

Pennsylvania Public Utility Commission Renders Decision Regarding Vicinity Energy and PGW Rate Dispute

Pennsylvania PUC requires PGW to conduct a full rate case to determine Vicinity's rates to ensure fair and legal pricing for gas transportation, providing customers with an affordable path forward to achieve sustainability goals with district energy

PHILADELPHIA, April 24, 2023 - [Vicinity Energy](#), a national decarbonization leader with an extensive portfolio of district energy systems across the United States, announces today that the Pennsylvania Public Utility Commission (PUC) has made its decision regarding Philadelphia Gas Works' (PGW) efforts to increase to Vicinity's gas transportation rates. The decision requires PGW to conduct a full rate case to determine the appropriate rates and will ensure fair and legal pricing for gas transportation. This decision will allow Vicinity customers an affordable and sustainable path forward to achieve net zero emissions goals with district energy.

In February 2021, PGW provided Vicinity with proposed new rates that drastically increased Vicinity's gas transportation costs by up to 1,000% and presented a radical change in contract terms. Read the October 2021 [formal complaint](#) filed by Vicinity with the Pennsylvania PUC, contesting the cost increase and unacceptable contract terms. PGW also falsely claimed that Vicinity was receiving a subsidized rate, which the PUC states directly contradicts PGW's position in every prior PGW base rate proceeding.

As a long-standing community member, Vicinity remains committed to Philadelphia. Vicinity will continue delivering affordable, sustainable energy solutions to decarbonize the City, its customers, and neighborhoods where its employees and families live and work. Vicinity is leading the energy transition with its electrification plans and will continue to pursue alternatives to PGW's gas transportation service.

"Philadelphia deserves a clean, fossil-free future," states Bill DiCroce, president and CEO of Vicinity Energy. "We are grateful to the Pennsylvania PUC commissioners and staff for their thorough and thoughtful deliberation and are pleased with the decision. While the decision does not fully conclude our dispute with PGW, the PUC's direction and observations regarding PGW's deviation from its prior practices support our commitment to obtaining fair and legal pricing for the gas transportation services provided by PGW. We continue to make our customers our top priority and will continue to offer a decarbonized path forward to meet their sustainability goals."

PGW is responsible for contributing 4.6 million tons of carbon equivalent emissions to the region's carbon budget and has admitted that its antiquated low-pressure distribution system leaks 1 million tons of carbon dioxide annually. PGW conducted a [diversification study](#) launched by Philadelphia's Office of Sustainability, and the City has publicly stated that it can only reach



its decarbonization targets by reducing the carbon emissions from thermal energy. As a fossil fuel-supplying entity, PGW's future is uncertain.

In Philadelphia, Vicinity's district energy steam system avoids over 300,000 tons of CO₂ emissions annually compared to individual onsite gas boilers. Vicinity's combined heat and power (CHP) technology, also known as cogeneration, at its Grays Ferry facility in South Philadelphia is 20% more efficient than even the most advanced combined-cycle gas turbine power plants. Vicinity's steam is a low-carbon, clean option for customers to lower their carbon footprint today. Vicinity's path to decarbonizing its operations using renewable energy sources to power electric boilers, industrial-scale heat pumps, and thermal storage is underway. In 2022, Vicinity launched its renewable carbon-free [eSteam™](#) product to meet the needs of customers and cities to achieve sustainability goals.

About Vicinity Energy

Vicinity Energy is a clean energy company that owns and operates an extensive portfolio of district energy systems across the United States. Vicinity produces and distributes reliable, clean steam, hot water, and chilled water to over 230 million square feet of building space nationwide. Vicinity continuously invests in its infrastructure and the latest technologies to accelerate the decarbonization of commercial and institutional buildings in city centers. Vicinity is committed to achieving net zero carbon across its portfolio by 2050. To learn more, visit www.vicinityenergy.us or follow us on [LinkedIn](#), [Twitter](#), [Instagram](#), or [Facebook](#).

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