

The POWER Act Explained

The Promoting Offshore Wind Energy Resources (POWER) Act will bring good jobs to Maryland, lower energy costs, and reduce our pollution. The four pillars of the POWER act are:



Setting an Offshore Wind Goal



Growing Good Jobs



Facilitating Transmission



Building More Offshore Wind

This guide will go through these pillars one by one, providing context and explaining exactly what the POWER Act does. This guide also includes a full description of the costs and benefits of these programs at the end.

Setting an Offshore Wind Goal

22 7-704.1.

23 (a) (1) The General Assembly finds and declares that:

24 (I) THE STATE HAS A GOAL OF REACHING 8,500
25 MEGAWATTS OF OFFSHORE WIND ENERGY CAPACITY BY 2031, INCLUDING ROUND 1
26 OFFSHORE WIND PROJECTS, ROUND 2 OFFSHORE WIND PROJECTS, AND ANY OTHER
27 PROCUREMENT EFFORTS;

28 (II) THE GENERAL ASSEMBLY ANTICIPATES THE ISSUANCE OF
29 SUFFICIENT WIND ENERGY LEASES IN THE CENTRAL ATLANTIC REGION TO SATISFY

30 THE GOAL STATED IN ITEM (I) OF THIS PARAGRAPH;

31 [(i)] (III) the development of offshore wind energy is important to
32 the economic well-being of the State and the nation; [and]

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1 (IV) OFFSHORE WIND CAN PROVIDE CLEAN ENERGY AT THE
2 SCALE NEEDED TO HELP ACHIEVE THE STATE'S ECONOMY-WIDE NET-ZERO
3 GREENHOUSE GAS EMISSIONS REDUCTION TARGETS ESTABLISHED IN CHAPTER 38
4 OF THE ACTS OF THE GENERAL ASSEMBLY OF 2022; AND

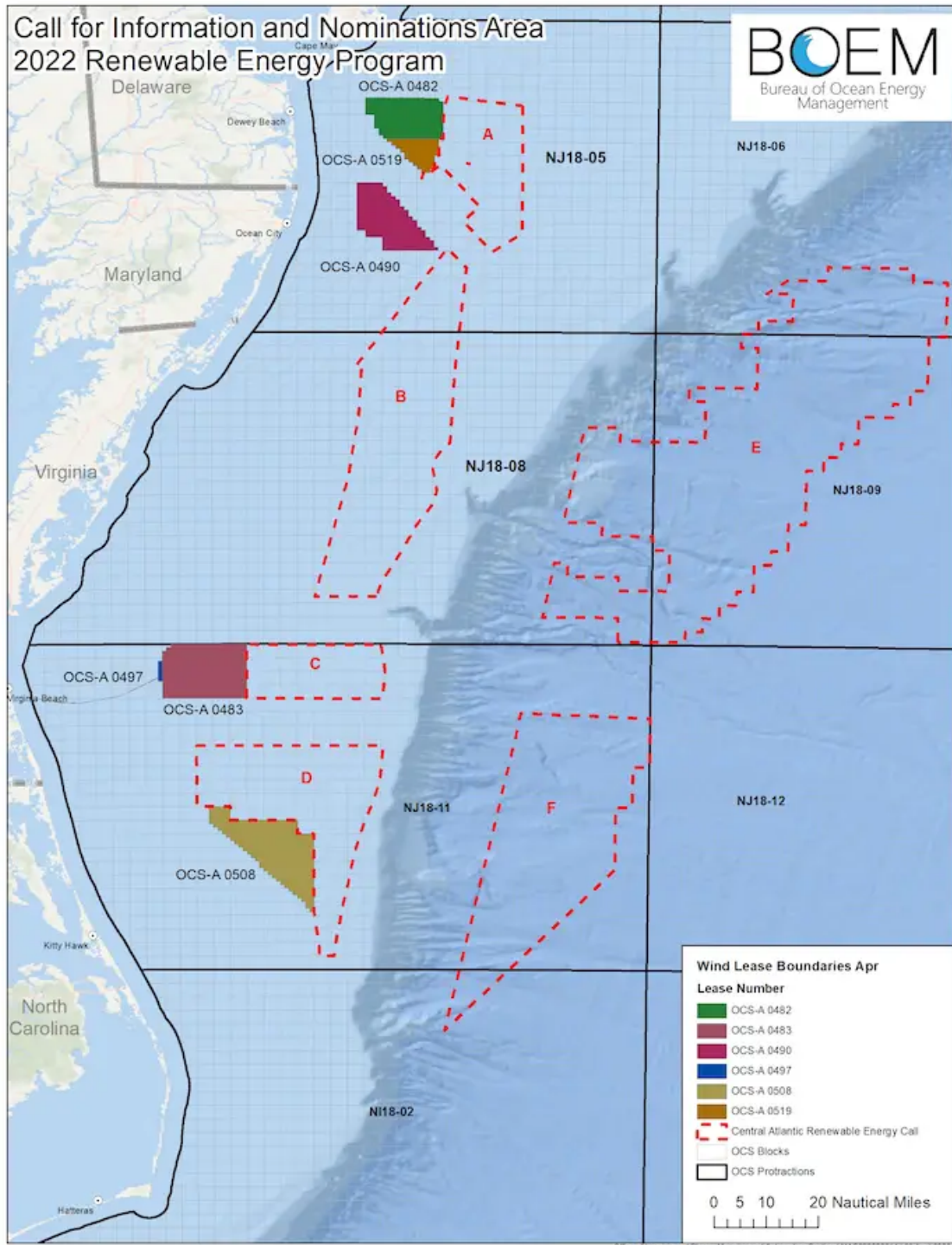
(Pages 2-3)

Context:

This text sets a goal for how much energy the state hopes to get from offshore wind. This section is separate and distinct from the section that builds more offshore wind. There is no implementation or enforcement mechanism for this 8.5 gigawatt goal, unlike the later section of the POWER Act that procures roughly 1 gigawatt of offshore wind.

Passing this goal in 2023 is important because the Federal Bureau of Ocean Energy Management (BOEM) is currently in the process of issuing a new round of offshore wind lease areas in the Central Atlantic. If BOEM sees that Maryland does not intend to build more wind energy, then they will be unlikely to grant large lease areas in our region. By this time next year this leasing process will be finished. The federal government has no plans to designate further lease areas in the Central Atlantic meaning that the upper limit of how much offshore wind Maryland will ever be able to build will be set this year. It is critical that the state clearly communicates in legislation its intention to build 8.5 gigawatts offshore wind energy in order to be granted sufficient lease areas.

