Pennsylvania Public Utility Commission Commonwealth
Keystone Building 400 North Street
Harrisburg, Pennsylvania 17120

December 2, 2025

***Submitted Electronically***

Re: *Tentative Order* Concerning Interconnection and Tariffs for Large Load Customers, Docket No. M-2025-3054271

Dear Commissioners,

Vicinity Energy Inc., on behalf of itself and its subsidiaries including Grays Ferry Cogeneration Partnership and Vicinity Energy Philadelphia, Inc. (collectively "Vicinity" or the "Company"), respectfully submits these Comments in response to the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Tentative Order issued on November 6, 2025, addressing the regulatory treatment of large utility loads. As both a district energy provider actively advancing the electrification of thermal energy production in the Commonwealth, and a generator of electricity subject to the Federal Energy Regulatory Commission and PJM, Vicinity is grateful for the Commission's proactive engagement on these issues. The Tentative Order reflects a thoughtful recognition of the evolving demands on Pennsylvania's energy infrastructure, and Vicinity appreciates the opportunity to contribute its perspective as the Commission works to establish clear, durable guidance that supports system reliability, enables responsible load growth, and facilitates the Commonwealth's broader decarbonization goals.

**INTRODUCTION**

Vicinity submits these Comments because, although the Company's planned electrification investments in Philadelphia may conceptually meet the Large Load Customer thresholds defined in the Tentative Order, the operational nature of electrified

thermal energy generation assets interconnected with a regulated district energy system is fundamentally different from the large, inflexible, non-curtailable loads the Commission seeks to regulate under the Model Tariff. Vicinity's electrification will rely on a combination of a large industrial-scale heat pump and smaller electric boilers (eBoilers) that are engineered to operate flexibly, intermittently, and on an interruptible basis. These assets will be supported at all times by alternative thermal generation, including combined heat and power ("CHP"), rapid-start boilers, and biogenic fuels.

For these reasons, Vicinity respectfully requests that the Commission exempt electrified thermal energy generation assets interconnected with a regulated district energy system from the Model Large Load Customer Tariff or, in the alternative, recognize them as a separate class of flexible, interruptible electrified thermal loads that do not present the reliability concerns the Tentative Order seeks to address.

**BACKGROUND ON VICINITY ENERGY**

Vicinity Energy owns and operates the largest portfolio of district energy systems in the United States, serving major urban centers across 12 cities. Vicinity provides reliable thermal energy in the forms of steam, hot water, and chilled water to hospitals, universities, laboratories, government facilities, life-science campuses, and commercial buildings that require 24/7 stability, redundancy, and safety.

The Company is committed to modernizing and decarbonizing its systems through electrification, next-generation thermal energy technologies, and zero-carbon fuels. These strategies allow entire urban districts to economically decarbonize heating and cooling without the need for costly building-level retrofits or massive new electric distribution investments.

District energy systems are uniquely situated to serve as platforms for rapid, large-scale decarbonization, because they centralize thermal production at a single facility that can be upgraded at scale, rather than forcing every building served to electrify independently and the concomitant electrical infrastructure upgrades (e.g. new substations). This centralized

model also allows Vicinity to operate with a level of operational flexibility and grid awareness not possible with distributed customer-owned building-level electrified heating systems.

**VICINITY ENERGY'S PHILADELPHIA OPERATIONS**

Vicinity owns and operates (a) the Grays Ferry Cogeneration Facility in South Philadelphia, the largest baseload CHP plant in the Commonwealth, and (b) Vicinity Energy Philadelphia, Inc., a Commission regulated steam generation and distribution company that distributes thermal energy through more than 41 miles of underground piping to over 100 million square feet of buildings in Center City and West Philadelphia. This network supplies thermal energy to mission critical facilities that depend on highly reliable thermal service for patient care, research integrity, and compliance with critical safety standards. Located in a constrained section of the PJM MAAC region, Grays Ferry also strengthens local electric reliability by providing dispatchable generation during system stress events, supporting voltage stability, and reducing the need for additional grid reinforcements. In addition, Vicinity has incorporated locally produced biogenic fuels from waste cooking oils into its fuel mix, lowering lifecycle emissions and creating a circular, community-based decarbonization pathway.

**VICINITY'S ELECTRIFICATION PLAN**

Vicinity is advancing a major electrification initiative in Philadelphia that will deploy industrial-scale heat pumps drawing thermal energy from the Schuylkill River, multiple smaller electric boilers operated as flexible thermal production assets, thermal energy storage that shifts consumption to off-peak hours, and continued CHP and biogenic-fuel capability to ensure 24/7 reliability. Once fully implemented, this suite of technologies will provide economical decarbonized thermal service to more than 100 million square feet of commercial space without requiring customer-side retrofits or new electric service lines. Although the combined assets may arguably meet the Tentative Order's individual or aggregate MW thresholds, their operational characteristics differ entirely from the large

inflexible loads the Commission intends to regulate. Electric boilers can be curtailed instantaneously, heat pumps can modulate or cycle off during peak periods, CHP and biogenic-fuel systems maintain uninterrupted thermal service when electric units ramp down, thermal storage shifts consumption away from coincident peaks, and steam demand is lowest during high-temperature summer periods when electricity demands are highest. Together, these features create an electrified system that is inherently flexible, interruptible, and supportive of grid reliability, not a firm, non-curtailable, 24/7 load.

