



August 20, 2021

*Emailed to DOER.APS@mass.gov*

Samantha Meserve  
Deputy Director, Renewable and Alternative Energy Division  
Massachusetts Department of Energy Resources  
100 Cambridge St., Suite 1020  
Boston, MA 02114

Re: 2021 Vicinity Energy APS Straw Proposal Comments

Dear Ms. Meserve:

Vicinity Energy Inc. ("Vicinity") hereby submits these comments pursuant to the notice for comments by the Department of Energy Resources ("DOER") concerning the 2021 Alternative Energy Portfolio Standard ("APS") Straw Proposal. We would like to thank you for this opportunity to provide our feedback on your proposed changes to the APS program and appreciate your consideration.

**Background on Vicinity**

Vicinity Energy owns and operates the district energy system, serving the urban cores of Boston and Cambridge. Through miles of underground pipes, we provide steam to over 65 million square feet of existing commercial and institutional building stock. This energy is used for heating, cooling and sterilization, an essential service to our mission critical customers like Massachusetts General Hospital, Boston Medical Center, Tufts Medical Center, Novartis and many others.

In addition to the incredibly valuable assets under the ground, Vicinity Energy also owns the Kendall Green Energy cogeneration facility ("Kendall") located in Cambridge, Massachusetts. This efficient 200 MW combined heat and power ("CHP") generation facility simultaneously produces electricity and steam; the electricity is currently supplied to the electric grid and the thermal energy or steam waste heat is distributed to our end use district energy customers.



Vicinity Energy is committed to net zero carbon emissions by 2050 or sooner. Our goal to decarbonize our urban city centers through the introduction of new technologies (e.g., renewable electricity steam boilers, industrial scale heat pumps, biogenic fuels, etc.) is aligned with the commitments of the Baker administration, the Commonwealth of Massachusetts, and the Cities of Boston and Cambridge. Our assets are a critical tool towards meeting our mutual sustainability objectives. Every investment we make at our central facilities will immediately impact millions of square feet of space, further greening our community without costly building-by-building retrofits.

### **Introduction**

The genesis of the APS program was the Green Communities Act (2008), which was intended to promote alternative energy technologies, facilitate a transformation in the way Massachusetts customers use energy, and encourage diversity of resources, flexibility, resiliency, and reliability. Vicinity Energy has participated in the program since its inception in 2014 and has utilized the funds generated through the program to make important investments, improving efficiency and greening our operations. These investments were in excess of **\$100 million** and have included the following **major environmental projects**, among others:

- **A second pipeline (>7,000 feet)** connecting the Kendall facility with our Boston district system, providing access to our cogenerated, low carbon steam to customers downtown; this pipeline captured waste heat historically discharged to the Charles River; and
- The **reconfiguration of Kendall Station**, which retired condensing steam turbines and **completely eliminated waste heat discharge to the Charles River** further reducing our carbon footprint and improving the health of the Charles.

**The projects noted above were ranked as the most important environmental projects by Region 1 Federal EPA at the time.**

We believe strongly that the APS program has been the most effective enabler for us to improve our infrastructure for the benefit of the Commonwealth. Numerous environmental justice communities are within Vicinity's footprint, and they benefit from our low cost, reliable, and clean energy supply.



### **Straw Proposal Comment**

We applaud you in your efforts to reform the APS program and are supportive of many of your proposed changes. We recognize the immense pressure all our regulators and policy makers are under to address our climate challenges while also continuing to promote investment and satisfy many constituents.

On the positive, we support your desire to align the APS program with the Renewable Portfolio Standard. We believe this is an important step in achieving greater coordination between the programs.

We also support the increase in the minimum standard in 2021, along with the annual increases thereafter, as well as the alternative compliance penalty adjustment to \$40/MWh. We believe these two changes will have a positive impact on the overall program, increasing overall demand for the credits and maintaining an adequate market value for them into the future.

**Vicinity urges DOER to consider including additional technologies into the program to further promote the investment in district energy as an important large-scale tool towards decarbonization.** Since the original objective of the APS program was to promote alternative energy technologies and diversity of resources, flexibility, resiliency, and reliability, we believe there are opportunities to enhance the program to make it even more effective in achieving this mission.

- The APS should continue to incent CHP systems but also **further incentivize conversion to carbon-free fuels**, such as renewable natural gas, biogenic fuels, and hydrogen. The DOER should encourage the transition to these fuels by awarding CHP systems that **make these conversions eligible for the full market value of APS credits**.
- The APS should **incent new district energy technologies** that further decarbonization, including district energy electrification, hydronic conversion (steam to hot water), and thermal storage (salt and/or thermal oil). Similarly, we recommend that transition to these new technologies be eligible for the full market value of the credits.

Increased participation in the program for these technologies will accelerate investment by owners of district energy systems throughout the Commonwealth.

**Any deployment of new carbon reduction technologies in our district energy system can be done at scale and immediately benefit the 65,000,000 square feet (and growing) of existing building stock that we serve. This is a fundamental benefit and historically demonstrated capability of district energy.**



## **Conclusion**

Historically, the APS Program has been an amazing policy success that increased the penetration and diversity of alternative energy technologies and achieved demonstrable emissions reductions and lower energy costs for customers in the Commonwealth. The Straw Proposal addresses many of the market imbalances that have been a challenge to participants recently.

We appreciate your careful consideration of our comments and recommendations for additional regulatory reform. Vicinity shares your commitment to a successful and sustainable APS program that successfully achieves the objectives of the Commonwealth. We look forward to working with you as you complete the regulatory process.

Sincerely,



Bill DiCroce  
Chief Executive Officer