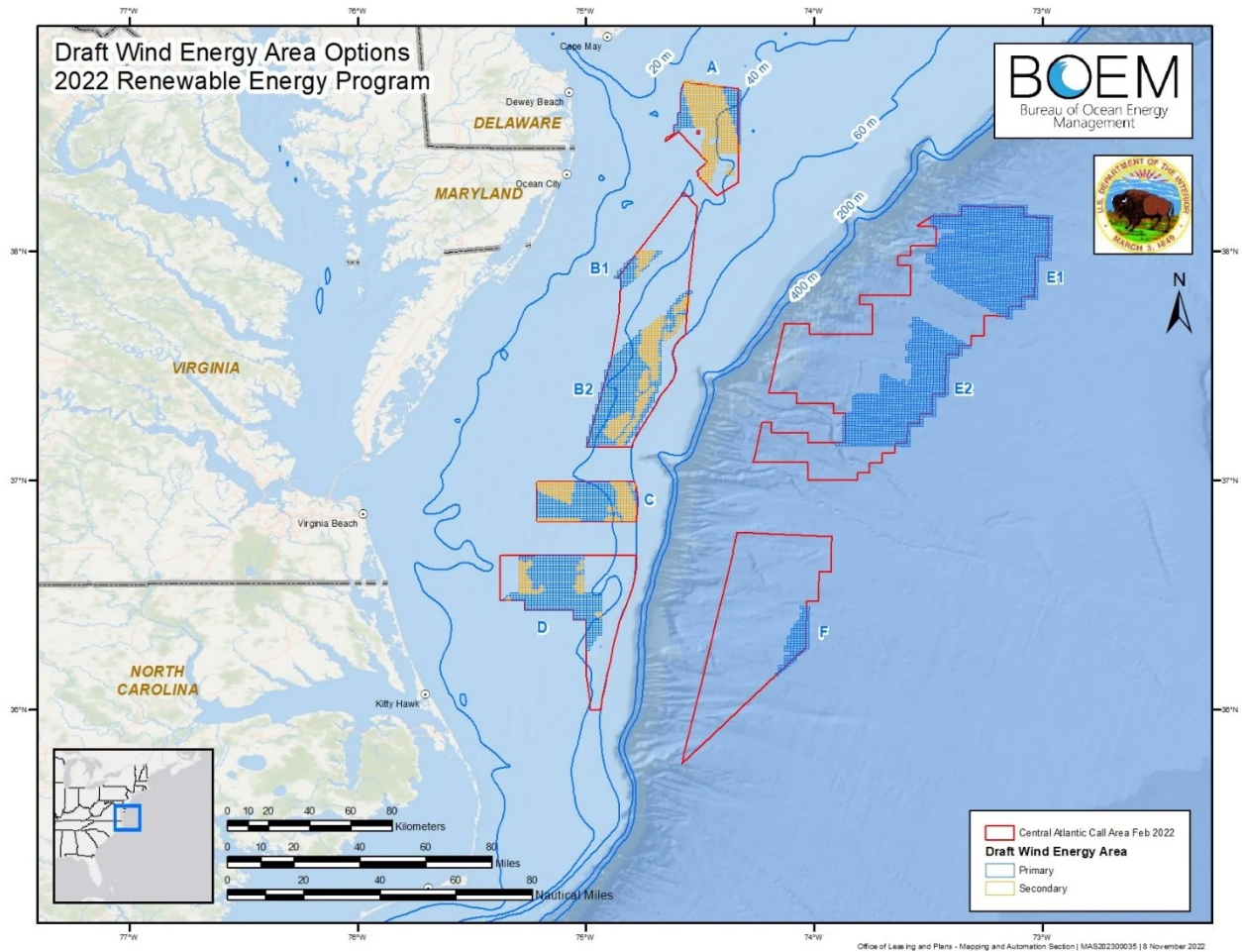
Below is a map of current and potential mid atlantic offshore wind lease areas:



The colored sections are existing lease areas. The pink section near the top labeled OCS-A 0490 is the lease area US Wind has purchased and is building in. The orange section near the top labeled OCS-A 519 is the lease area Orsted has purchased and is building in. The areas

outlined with dotted red lines are the outer bounds of future lease areas. A subsection of those boundaries will be designated for offshore wind.

The map below shows those same boundaries with more detail about which parts may or may not be designated for offshore wind (the federal government is currently redrawing these maps to incorporate agency and public stakeholder feedback). The parts colored blue will be designated for offshore wind, the parts colored yellow may or may not be designated for offshore wind, and the parts that are not colored yellow or blue will not be designated for offshore wind. Though these maps are under review, if they were final, ALL of the blue and yellow areas would be necessary to achieve combined regional offshore wind goals. There is a very real risk that without Maryland legislating a goal increase from 2 GW today to 8.5 GW in the POWER Act, major portions of the yellow, and potentially blue areas will be cut. It is also important to note that the lease areas off the continental shelf (E1, E2, F) will require floating offshore wind turbines, which will take into the 2030s to implement. For these reasons, it is critical that Maryland pass an ambitious offshore wind goal in 2023.



Growing Good Jobs

20 (D) THE FOLLOWING ARE SUBJECT TO A COMMUNITY BENEFIT AGREEMENT
21 UNDER SUBSECTION (F) OF THIS SECTION:

22 (1) AN APPLICATION FOR ANY NEW QUALIFIED OFFSHORE WIND
23 PROJECT; AND

24 (2) A PROPOSAL ~~FILED AND APPROVED IN ACCORDANCE WITH~~ SELECTED BY THE COMMISSION
UNDER §
25 7-704.3 OF THIS SUBTITLE FOR AN OFFSHORE WIND TRANSMISSION PROJECT.

(Page 5)

This text above simply makes clear that the community benefit agreement, existing law for previous offshore wind OREC awards, applies to both the building of the offshore wind turbines and the building of the transmission infrastructure. The community benefit agreement defined in section 7-701 subsection (F) was created by the Clean Energy Jobs Act of 2019, and the POWER Act will strengthen the definition of a community benefit agreement. Below is the language added to the community benefit agreement:

**B. GUARANTEEING THAT THE CONSTRUCTION WORK PERFORMED
IN CONNECTION WITH THE PROJECT WILL BE SUBJECT TO AN AGREEMENT THAT:**

I. IS WITH ONE OR MORE LABOR ORGANIZATIONS; AND

**II. ESTABLISHES, IN ACCORDANCE WITH PARAGRAPH (3) OF THIS
SUBSECTION, THE TERMS AND CONDITIONS OF EMPLOYMENT AT THE CONSTRUCTION SITE OF
THE PROJECT OR A PORTION OF THE PROJECT;**

