



Senate Bill 528

Climate Solutions Now Act of 2022

Senate Education, Health, and Environmental Affairs Committee

February 15, 2022

Position: FAVORABLE, with amendments

Proposed Amendments

1. Exemption for new building water and space heating demand that allows for district energy hook-up.
2. Inclusion of a representative from the district energy industry on the Building Energy Transition Implementation Task Force.

Vicinity Energy is supportive of SB 528 as it further aligns the state with our own greenhouse gas (GHG) reduction goals. However, we believe the requirement that new buildings meet all water and space heating demand without the use of fossil fuels could have the unintended consequence of prohibiting new buildings from connecting to our district energy network. This unintended consequence would be detrimental to Vicinity's growth in Baltimore as we support a large and growing medical research and life science sector for which steam is essential for both reliability and sterilization. Because of the significant role district energy plays in the future of building decarbonization, we would also recommend adding a representative from the district energy industry to the Building Energy Transition Implementation Task Force.

As explained herein, Vicinity's district energy system is critical to helping the state achieve its GHG reduction goals. While our customer base consists of the vital institutions with mission-critical energy requirements, the environmental benefits extend to all corners of Baltimore, including the environmental justice neighborhoods that are disproportionately affected by fossil fuel pollution. Renewable fuels and electrification play a key role in decarbonization; however, by not providing an exemption for new buildings connecting to the district energy system, this legislation would potentially take an important decarbonization tool out of the state's toolbox.

Vicinity Energy is fully committed to decarbonization and achieving net zero carbon emissions from its operations by 2050. You can read more about Vicinity's path to net

zero on our website (www.vicinityenergy.us/clean-energy-future). In many ways, district energy can be the “easy button” allowing decarbonization across Baltimore City by addressing electrification and renewable energy to be applied at a central location while impacting numerous buildings. For example, Vicinity Energy recently purchased carbon free electricity to produce chilled water.

Vicinity Energy Company Profile

With 19 district energy systems in 12 major cities, Vicinity Energy is the largest provider of district energy solutions in North America. Vicinity produces and distributes steam, hot water, and chilled water directly through its vast underground network, eliminating the need for boiler and chiller plants in individual buildings, improving overall efficiency, lowering carbon footprints, and increasing reliability. In 2020, Vicinity launched a Clean Energy Future roadmap and is committed to reaching net zero carbon emissions across all operations by 2050.

Vicinity Energy in Baltimore

In downtown Baltimore, Vicinity Energy serves over 80 million square feet of commercial space, including Hospitals (UMMC and Mercy), the University of Maryland Baltimore campus, City, State and Federal office buildings, the Housing Authority, Ravens Stadium and Oriole Park at Camden Yards, the Baltimore Convention Center, and numerous hotels, office, retail, and residential buildings. Baltimore’s most vital infrastructure benefits from our 99.99% reliability and enhanced resiliency to natural disasters. And our steam, which is more carbon-efficient than onsite fossil fuel burning boilers, will continue to attract more medical research and life science sector jobs for which high pressure steam is essential.

Through a network of over 28 miles of underground pipes, Vicinity distributes reliable steam, hot water, and chilled water to over 245 customers in the central district and Harbor East while lowering the city’s GHG emissions by nearly 30,000 tons annually compared to conventional means of heating and cooling buildings. This is the equivalent of removing almost 11,000 cars from the roads every year. District energy is an innovative and resilient energy solution that involves the production of thermal energy at a central plant, eliminating the need to install or manage onsite boilers and chillers. District energy also offers our customers a green energy alternative. Over 50% of the steam distributed throughout the Baltimore system is already derived from renewable energy, and Vicinity is on track to achieve net zero carbon emissions by 2050. Including district energy in a solution for new construction will have the added benefit of easily

reducing GHG emissions for all buildings connected to our district energy system as Vicinity's climate goals are met.

Vicinity also supplies many buildings in the downtown Baltimore business corridor with reliable central chilled water services – offering a cost-effective alternative to replacing, operating, and maintaining in-house cooling equipment. As one of the largest ice thermal storage systems in the U.S., Vicinity's innovate system uses ice to augment electrical chilling capacity during the day. By reducing electricity during peak demand, Vicinity takes pressure of the electrical grid when power usage is at its highest.

In addition to reducing Baltimore's carbon footprint, with district energy, individual buildings do not require onsite boilers or chillers – freeing up space for building amenities and eliminating the risk of onsite combustion. Our interconnected central energy facilities have built in redundancy, back-up generation and multiple water and fuel sources.

Conclusion

In closing, Vicinity thanks the committee for holding this hearing and demonstrating leadership in reducing statewide GHG emissions. We share your commitment to adopting sensible solutions to address climate change and achieve net zero carbon emissions. With the inclusion of an exception for new buildings that connect to a district energy system and the addition of a representative from the district energy industry to the Building Energy Transition Implementation Task Force, Vicinity supports SB 528.

Sincerely,



Mathew Ware

Vice President, Operations