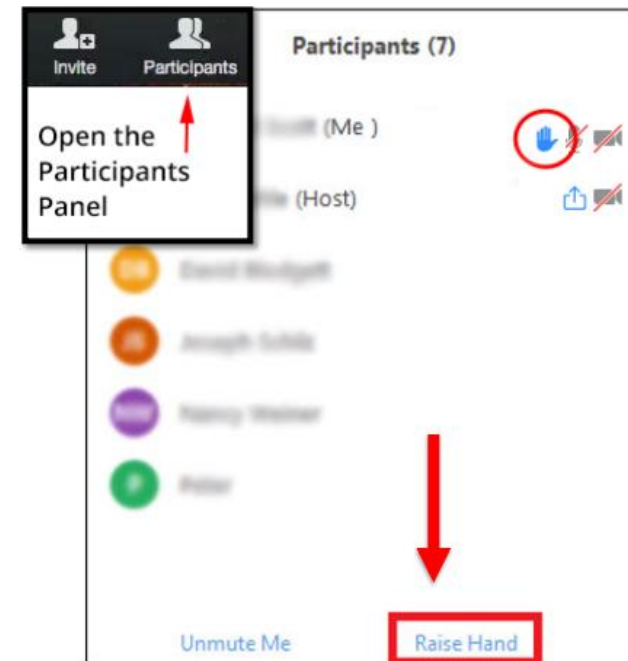
ZOOM MEETING LOGISTICS

- This meeting is being recorded
- To minimize background noise, attendees are on mute
- Please enter your full name, and affiliation if relevant, in the Participants panel



HOW TO PARTICIPATE VIRTUALLY

- There will be opportunities for clarifying questions throughout the presentation and the latter half of the meeting will be dedicated to receiving substantive questions and comments
- To ask a question or provide a comment, raise your hand
- When it is your turn, we will:
 - Notify you by chat
 - Announce your name
 - Unmute you and lower your raised hand



AGENDA

- Meeting logistics and updates (15 min.)
- Mechanisms to address equity in program design (15 min.)
- Questions and comments (30 min.)

STAKEHOLDER INPUT PROCESS

- Regular Virtual Community Meetings
 - With evening sessions, every 4-6 weeks
 - Content for general audience, with time for questions and comments
 - August meeting will summarize Technical Sessions
- Technical sessions on program design comments:
 - July 24 (2 PM), July 25 (2PM), and July 26 (9:30 AM)
 - Agendas will include background, review of comments received, Q&A, and comment period
- Send us an email with questions, suggestions, or comments any time at climate.strategies@mass.gov



CLEAN HEAT STANDARD TECHNICAL SESSION TOPICS

Monday, July 24

- Compliance flexibility/banking
- Alternative Compliance Payment level

Tuesday, July 25

- Calculation of credits by technology
- Hybrid heat system credits

Wednesday, July 26

- Mass Save coordination
- Measure verification

RESOURCES FOR STAKEHOLDERS

- Clean Heat Standard webpage includes
 - Links to descriptions of the Clean Heat Standard concept (including 2-page summary for translation*)
 - White papers on 1) costs and emissions associated with different heating technologies; 2) existing crediting schemes for consumer-level actions, such as rooftop solar; and 3) which entities are obligated to comply
 - Comments received and a brief summary of themes from those comments
 - Slides and videos from June meetings*
 - Registration for July technical sessions*

(* = new material since previous meeting)

Massachusetts Clean Heat Standard

Learn about and participate in the MassDEP initiative to develop a regulatory standard for reducing greenhouse gas emissions from fossil heating fuels.

TABLE OF CONTENTS

- ▼ What is a Clean Heat Standard?
- ▼ Stakeholder Input
- ▼ Background ←
- ▼ Contact
- ▼ RELATED

Background

See **Additional Resources** below for:

- An April 2023 discussion document that includes a general description of the CHS concept, additional background information, and specific questions for stakeholders to consider.
- "Straw" regulatory language for heating fuel supplier reporting requirements in support of the CHS.
- Comments received as of May 10, 2023.
- A summary of themes from the comments received as of May 10, 2023.
- A short explanatory video on the CHS concept by the authors of the CHS Appendix to the 2025/2030 CECP
- A technical memorandum on costs and emissions associated with different heating technologies.
- A technical memorandum on existing crediting schemes for consumer-level actions.
- A technical memorandum on which entities are obligated to comply with a CHS.

POTENTIAL NEXT STEPS IN 2023

- Request second round of comments by the end of August (focus on Technical Sessions and Equity Mechanisms)*
- Propose fuel supplier emissions reporting regulations
- Develop an “Early Action” crediting concept for electrification projects that could earn Clean Heat Credits. This would create a system for credit generation and tracking to support development and implementation of the Clean Heat Standard
- Open a comment period on “straw” program design framework