8 3. promotes safe completion of the project by ensuring that
9 at least 80% of the craft workers on the project have completed an Occupational Safety and
10 Health Administration 10-hour or 30-hour course;

11 4. promotes career training opportunities in the
12 **MANUFACTURING, MAINTENANCE, AND** construction [industry] **INDUSTRIES** for local
13 residents, veterans, women, and minorities;

14 5. provides for best efforts and effective outreach to obtain,
15 as a goal, the use of a workforce including minorities, to the extent practicable; [and]

16 6. reflects a 21st-century labor-management approach **BY**
17 **DEVELOPERS AND SUPPLIERS** based on cooperation, harmony, and partnership **THAT**
18 **PROACTIVELY SEEKS TO ENSURE THAT WORKERS CAN FREELY CHOOSE TO BOTH**
19 **ORGANIZE AND COLLECTIVELY BARGAIN;**

20 7. **PROVIDES PLANS TO USE DOMESTIC IRON, STEEL,**
21 **AND MANUFACTURED GOODS TO THE GREATEST EXTENT PRACTICABLE BY**
22 **DISCLOSING CONTRACTED SUPPLIERS;**

23 8. USES LOCALLY AND DOMESTICALLY MANUFACTURED
24 CONSTRUCTION MATERIALS AND COMPONENTS; AND

25 9. MAXIMIZES THE USE OF SKILLED LOCAL LABOR,
26 PARTICULARLY WITH REGARD TO THE CONSTRUCTION AND MANUFACTURING
27 COMPONENTS OF THE PROJECT, USING METHODS INCLUDING OUTREACH, HIRING,
28 OR REFERRAL METHODS THAT ARE AFFILIATED WITH REGISTERED
29 APPRENTICESHIP PROGRAMS UNDER TITLE 11, SUBTITLE 4 OF THE LABOR AND
30 EMPLOYMENT ARTICLE.

(3) AN AGREEMENT REQUIRED UNDER PARAGRAPH (1)(I)2B OF THIS
SUBSECTION SHALL:

(I) GUARANTEE AGAINST STRIKES, LOCKOUTS, AND SIMILAR
DISRUPTIONS;

(II) ENSURE THAT ALL WORK ON THE PROJECT FULLY CONFORMS TO ALL
RELEVANT STATE AND FEDERAL LAWS, RULES, AND REGULATIONS;

(III) CREATE MUTUALLY BINDING PROCEDURES FOR RESOLVING LABOR
DISPUTES ARISING DURING THE TERM OF THE PROJECT;

(IV) SET FORTH OTHER MECHANISMS FOR LABOR-MANAGEMENT
COOPERATION ON MATTERS OF MUTUAL INTEREST AND CONCERN, INCLUDING PRODUCTIVITY,
QUALITY OF WORK, SAFETY, AND HEALTH; AND

(V) BIND ALL CONTRACTORS AND SUBCONTRACTORS TO THE TERMS OF
THE AGREEMENT THROUGH THE INCLUSION OF APPROPRIATE PROVISIONS IN ALL RELEVANT
SOLICITATION AND CONTRACT DOCUMENTS.

(pages 8-9)

As stated above, this community benefits agreement language will apply to both the construction of the offshore wind turbines and the construction of the transmission infrastructure. In the section of the POWER Act that actually builds more offshore wind turbines, there is additional labor language

(F) (1) WITHIN 90 DAYS AFTER THE OPERATIONAL COMMENCEMENT DATE OF THE POWER PURCHASE AGREEMENT, ANY CONTRACTOR PROVIDING OPERATIONS AND MAINTENANCE SERVICES UNDER AN AGREEMENT WITH THE DEPARTMENT OF GENERAL SERVICES SHALL SUBMIT TO THE DEPARTMENT ATTESTATION THAT THE CONTRACTOR HAS ENTERED INTO A LABOR PEACE AGREEMENT WITH EACH LABOR ORGANIZATION THAT IS ACTIVELY ENGAGED IN REPRESENTING OR ATTEMPTING TO REPRESENT EMPLOYEES PERFORMING OPERATIONS AND MAINTENANCE WORK ON THE PROJECTS THAT:

(I) PROHIBITS STRIKES, LOCKOUTS, OR ANY OTHER ECONOMIC INTERFERENCE WITH THE CONTRACTED PROJECT;

(II) DESCRIBES THE CLASS OR CLASSES OF COVERED EMPLOYEES TO WHOM THE LABOR PEACE AGREEMENT APPLIES;

(III) DESCRIBES ANY CLASS OR CLASSES OF EMPLOYEES NOT CURRENTLY REPRESENTED BY A LABOR ORGANIZATION;

(IV) DESCRIBES THE CLASSES OF COVERED EMPLOYEES FOR WHICH LABOR PEACE AGREEMENT NEGOTIATIONS HAVE NOT YET CONCLUDED; AND

(V) FOR CLASSES OF EMPLOYEES THAT ARE NOT COVERED BY A LABOR PEACE AGREEMENT, PROVIDES AN ATTESTATION THAT NO LABOR ORGANIZATION HAS SOUGHT TO NEGOTIATE SUCH AN AGREEMENT.

(2) A LABOR PEACE AGREEMENT REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL BE:

(i) VALID AND ENFORCEABLE UNDER 29 U.S.C. § 158;

AND

(ii) MAINTAINED AS AN ONGOING MATERIAL CONDITION OF ANY CONTINUATION OF PAYMENTS UNDER ANY AGREEMENT REQUIRED BY THIS SUBSECTION.

