



Senate Bill 528

Climate Solutions Now Act of 2022

House Environment and Transportation Committee

March 24, 2022

Position: FAVORABLE, with amendment

Vicinity Energy (Vicinity) supports SB 528 as it further aligns the state with our own greenhouse gas (GHG) reduction goals. Vicinity also appreciates the inclusion of language directing the Department of the Environment to include special provisions or exceptions to account for the use of district energy by covered buildings as the Department develops the state's Building Energy Performance Standards, as well as the inclusion of a representative from the district energy industry to the Building Energy Transition Implementation Task Force. As amended in the Senate, The Climate Solutions Now Act of 2022 acknowledges the important role district energy will play in the future of building decarbonization.

Vicinity recommends amending SB 528 to include the following definition for district energy:

“DISTRICT ENERGY” MEANS THERMAL ENERGY GENERATED AT A CENTRALLY LOCATED FACILITY OR FACILITIES THAT USE UNDERGROUND PIPES TO DISTRIBUTE HEAT, HOT WATER, OR CHILLED WATER TO CUSTOMERS.

By defining district energy in SB 528, the legislature would ensure that all the state's district energy systems receive the same consideration as the Department develops the Building Energy Performance Standards.

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. Renewables and electrification play an important 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 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 don’t 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. Vicinity encourages the favorable adoption of an amendment to define district energy.

Sincerely,

Jeannie Morris

Director, Government Affairs