

VERMONT · GAS UTILITIES · CAPITAL BRIEFING

One gas utility, 55,000 customers, and a climate law that questions the whole throughput curve.

Vermont Gas Systems is the only natural-gas utility in the state, serving about 55,000 customers in the northwest while the rest of Vermont heats with oil, propane, and wood. It runs a young, roughly 750-mile system anchored by a \$165 million pipeline — even as the Global Warming Solutions Act and a proposed Clean Heat Standard put the long-term demand for gas itself in question. Invizion helps a small LDC like this re-sequence a capital portfolio in a click, and defend every dollar when throughput is the open question.

55,652¹ Natural-gas consumers statewide in 2024 — one utility, one corner of the state.	\$165.6M² Final cost of the 41-mile Addison pipeline — roughly double the original estimate.	~750 mi³ Of distribution main VGS operates across Addison, Chittenden & Franklin counties.	40%⁴ GHG cut below 1990 required by 2030 under Vermont's Global Warming Solutions Act — a direct question mark over gas demand.
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THE VERMONT LANDSCAPE

Four forces are moving a single utility's project list at once

Vermont's gas sector is small, concentrated, and unusually exposed: one utility, one supply point, and a climate law that targets the fuel it sells. Each of these reshapes the capital plan on a different clock.

SAFETY & SYSTEM INTEGRITY

A young system — but the integrity clock still runs

VGS operates roughly 750 miles of distribution main across Addison, Chittenden, and Franklin counties³ Unlike the cast-iron-heavy systems of older Northeast cities, most of it was built from the mid-1960s on, so legacy bare-steel and cast-iron replacement is a small part of Vermont's story.

What doesn't go away is federal distribution integrity management, leak survey, and the methane-leak rules PHMSA enforces on every LDC regardless of size⁵ And the single largest integrity-and-capital event in VGS history was greenfield, not replacement: the 41-mile Addison extension that ultimately cost \$165.6 million²

DECARBONIZATION PRESSURE

A climate law aimed at the product you sell

Vermont's Global Warming Solutions Act writes emission cuts into statute — 40% below 1990 by 2030 and 80% by 2050 — and makes them enforceable, not aspirational⁴ For a fuel-delivery business, that is a question about throughput itself.

The proposed Clean Heat Standard, created by Act 18 of 2023, would put a clean-heat-credit obligation on heating-fuel providers, including gas; the Public Utility Commission delivered its proposed rule in January 2025 and its fate now sits with the Legislature.⁶ For a single small LDC, a declining-demand path turns every long-lived asset into a stranded-asset question.

SUPPLY, PRICE & RELIABILITY

One pipe in, a small market, thin buffers

Vermont's gas enters the state at essentially a single point — the Highgate interconnect with the TransCanada / TC Energy system in Canada — and the state burns only about 12.5 billion cubic feet a year, among the smallest gas markets in the country³⁷

With little in-state storage or supply diversity, winter design-day planning and cost volatility land directly on customers: the residential delivered price averaged about \$17.34 per thousand cubic feet in 2024.⁸

CAPITAL RECOVERY & RATES

Recover the spend without breaking affordability

VGS recovers capital through Public Utility Commission-approved rates, using an annual base-rate filing that trues up cost of service each year — the most recent order issued in August 2025.⁹

Every dollar of main, integrity work, or RNG supply lands on a customer base of about 55,000¹ When throughput is flat or falling, spreading fixed costs over fewer units is the affordability tension that defines the plan.

WHO DELIVERS VERMONT'S GAS

One regulated utility — and, beyond it, no gas at all

Vermont is the rare state with a single natural-gas LDC and no municipal or cooperative gas systems. Outside its three-county footprint, homes heat with fuel oil, propane, and wood.

Investor-owned gas LDC

Rates & capital recovery regulated by the Vermont PUC

Vermont Gas Systems (VGS) ~55,000 customers · Chittenden, Franklin & Addison counties · the only regulated gas LDC in Vermont

VGS — scale & workforce Reports serving 56,000+ homes & businesses across gas and its Clover Energy brand · 140+ employees

Énergir (parent company) Québec-based energy company; VGS is its Vermont natural-gas utility

VGS recovers its capital through PUC-approved rates — and there is no second gas utility to benchmark against anywhere in the state

Municipal & cooperative gas

There are none — and most of Vermont heats without gas

No municipal gas utilities Vermont has zero city- or town-owned natural-gas systems

No gas cooperatives and no customer-owned gas co-ops

Fuel oil & kerosene dealers The dominant home-heating fuel across most of Vermont (unregulated)

Propane (LPG) dealers Serve rural Vermont beyond the gas main (unregulated)

Cordwood & wood pellets A meaningful share of Vermont home heat, especially off the main

Because gas reaches only three counties, VGS's real competition for the home-heating dollar is oil, propane, wood — and, increasingly, electric heat pumps and its own geothermal pilots

One commission, one utility, one climate law

For VGS, the regulator, the rate mechanism, and the decarbonization mandate all run through the same small set of dockets — which makes every capital decision unusually visible.