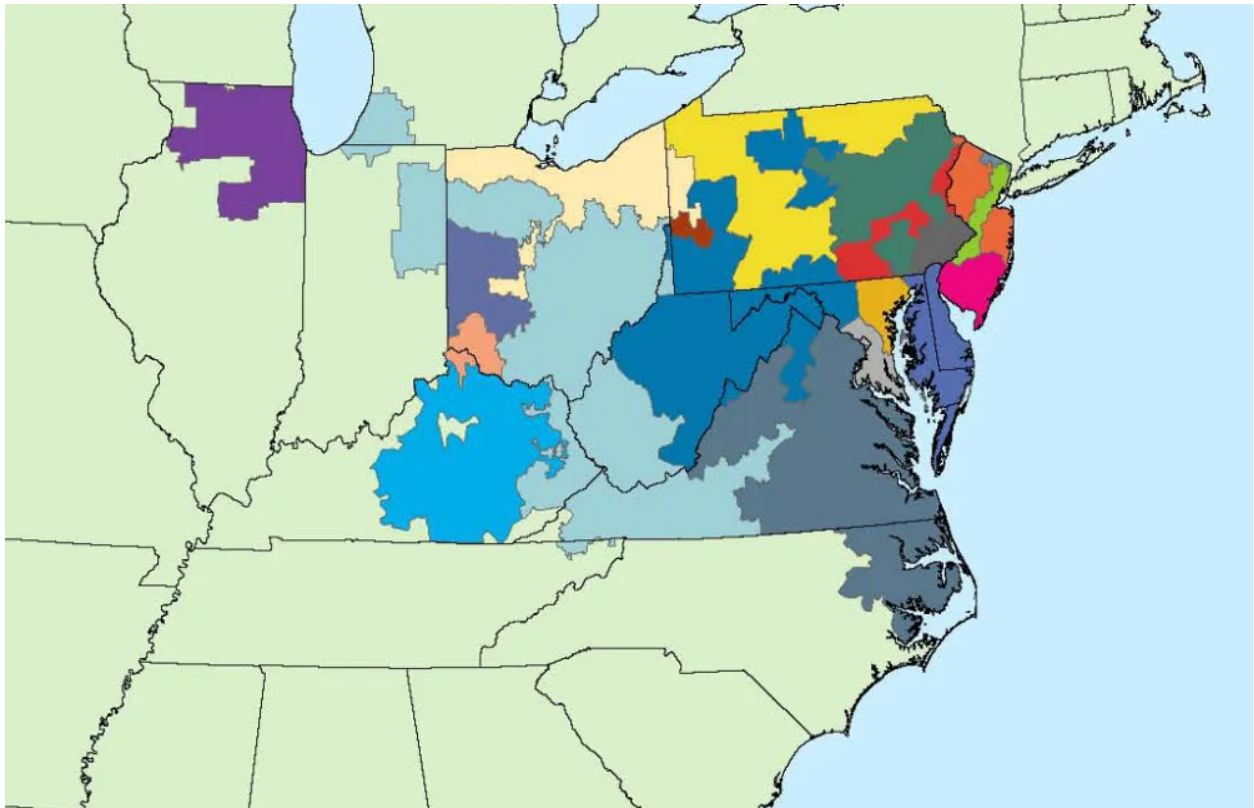
(G) NOTHING IN THIS SECTION MAY BE CONSTRUED TO PREVENT THE
16 **PROCUREMENT OF NEW OFFSHORE WIND ENERGY GENERATION IN ACCORDANCE**
17 **WITH THE CURRENT OR ANY FUTURE SOLICITATION SCHEDULE.**

Facilitating Additional Transmission

Maryland will not be able to build 8.5 gigawatts of offshore wind without significant upgrades to our grid to allow that much energy to travel from the ocean to load centers in the state. Through the Offshore Wind Energy Act of 2013 and the Clean Energy Jobs Act of 2019 Maryland is currently building 2 gigawatts of offshore wind energy, and the POWER Act will build another roughly 1 gigawatt. These projects are already having difficulty connecting to the power grid.. To build beyond approximately 3 gigawatts, will require new transmission infrastructure.

If the state takes no action, then each future offshore wind project will have to build its own transmission line. If there are 6 wind development projects in the new lease areas then there would be 6 different transmission lines, each with its own route, landing point on the beach, and costs. To avoid this costly, disruptive, duplicative approach, the POWER Act would examine upgraded and expanded transmission options, including the potential to build a large, shared transmission line that all future Maryland wind projects could plug into. When New Jersey took this step, they saved their ratepayers \$900 million over the alternative piecemeal approach.

Ultimately, the process of building that kind of open-access high-voltage transmission line is the jurisdiction of the PJM Grid. The PJM covers the territory highlighted in the below image, with different colors representing different utilities.



The PJM is regulated by the Federal Energy Regulatory Commission, not Maryland or any other state. However, PJM is responsive to direct requests from states. The POWER Act states that Maryland intends to build enough transmission to integrate at least 8.5 gigawatts of offshore wind onto the grid, and directs the PSC to work with PJM to study and build that transmission. The POWER Act outlines in details three steps towards building transmission:

- 1) An initial scoping study to narrow down grid needs and possible locations
- 2) A solicitation process for competitive proposals to build the transmission
- 3) A selection process for which proposal or proposals will be chosen

1) The purpose of the initial scoping study is to be able to compare apples to apples during the solicitation process. This study will consider the new 8.5 GW goal and allow PJM and the PSC to issue a request for transmission proposals that aligns with Maryland's consumer, economic, and environmental priorities. The POWER Act authorizes the PSC to reach out to other states within PJM to collaborate on the study, and potentially the procurement. This is a critical provision, as PJM is not authorized to spread transmission costs derived from policy goals (as opposed to reliability) across multiple states and a voluntary approach as provided in the POWER Act is the only legal mechanism to capture multi-state economies of scale for offshore wind transmission. The text for this initial study is below:

4 **7-704.3.**

5 (A) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT IT IS IN THE
6 PUBLIC INTEREST TO UPGRADE AND EXPAND THE TRANSMISSION SYSTEM TO
7 ACCOMMODATE THE BUILDOUT OF AT LEAST 8,500 MEGAWATTS OF OFFSHORE WIND
8 ENERGY FROM QUALIFIED OFFSHORE WIND PROJECTS SERVING THE STATE BY
9 2031.

10 (B) (1) ~~(H)~~ TO MEET THE ~~GOAL~~ GOALS ESTABLISHED UNDER § 7-703 OF
11 THIS SUBTITLE AND SUBSECTION (A)
12 OF THIS SECTION, THE COMMISSION, IN CONSULTATION WITH THE MARYLAND
13 ENERGY ADMINISTRATION ~~AND PJM INTERCONNECTION~~, SHALL REQUEST THAT PJM INTERCONNECTION
14 CONDUCT AN
15 ANALYSIS OF TRANSMISSION SYSTEM UPGRADE AND EXPANSION OPTIONS THAT TAKE INTO
16 CONSIDERATION BOTH ONSHORE AND OFFSHORE INFRASTRUCTURE.

