



To: House Committee on Environment and Energy
From: Dylan Giambatista, Director of Public Affairs
Date: April 12, 2024
Subject: Proposed thermal energy network amendment to S.305

We appreciate the opportunity to share feedback on the proposed thermal energy networks amendment to S.305. VGS is actively exploring implementation of geothermal systems and thermal energy networks and recognizes the important role these systems play in scaling Vermont's strategy to reduce greenhouse gas emissions in the thermal sector.

The [proposed amendment](#) would give the Public Utility Commission (PUC) jurisdiction over network geothermal projects, providing authority to review such projects under Section 248 and regulate rates for service. If enacted, we believe the language would provide a statutory basis for VGS to develop community-scale geothermal projects, subject to PUC review and approval. We viewed the April 9, 2024 testimony in which a representative of the PUC recommended that the proposal be reworked into a study. We are comfortable with this approach and understand how consideration of regulatory pathways for thermal networks might be an appropriate first step.

If a study is preferred, we recommend that the Committee incorporate language to clarify the inquiry does not prevent entities already regulated by the PUC from pursuing thermal energy network pilot projects prior to completion of the study and pending adoption of rules to implement its recommendations. Multiple parties are exploring geothermal and thermal network solutions. At VGS, we have seen increasing interest and are in dialogue with developers seeking non-gas thermal options. Existing regulation under our approved Alternative Regulation Plan allows VGS to propose investments using our Climate Action & Innovation Budget, which we have used to investigate, develop, and bring to market decarbonized products and services. While we do not believe the study would impair our ability to continue this exploration, adding language would clarify intent and provide assurance.

To summarize, VGS is supportive of the proposal. Creating a statutory structure that provides for innovation, allows flexibility, and enables utility-scale projects is key. If adopted, we believe the study and eventual framework will help support development of thermal network systems, and we are eager to do our part to support their implementation.

The second page of this testimony provides context on VGS's efforts to explore and develop geothermal and thermal networks in our region. As always, we welcome feedback as we participate in efforts to reduce greenhouse gas emissions in the thermal sector.



Examples of recent efforts VGS has undertaken to support geothermal and thermal energy networks:

- Built an internal taskforce, engaging all areas of the organization as we look to develop a scalable geothermal service to serve communities.
- Co-founded the national Utility Networked Geothermal Collaborative – convening 23 gas utilities from across the country to collaborate and further the goal of including utility thermal energy networks in all our portfolios of services.
- Used funds from our Climate Action and Innovation Budget to conduct feasibility studies for community geothermal project opportunities.
- Proposed a geothermal pilot project at Rutland Regional Medical Center.
- Engaged with efficiency utilities on multiple new construction project opportunities to financially support large-scale utility community geothermal feasibility studies.
- Organized a national group, including National Renewable Energy Laboratory, GTI (Gas Technology Institute), LN Consulting, and Frontier Energy, and was one of 11 projects nationwide that was awarded funding available through the U.S. Department of Energy (DOE), which is being utilized to move utility thermal energy networks forward. This DOE grant funding is currently being used to perform feasibility testing, system design, and community and workforce engagement around the Hinesburg Windy Ridge low-income multi-family development. The development is a collaboration between Champlain Housing Trust, Evernorth Development, Habitat for Humanity, and Sterling Homes. A focus of the group is implementation of community geothermal and we're working to develop a business model to enable low-income Vermonters to access community geothermal.
- Collaborated to develop the Energy Action Network (EAN) geothermal pitch in 2022, leading to formation of a Network Action Team. Meeting monthly with EAN group members from Vermont Community Thermal Networks, Efficiency Vermont, VEIC, Central Vermont Regional Planning Commission, Vermont Economic Development Authority, and the Vermont Municipal Bond Bank to advance community geothermal and individual, community-led thermal energy networks.
- Presented on Thermal Energy Networks at the annual Renewable Energy Vermont (REV) conference.
- Presented geothermal concepts to American Institute of Architects Vermont (AIA VT) membership.
- Presented *Gas Utilities and Geothermal: The Opportunities and the Challenges* at the annual International Ground Source Heat Pump Conference.
- Several VGS staff completed the Certified Geothermal Designer course provided by the International Ground Source Heat Pump Association (IGSHPA).
- Sponsored a 2-day course provided by IGSHPA on geothermal project process for our VGS construction team of 15 employees.
- Through the Utility Networked Geothermal Collaborative, organized a walking tour of Eversource and National Grid community geothermal projects in Framingham and Lowell, Massachusetts. Several VGS employees took part.