Vermont Public Utility Commission (PUC) is the sole economic regulator of VGS, setting tariffs and approving cost recovery; VGS holds the only authorization to sell natural gas in the state³

Annual base-rate filings let VGS true up its cost of service each year rather than through episodic rate cases, with the most recent order issued in August 2025⁹

The Global Warming Solutions Act makes Vermont's emission targets enforceable — 40% below 1990 by 2030, 80% by 2050 — a statutory backdrop to every long-lived gas asset⁴

The Clean Heat Standard (Act 18 of 2023) would obligate heating-fuel providers to earn clean-heat credits; the PUC filed its proposed rule in January 2025 and implementation now rests with the Legislature.⁶

Political headwinds: after the 2024 elections, legislative leaders signaled openness to changing or shelving parts of the climate program — leaving the demand outlook genuinely uncertain for long-horizon capital planning.¹¹

Where the capital — and the hedges — are coming from

With little federal LDC-specific grant money in play, VGS funds both its pipe and its decarbonization bets largely through rates — while piloting the low-carbon products that could define its future revenue.

Renewable natural gas (RNG): VGS sources RNG from in-state digesters such as Goodrich Farm in Addison County and sells it at a premium (blended RNG about \$1.78 per hundred cubic feet), letting a full-participation household cut up to ~4.9 metric tons of CO₂ a year.¹²

Networked / community geothermal: with Champlain Housing Trust and Evernorth, VGS is building a community geothermal system at the 44-home Riggs Meadows development in Hinesburg (geothermal serving 36 units) — construction in 2026, residents in 2027 — a pilot for a pipe business that could sell heat, not gas¹³

Rate-based capital recovery is the primary funding path: main, integrity work, and supply all flow through PUC-approved rates and the annual base-rate mechanism.⁹

Federal safety compliance, not grants: unlike the electric grid, there is little dedicated federal money for a small gas LDC — PHMSA integrity and leak requirements are obligations to fund, not offsets⁵

VERMONT GAS, IN BRIEF

Questions Vermont gas leaders are asking

Short, sourced answers — the same facts we dig into with utilities looking at their capital programs.

How many natural gas customers does Vermont have?

About 55,000 — 55,652 gas consumers in 2024, essentially all of them served by Vermont Gas Systems in Chittenden, Franklin, and Addison counties³³

Who is Vermont's natural gas utility?

Vermont Gas Systems (VGS) is the only regulated natural-gas utility in the state; it operates about 750 miles of main and reports serving more than 56,000 homes and businesses across its gas and Clover Energy brands³¹⁰

What happened with the Addison pipeline?

VGS's 41-mile Addison Natural Gas Project ultimately cost about \$165.6 million — roughly double the original estimate after repeated overruns — the largest single capital event in the utility's history²

Does Vermont's climate law threaten gas demand?

Structurally, yes. The Global Warming Solutions Act sets enforceable cuts (40% below 1990 by 2030), and the proposed Clean Heat Standard would obligate heating-fuel providers — both point toward less fossil gas over time⁴⁶

How does VGS plan to stay relevant as gas declines?

It is leaning into renewable natural gas from Vermont digesters and piloting networked geothermal — positioning to sell low-carbon energy, and even heat, rather than only fossil gas.¹²¹³

How does Invizion help Vermont gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization built for utilities. For an LDC facing an uncertain demand curve, it lets you model how a Clean Heat Standard, an RNG or geothermal investment, or a flat-throughput year reshuffles the whole project list, re-sequence the portfolio in a click, and keep a defensible record of every trade-off for the PUC.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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3. Vermont Public Utility Commission — Natural Gas (VGS the sole gas utility; >55,000 customers across Addison, Chittenden & Franklin counties; ~750 miles of main; supply via the Highgate/TransCanada interconnect). puc.vermont.gov
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ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

Explore Invizion →