14 ~~(H) IN CONDUCTING THE ANALYSIS REQUIRED UNDER~~
15 ~~SUBPARAGRAPH (1) OF THIS PARAGRAPH, THE~~

(2) THE COMMISSION :

(i) SHALL CONSULT WITH OTHER STATES SERVED BY PJM INTERCONNECTION TO EVALUATE REGIONAL TRANSMISSION COOPERATION THAT COULD HELP ACHIEVE THE STATE'S RENEWABLE ENERGY AND OFFSHORE WIND ENERGY GOALS WITH GREATER EFFICIENCY;

(ii) SHALL WORK WITH PJM INTERCONNECTION TO ENSURE THAT THE ANALYSIS REQUESTED UNDER PARAGRAPH (1) OF THIS SUBSECTION INCLUDES AN ANALYSIS OF SOLUTIONS THAT:

1. USE AN OPEN-ACCESS COLLECTOR TRANSMISSION SYSTEM TO ALLOW FOR THE INTERCONNECTION OF MULTIPLE QUALIFIED OFFSHORE WIND PROJECTS AT A

SINGLE SUBSTATION;

2. AVOID A SIGNIFICANT OUTAGE, OR SINGLE CONTINGENCY, OF ANY PART OF THE TRANSMISSION SYSTEM;

3. REDUCE PERMITTING RISKS, IMPACTS ON COMMUNITIES, AND UNNECESSARY HIGH COSTS;

4. LEVERAGE EXISTING INFRASTRUCTURE;

5. OFFER BENEFITS THAT ADDRESS ADDITIONAL GRID CHALLENGES; AND

6. ADDRESS ANY OTHER ISSUES THAT THE COMMISSION IDENTIFIES; AND

(III) MAY ALSO CONSULT WITH OWNERS OF TRANSMISSION FACILITIES IN THE STATE TO GATHER RELEVANT TECHNICAL INFORMATION.

~~(2)~~ (3) THE COMMISSION MAY ENTER INTO ANY NECESSARY AGREEMENTS WITH PJM INTERCONNECTION FOR TRANSMISSION PLANNING TO:

(I) FURTHER THE COMMISSION'S INITIATE PJM INTERCONNECTION'S ANALYSIS;
OR

(II) ASSIST WITH THE SOLICITATION OF PROPOSALS FOR OFFSHORE WIND TRANSMISSION PROJECTS.

~~(3)~~ (4) ON OR BEFORE JULY 1, 2024, THE COMMISSION SHALL SUBMIT ITS COMPLETED A STATUS UPDATE ON THE ANALYSIS REQUESTED UNDER PARAGRAPH (1) OF THIS SUBSECTION TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE.

(page 12)

2) Once the scoping study is completed, the PSC will issue, or request that PJM issue, a competitive request for proposals to build shared transmission infrastructure. That process is described in the following bill text. The text lays out who and what the commission shall and may consult and consider. It requires a meshed approach to connect multiple projects, and the inclusion of the community benefits agreement defined earlier. It requires the proposals address the information required by a Certificate of Public Convenience and Need. It defines that the projects could include. It lays out funding options that could be included in the proposals. It directs the proposals to maximize federal funding opportunities. It defines the outcomes that proposals must meet, such as maintaining electric system reliability. The text of the transmission solicitation process is below:

25 (C) (1) ON OR BEFORE ~~DECEMBER 1, 2024~~ JULY 1, 2025, THE COMMISSION
SHALL
26 ISSUE , OR REQUEST THAT PJM INTERCONNECTION ISSUE, ONE OR MORE COMPETITIVE SOLICITATIONS FOR
PROPOSALS FOR OPEN
27 ACCESS OFFSHORE WIND TRANSMISSION FACILITIES AND ~~NECESSARY~~ COMPLEMENTARY ONSHORE
28 TRANSMISSION UPGRADES AND EXPANSIONS.

29 (2) THE COMMISSION MAY ISSUE , OR REQUEST THAT PJM INTERCONNECTION ISSUE,
FURTHER SOLICITATIONS FOR
30 PROPOSALS AFTER THIS DATE IF DETERMINED NECESSARY BY THE COMMISSION.

31 (D) IN DEVELOPING CRITERIA FOR SELECTING A PROPOSAL UNDER THIS
32 SECTION, THE COMMISSION:

1 (1) SHALL CONSIDER THE ANALYSIS REQUIRED UNDER SUBSECTION
2 (B) OF THIS SECTION, INCLUDING A CONSIDERATION OF POTENTIAL
3 INTERCONNECTION POINTS ~~AND CABLE ROUTES~~;

4 (2) SHALL EVALUATE THE POTENTIAL FOR COOPERATING WITH
5 OTHER STATES IN THE PJM REGION TO MAXIMIZE CONSUMER BENEFITS THAT WILL
6 BEST ACHIEVE THE STATE'S RENEWABLE ENERGY AND OFFSHORE WIND ENERGY GOALS; AND

7 (3) MAY CONSULT WITH THE ADMINISTRATION, ELECTRIC
8 COMPANIES, TRANSMISSION FACILITY OWNERS, AND OTHER STATES OR ENTITIES
9 DESIGNATED BY THOSE STATES IN DEVELOPING OR COORDINATING EQUIVALENT
10 STANDARDS FOR THE APPROVAL OF TRANSMISSION PROJECTS UNDER THIS
11 SECTION THAT WILL FACILITATE THE INTEGRATION OF MULTIPLE OFFSHORE WIND
12 ENERGY PROJECTS AND POTENTIAL MULTISTATE OFFSHORE WIND TRANSMISSION
13 PROJECTS.

14 (E) (1) THE COMMISSION SHALL INCLUDE , OR WORK WITH PJM INTERCONNECTION TO
INCLUDE, SPECIFICATIONS IN THE
15 SOLICITATION THAT REQUIRE PROPOSALS TO:

16 (I) ALLOW FUTURE TRANSMISSION LINES TO CONNECT IN A
17 MESHED MANNER AND SHARE LANDING POINTS;

18 (II) CONSIDER OTHER ONSHORE AND OFFSHORE CLEAN
19 ENERGY GENERATION AND STORAGE FACILITIES; ~~AND~~

20 (III) INCORPORATE COMMUNITY BENEFIT AGREEMENTS IN ACCORDANCE WITH § 7-704.1 OF
THIS SUBTITLE;

(IV) ADDRESS THE SITING, ENVIRONMENTAL, AND SOCIOECONOMIC
INFORMATION REQUIRED TO BE CONSIDERED BY THE COMMISSION UNDER § 7-207 OF THIS
TITLE FOR AN APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY;
AND

(V) ENSURE A COMPETITIVE BIDDING PROCESS BY REDACTING
PROPRIETARY INFORMATION PROVIDED TO THE COMMISSION OR TO PJM
INTERCONNECTION.

21 (2) THE COMMISSION MAY ~~CONSIDER~~ EVALUATE, OR REQUEST THAT PJM INTERCONNECTION
ASSIST WITH THE EVALUATION OF, PROPOSALS THAT INCLUDE:

22 (I) UPGRADING THE EXISTING TRANSMISSION GRID;

23 (II) EXTENDING THE EXISTING TRANSMISSION GRID ONSHORE AND OFFSHORE TO
BE
24 CLOSER TO OFFSHORE WIND ENERGY LOCATIONS;

25 (III) INTERCONNECTING BETWEEN OFFSHORE SUBSTATIONS;

26 (IV) ADDING ENERGY STORAGE; AND

27 (V) THE USE OF HVDC CONVERTER TECHNOLOGY TO SUPPORT
28 POTENTIAL WEAKNESSES IN THE TRANSMISSION GRID.