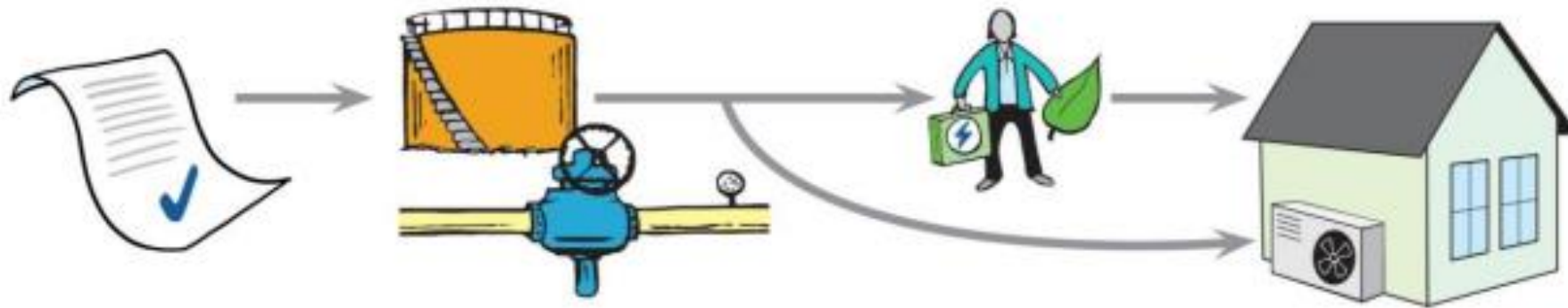
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MECHANISMS TO ADDRESS EQUITY IN PROGRAM DESIGN

WHAT IS A CLEAN HEAT STANDARD? (FROM NEW 2-PAGE SUMMARY)

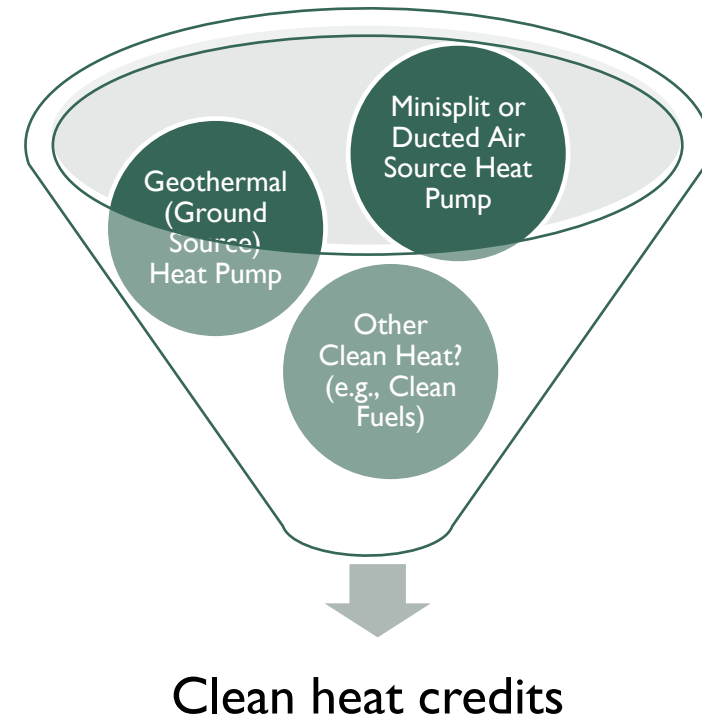
A clean heat standard gives energy suppliers options for meeting their obligation, but the logic of the standard is straightforward: A regulation requires heating energy providers to implement clean heat services.



A clean heat standard does not require homeowners or businesses to make any particular clean heat choices.

WHAT IS A CLEAN HEAT CREDIT? (AS PRESENTED IN JUNE)

- A Clean Heat Standard is a regulatory program that requires heating energy suppliers to reduce their GHG emissions over time by acquiring clean heat credits
- Regulated companies (suppliers) would include suppliers of heating oil, propane, natural gas, and possibly electricity
- Suppliers would demonstrate emissions reductions through clean heat credits
- Suppliers could implement clean heat themselves or purchase credits from third parties, such as heat pump installers
- Clean heat credits would be generated by implementing clean heat, such as electric heat pumps



EQUITY MECHANISMS PRESENTED IN STAKEHOLDER DISCUSSION DOCUMENT

- Potential mechanisms to benefit
 - Low- and moderate-income (LMI) consumers
 - Renters
 - Communities that suffer from poor air quality
- Mechanisms could
 - Support clean heat projects
 - Provide ongoing support to LMI customers

EQUITY MECHANISMS PRESENTED IN STAKEHOLDER DISCUSSION DOCUMENT

- Three options
 - Require that a specified percentage (such as half) of all credits used for compliance each year deliver equity benefits (“Carve-out” approach)
 - Charge a “just transition fee” to register creditable projects that do not support equitable outcomes, with funds dedicated to support projects that do
 - Dedicate alternative compliance payment (ACP) revenue to addressing equity
 - ACP payments only happen when energy suppliers choose to make a payment instead of holding credits, so ACP revenue is not a stable revenue source
- Options are compatible; more than one could be included



CLARIFICATION QUESTIONS ON EQUITY MECHANISMS

QUESTIONS TO STAKEHOLDERS

Is a carve-out a good approach to ensuring equity, and if so how could the specific requirement be determined?

Should all revenue be used to fund new clean heat or would it be appropriate to provide ongoing support to LMI customers?

How should MassDEP define and identify credits that support equitable outcomes?

THEMES FROM COMMENTS ON EQUITY MECHANISMS

Commenters that discussed equity supported:

Equity Mechanisms

- Equity “carve out” approach (*many*)
- Use of ACP revenue (*many*)
- Just transition fee (*few*)
- Credit multipliers (*few*)

Revenue Uses

- LMI households (*many*)
- Affordable housing (*few*)
- Renewable thermal (*few*)
- Bill assistance (*few*)

Are there other recommended options?

GENERAL QUESTIONS AND COMMENTS ON EQUITY MECHANISMS



MassDEP [CHS web page](#)



Submit comments and questions
to climate.strategies@mass.gov



[Sign up](#) for the CHS email list