**VICINITY DOES NOT MEET THE INTENDED DEFINITION OF A "LARGE LOAD CUSTOMER"**

The Tentative Order defines a Large Load Customer not only by its size, but by whether it "poses a reliability risk to the grid due to its size and operational characteristics." This two-part definition is central to Vicinity's position. To qualify, a customer must both (1) meet the MW threshold and (2) present operational characteristics that threaten system reliability. Vicinity's electrified thermal production meets the first prong but clearly fails the second. The Model Tariff itself is built on precedent orders developed specifically in response to data center growth in other PJM states such as Ohio, Indiana, West Virginia, and Illinois. These precedent orders are designed to address grid reliability issues associated with data centers, issues that do not arise with electrified thermal energy generation assets interconnected with district energy systems. Data centers are inflexible, non-interruptible, operate continuously near maximum load, and require new distribution infrastructure, none of which describes Vicinity's highly flexible, interruptible, and grid-supportive operations.

The Tentative Order also emphasizes that MW alone cannot dictate applicability and that operational characteristics must be evaluated. Vicinity's combination of interruptible technology, the fact that our load does not occur during PJM's system peak, alternative generation, and the absence of distribution impacts places it outside the tariff's intended scope.

Finally, because the Commission acknowledges that even sub-50 MW customers may warrant special treatment if they create significant reliability concerns, the inverse should logically follow that customers above the threshold whose operations do not pose material grid risks should likewise not be subject to the Model Tariff.

**ELECTRIFIED THERMAL ENERGY GENERATION IMPROVES GRID RELIABILITY**

Electrified thermal energy generation assets interconnected with a regulated district energy system enhance grid reliability rather than threatening it. Because the Philadelphia district energy system is interconnected at high voltage via the Grays Ferry CHP, Vicinity's electrification does not require new feeders, substations, or distribution-level upgrades, avoiding the infrastructure pressures the Model Tariff seeks to address. Moreover, Vicinity's peak electric load would not coincide with PJM's summer peaks, as steam demand falls sharply during high-temperature conditions, meaning electric boilers and the industrial scale heat pump will not operate at maximum output during the system's most constrained hours. During periods of grid stress, Vicinity can fully curtail electric boilers and heat pumps while maintaining uninterrupted thermal service through existing CHP, rapid-start boilers, and biogenic-fuel assets thereby meeting the definition of an interruptible load. In addition, Grays Ferry's CHP unit provides dispatchable capacity, voltage support, and emergency response in a constrained PJM zone, demonstrating that Vicinity's operations mitigate, rather than create, reliability risk.

It is also worth noting that electrifying thermal generation assets interconnected with a district energy system would help PJM and the local electric distribution company avoid the reliability impacts that would result if the same commercial buildings were to electrify individually. Building-by-building heating system electrification would introduce numerous inflexible loads on the grid and further exacerbate the challenges the Commission seeks to address with the Model Tariff, whereas electrifying these assets at the district energy level requires less electrical capacity overall while providing the operational flexibility highlighted throughout these comments.

**APPLYING THE MODEL TARIFF TO VICINITY WOULD UNDERMINE THE ORDER'S INTENT**

Applying the Model Tariff to Vicinity would run counter to the Tentative Order's own criteria and intent, because Vicinity does not present the operational or reliability risks the Commission seeks to manage. Treating a flexible, highly interruptible thermal load as if it were a firm, high-risk data-center load would fundamentally misclassify the resource and undermine one of the Commonwealth's most immediate and economical decarbonization pathways. It would also contradict the Order's stated principle that tariff applicability should be tied to demonstrable reliability risk, not merely size. Imposing a tariff designed for data centers onto a completely different customer profile would create inappropriate cost and operational burdens and would ultimately disincentivize district-scale electrification that lowers overall system load and avoids costly new distribution upgrades.

**RECOMMENDATION**

Vicinity respectfully requests that the Commission explicitly exempt electrified thermal energy generation assets and systems from the Model Large Load Customer Tariff, recognizing their unique operational characteristics and public benefits. These systems differ fundamentally from data centers and other large industrial loads because they are interruptible, our load does not occur during PJM's seasonal system peak, and they have the ability to incorporate thermal storage that enables significant load shifting. In addition, CHP, rapid-start boilers, and biogenic-fuel backup capabilities provide on-site resilience and grid support, while the centralized nature of district energy eliminates localized distribution-system impacts. Establishing such an exemption would better align the Commonwealth's reliability and cost-causation principles with its broader decarbonization and electrification goals.

Vicinity requests the Commission add the following language to the Final Model Tariff:

> ***Electrified Thermal Energy Generation Assets Interconnected with a Regulated District Energy System***

***Electrified thermal energy generation assets interconnected with a Commission-regulated district energy system shall be exempt from classification as a Large Load Customer when their operational characteristics do not pose a material reliability risk.***

**CONCLUSION**

Vicinity appreciates the Commission's leadership in addressing the challenges posed by rapidly evolving electric load profiles in the Commonwealth. District energy electrification represents a powerful opportunity to decarbonize Philadelphia's built environment while simultaneously supporting grid reliability, reducing peak demand, and avoiding new electric infrastructure costs.

Because Vicinity's electrification investments do not pose reliability risks identified by the Commission as the basis for the Model Tariff, Vicinity respectfully requests that the Commission adopt the exemption or classification described above.

Vicinity thanks the Commission for its consideration and stands ready to continue working collaboratively as Pennsylvania navigates this critical transition.

Respectfully,

Matthew O'Malley
Chief Sustainability Officer
Vicinity Energy