29 (3) THE COMMISSION MAY SELECT A PROPOSAL OR PROPOSALS THAT
30 INCLUDE:

1 (I) FEDERAL FUNDING IN THE FORM OF A MATCH, GRANT,
2 LOAN, OR OWNERSHIP AND OPERATION BY THE UNITED STATES GOVERNMENT;

3 (II) COST SHARING AMONG STATES OR RECOVERY OF
4 TRANSMISSION COSTS THROUGH FEDERAL TRANSMISSION RATES, CONSISTENT
5 WITH THE POLICIES AND TARIFFS OF THE FEDERAL ENERGY REGULATORY
6 COMMISSION;

7 (III) A COMBINATION OF THE FUNDING METHODS OUTLINED IN
8 ITEMS (I) AND (II) OF THIS PARAGRAPH; OR

9 (IV) ANY OTHER AVAILABLE FUNDING MECHANISMS.

10 (4) EACH PROPOSAL SHOULD MAXIMIZE ACCESS TO AND BE
11 CONSISTENT WITH THE TERMS OF THE U.S. DEPARTMENT OF ENERGY FUNDING
12 PROGRAMS, INCLUDING THOSE ESTABLISHED:

13 (i) UNDER THE FEDERAL INFRASTRUCTURE INVESTMENT AND
14 JOBS ACT;

15 (ii) UNDER THE FEDERAL INFLATION REDUCTION ACT OF
16 2022;

17 (iii) THROUGH THE U.S. DEPARTMENT OF ENERGY
18 TRANSMISSION FACILITATION PROGRAM; AND

19 (iv) THROUGH ANY LOAN PROGRAMS, OFFICE PROGRAMS, OR
20 RESILIENCY FUNDING.

21 (F) THE SOLICITATION PROCESS SHALL:

22 (1) INCLUDE A PREQUALIFICATION PROCESS TO ENSURE THE
23 FINANCIAL AND TECHNICAL COMPETENCE AND CAPABILITIES OF THE ENTITIES
24 RESPONDING TO THE SOLICITATION FOR PROPOSALS;

25 (2) PROVIDE FOR RIGOROUS SEPARATION BETWEEN INDIVIDUALS OR
26 FIRMS PARTICIPATING IN THE REVIEW, ANALYSIS, AND SELECTION OF THE
27 PROPOSALS BY OR ON BEHALF OF THE COMMISSION AND THOSE PARTICIPATING IN
28 THE DEVELOPMENT OR MANAGEMENT OF PROPOSALS; AND

29 (3) PROMOTE RIGOROUS COMPETITION AMONG PREQUALIFIED
30 ENTITIES IN THE PREPARATION AND SUBMISSION OF THEIR PROPOSALS.

1 (G) THE COMMISSION MAY MODIFY , OR REQUEST THAT PJM INTERCONNECTION MODIFY, A
2 SOLICITATION FOR PROPOSALS AT
3 ANY TIME IN ORDER TO SATISFY ELIGIBILITY CRITERIA FOR U.S. DEPARTMENT OF
4 ENERGY FUNDING PROGRAMS.

4 (H) IN SELECTING A PROPOSAL UNDER THIS SECTION, THE COMMISSION
5 SHALL TAKE INTO CONSIDERATION THE TOTAL AMOUNT OF NEW TRANSMISSION
6 INFRASTRUCTURE NEEDED TO:

7 (1) MAINTAIN ELECTRIC SYSTEM RELIABILITY;

8 (2) ~~AVOID UNNECESSARY UPGRADE COSTS TO THE EXISTING~~
9 ~~TRANSMISSION GRID;~~

10 ~~(3)~~ ACHIEVE THE STATE'S OFFSHORE WIND , RENEWABLE ENERGY, AND
11 DECARBONIZATION
12 GOALS;

12 ~~(4)~~ (3) OBTAIN DEMONSTRABLE BENEFITS TO THE CONSUMER AND
13 ENVIRONMENT; AND

14 ~~(5)~~ (4) FOSTER ECONOMIC DEVELOPMENT AND JOB CREATION IN THE
15 STATE.

(pages 12-15)

3) Once the proposals have been collected, the PSC and PJM will review them. Then, on or before December 1 2027 a proposal or proposals may be selected for development. Crucially, the Public Service Commission may choose not to select any proposals if none of them are found to be in the public interest. This off-ramp ensures that passage of the POWER Act will not lock Maryland into building a project that is not in its interest. This portion of the text clarifies that the new transmission project may not impact previous offshore wind projects. It requires that if no proposal is selected that the PSC submit a report to the Governor and General Assembly detailing why it made no selection and potential paths forward. It directs the PSC to work with the selected developers and all other stakeholders to facilitate the building of the project.

16 (I) THE COMMISSION SHALL:

17 (1) ~~EVALUATE REQUEST THAT PJM INTERCONNECTION ASSIST WITH THE EVALUATION OF~~
18 EACH PROPOSAL SUBMITTED IN ACCORDANCE WITH
19 THIS SECTION; AND

19 (2) AFTER NOTICE AND AN EVIDENTIARY HEARING, AND SUBJECT TO
20 SUBSECTION (J) OF THIS SECTION, ON OR BEFORE ~~JULY~~ DECEMBER 1, 2026 2027,
21 SELECT A
22 PROPOSAL OR PROPOSALS FOR DEVELOPMENT USING A FUNDING MECHANISM OR COMBINATION OF FUNDING
23 MECHANISMS
24 IDENTIFIED IN SUBSECTION (E)(3) OF THIS SECTION.

22 (J) IF THE COMMISSION FINDS THAT NONE OF THE PROPOSALS
23 ADEQUATELY SUPPORT THE GOALS ESTABLISHED UNDER THIS SECTION, THEN THE
24 COMMISSION MAY END THE SOLICITATION PROCESS WITHOUT SELECTING A
25 PROPOSAL.

26 (K) (1) THE COMMISSION MAY, FOR A PROPOSAL SELECTED UNDER SUBSECTION (I) OF THIS SECTION:

(I) ADOPT CONDITIONS FOR THE CONSTRUCTION AND OPERATION OF FACILITIES INCLUDED IN THE PROPOSAL; AND

(II) CONSIDER ANY CONDITIONS PROPOSED BY THE POWER PLANT RESEARCH PROGRAM.

(2) THE REQUIREMENT TO OBTAIN A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY UNDER § 7-207 OF THIS TITLE DOES NOT APPLY TO A PROPOSAL SELECTED UNDER SUBSECTION (I) OF THIS SECTION.

(L) EXCEPT AS PROVIDED IN SUBSECTION (K) OF THIS SECTION, ~~A~~ A PROPOSAL ~~APPROVED~~ SELECTED UNDER THIS SECTION IS SUBJECT TO ALL
27 OTHER RELEVANT REQUIREMENTS FOR THE SITING AND CONSTRUCTION OF
28 TRANSMISSION LINES, INCLUDING ANY REQUIREMENT TO OBTAIN A CERTIFICATE

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1 ~~(M)~~ (M) SELECTION OF COORDINATED TRANSMISSION PROPOSALS MAY NOT
2 IMPACT THE INTERCONNECTION PLANS OF EARLIER OFFSHORE WIND PROJECTS,
3 INCLUDING OCS-A 0490 (US WIND) AND OCS-A 0519 (SKIPJACK), UNLESS THE
4 LEASEHOLDERS FOR THESE PROJECTS OPT TO PARTICIPATE IN THE PROPOSAL BY
5 NOTIFYING THE COMMISSION BY MAIL OR E-MAIL BEFORE THE COMPLETION OF
6 THE ANALYSIS OF TRANSMISSION SYSTEM EXPANSION OPTIONS UNDER SUBSECTION
7 (B) OF THIS SECTION.

8 ~~(M)~~ (N) IF NO PROPOSAL HAS BEEN ~~APPROVED~~ SELECTED UNDER THIS
SECTION BY ~~JULY~~ DECEMBER
9 1, 2026 2027, THE COMMISSION SHALL SUBMIT A STATEMENT OF DETERMINATION TO THE
10 GOVERNOR AND GENERAL ASSEMBLY THAT:

11 (1) PROVIDES A COMPREHENSIVE EXPLANATION OF THE
12 COMMISSION'S ~~DECISION~~ DETERMINATION; AND

13 (2) RECOMMENDS A PATH FORWARD TO ACHIEVE THE STATE'S GOAL
14 UNDER SUBSECTION (A) OF THIS SECTION.

15 ~~(N)~~ (O) AFTER THE COMMISSION SELECTS A PROPOSAL OR PROPOSALS, THE
16 COMMISSION SHALL WORK WITH THE MARYLAND ENERGY ADMINISTRATION,
17 TRANSMISSION DEVELOPER OR DEVELOPERS, TRANSMISSION FACILITY OWNERS,
18 PJM INTERCONNECTION, THE FEDERAL ENERGY REGULATORY COMMISSION, AND
19 ANY OTHER STATES THAT VOLUNTARILY PARTICIPATE, TO FACILITATE THE
20 DEVELOPMENT OF THE PROPOSAL OR PROPOSALS AND THE CONSTRUCTION OF THE PROPOSED OFFSHORE WIND
PROJECT
OR PROJECTS.

21 ~~(O)~~ (P) THE COMMISSION:

22 (1) SHALL CARRY OUT THE PROVISIONS OF THIS SECTION BY
23 OBTAINING INFORMATION THROUGH REQUEST, COOPERATION, SUBPOENA, OR ANY
24 OTHER LEGAL METHOD FROM TRANSMISSION OWNERS, PJM INTERCONNECTION,
25 OR ANY OTHER ENTITY; AND

26 (2) MAY RETAIN CONSULTANTS.

(pages 15-16)

The last piece of the transmission text specifies that the PSC can create 4 new positions to execute the responsibilities detailed above, and will have a budget of \$3.5 million to conduct the initial scoping study. Fortunately, the Inflation Reduction Act included \$100 million for states to use to conduct offshore wind transmission analysis.

18 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that:

(1) four Position Identification Numbers (PINs) be created in the Public Service Commission for full-time positions that will focus only on implementing the provisions of § 7-704.3 of the Public Utilities Article, as enacted by Section 1 of this Act; and

(2) notwithstanding any other provision of law, for fiscal year 2025, the Governor may include in the annual budget bill an appropriation of not less than \$3,500,000 of additional funding to the budget of the Public Service Commission for the studies and analyses required under § 7-704.3 of the Public Utilities Article, as enacted by Section 1 of this Act.

19 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect June 1, 2023.

(page 18)

Building More Offshore Wind

The POWER Act makes it possible for Maryland to build roughly 1 additional gigawatt of offshore wind energy by further developing existing lease areas while protecting ratepayers from any risk. The Clean Energy Jobs Act procured offshore wind energy by requiring utilities to purchase Offshorewind Renewable Energy Credits (ORECs), and it set a cap that the cost to ratepayers could not be more than \$1.60 per month. As a result, US Wind and Orsted are building wind farms in lease areas they have already purchased, but they are not filling their entire lease area with turbines. Right now, there is ocean space leased for offshore wind with no plans to build offshore wind. The POWER Act would give US Wind and Orsted the opportunity to fill their lease areas with offshore wind turbines without charging ratepayers anything.

The POWER Act directs the Department of General Services (DGS) to consider entering into Power Purchase Agreements (PPAs) directly with offshore wind developers. PPAs are simply contracts to purchase electricity for a set period of time. DGS already enters into PPAs for clean energy with developers. The POWER Act authorizes, but does not require, DGS to buy up to 5 million megawatt hours of offshore wind energy a year, which translates to approximately 1 gigawatt of offshore wind. **Crucially, if DGS finds that the PPAs offered to it by the developers are not in the public interest, it can choose not to enter into any PPAs for offshore wind.**

After purchasing the offshore wind power, DGS would then offer any excess electricity (beyond the 1.5 million MWH they currently use each year) into the wholesale electricity market. If the cost of offshore wind energy specified in the PPA is less than the price of wholesale electricity, then the state will make money. If the cost of wholesale electricity is less than the price of offshore wind, then the state will lose money. If DGS sees that the price of offshore wind is greater than wholesale electricity costs, they could choose not to enter into any PPAs for offshore wind. Fortunately, modeling shows that offshore wind costs will most likely be lower than wholesale electricity, and in either scenario, ratepayers are protected from risk.

The text detailing the direction to DGS to consider purchasing offshore wind is below:

27 **7-704.4.**

28 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
29 **INDICATED.**

30 **(2) "COMMUNITY BENEFIT AGREEMENT" HAS THE MEANING STATED**
31 **IN § 7-704.1(E) OF THIS SUBTITLE.**

1 (3) "SOCIAL COST OF GREENHOUSE GASES" MEANS THE MOST
2 RECENT SOCIAL COST OF GREENHOUSE GASES ADOPTED BY THE U.S.
3 ENVIRONMENTAL PROTECTION AGENCY.

4 (B) (1) ~~BETWEEN JULY 31, 2024, AND APRIL 30, 2025, THE~~ THE DEPARTMENT
5 OF GENERAL SERVICES, IN CONSULTATION WITH THE PUBLIC SERVICE COMMISSION, SHALL ISSUE ~~AN~~
~~INVITATION FOR BIDS~~ A COMPETITIVE SEALED PROCUREMENT SOLICITATION AND MAY ENTER
6 INTO AT LEAST ONE CONTRACT FOR A POWER PURCHASE AGREEMENT TO PROCURE
7 ~~BETWEEN 1,000,000 AND 8,000,000~~ UP TO 5,000,000 MEGAWATT-HOURS ANNUALLY OF OFFSHORE
8 WIND ENERGY AND ASSOCIATED RENEWABLE ENERGY CREDITS FROM ONE OR MORE
9 QUALIFIED OFFSHORE WIND PROJECTS.

10 (2) EACH AGREEMENT ENTERED INTO UNDER PARAGRAPH (1) OF
11 THIS SUBSECTION SHALL HAVE A TERM OF NOT LESS THAN 20 YEARS.

12 (3) WHEN ISSUING THE INVITATION FOR BIDS UNDER THIS
13 SUBSECTION, THE DEPARTMENT SHALL TAKE INTO CONSIDERATION:

14 (I) THE SOCIAL COST OF GREENHOUSE GAS EMISSIONS;

15 (II) THE STATE'S CLIMATE COMMITMENTS; AND

16 (III) THE STATE'S COMMITMENTS UNDER § 7-704.1(A) OF THIS
17 SUBTITLE.

18 (4) THE EVALUATION CRITERIA FOR BIDS SHALL INCLUDE :

(I)

19 COMPARING THE SOCIAL COST OF GREENHOUSE GAS EMISSIONS FOR OFFSHORE
20 WIND WITH THE SOCIAL COST OF GREENHOUSE GAS EMISSIONS FOR
21 NONRENEWABLE POWER PURCHASED FROM WHOLESALE ELECTRIC MARKETS
22 ADMINISTERED BY PJM INTERCONNECTION ; AND

(II) THE EXTENT TO WHICH AN APPLICANT'S PROPOSAL PROVIDES FOR
FINANCIAL AND TECHNICAL ASSISTANCE TO SUPPORT MONITORING AND MITIGATION OF
WILDLIFE AND HABITAT IMPACTS ASSOCIATED WITH THE PROPOSED OFFSHORE WIND
PROJECT.

23 (5) EACH AGREEMENT ENTERED INTO UNDER PARAGRAPH (1) OF
24 THIS SUBSECTION SHALL INCLUDE :

(I) A COMMUNITY BENEFIT AGREEMENT AND
25 DOMESTIC CONTENT PREFERENCES ; AND

(II) A DESCRIPTION OF:

1. INITIAL PLANS FOR MITIGATING THE IMPACTS OF THE
CONSTRUCTION AND OPERATION OF THE PROPOSED OFFSHORE WIND PROJECT ON FISHERIES
AND THE ENVIRONMENT; AND

2. THE EXTENT TO WHICH AN APPLICANT WILL PROVIDE FOR
FINANCIAL AND TECHNICAL ASSISTANCE TO SUPPORT THE MONITORING AND MITIGATION OF
WILDLIFE AND HABITAT IMPACTS ASSOCIATED WITH THE PROJECT.

26 (C) (1) THE DEPARTMENT OF GENERAL SERVICES SHALL IDENTIFY THE
27 AMOUNT OF ENERGY NECESSARY TO MEET THE STATE'S ENERGY NEEDS.

28 (2) (I) THE STATE SHALL USE THE ENERGY PROCURED UNDER
29 SUBSECTION (B) OF THIS SECTION TO MEET THE STATE'S ENERGY NEEDS AND
30 RETIRE THE ASSOCIATED RENEWABLE ENERGY CREDITS TO MEET ITS OBLIGATIONS

31 UNDER THE RENEWABLE ENERGY PORTFOLIO STANDARD AND CHAPTER 38 OF THE
32 ACTS OF THE GENERAL ASSEMBLY OF 2022.

(II) THE STATE SHALL BE EXEMPTED FROM THE RENEWABLE ENERGY PORTFOLIO STANDARD REQUIREMENTS UNDER § 7-703 OF THIS SUBTITLE IF THE DEPARTMENT OF GENERAL SERVICES PROCURES 100% OF THE STATE'S ENERGY NEEDS FROM THE POWER PURCHASE AGREEMENT REQUIRED UNDER SUBSECTION (B) OF THIS SECTION.

1 (3) THE STATE SHALL OFFER FOR SALE ANY ENERGY OR RENEWABLE
2 ENERGY CREDITS REMAINING AFTER THE REQUIREMENTS UNDER PARAGRAPH (2)
3 OF THIS SUBSECTION HAVE BEEN MET ON THE COMPETITIVE WHOLESALE POWER
4 MARKET OPERATED BY PJM INTERCONNECTION, THROUGH BILATERAL SALES TO
5 CREDITWORTHY COUNTERPARTIES, OR INTO RENEWABLE ENERGY CREDIT
6 MARKETS.

7 (D) THE STATE SHALL:

8 (1) ISSUE A PROCUREMENT FOR OFFSHORE WIND ENERGY ON OR
9 BEFORE JULY 31, 2024;

10 (2) PROVIDE A ~~BIDDING~~ PROCUREMENT SUBMISSION PROCESS WINDOW OF NOT LESS
11 THAN 180
12 DAYS; AND

12 (3) AWARD CONTRACTS IN A TIMELY MANNER; ~~AND~~

13 (4) ~~ENTER INTO A CONTRACT OR CONTRACTS FOR THE~~
14 ~~PROCUREMENT ON OR BEFORE APRIL 30, 2025.~~

15 (E)

(1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE STATE MAY ENTER INTO A CONTRACT OR CONTRACTS FOR THE PROCUREMENT ON OR BEFORE SEPTEMBER 1, 2025.

(2) THE STATE MAY MODIFY THE DATE ESTABLISHED IN PARAGRAPH (1) OF THIS SUBSECTION IF AN UNFORESEEN CIRCUMSTANCE ADVERSELY AFFECTS THE PROCUREMENT SUBMISSION PROCESS.

(Pages 16-18)

The Clean Energy Jobs Act of 2019 also required that any additional state or federal incentives for offshore wind would be split with 80% of the benefit going to ratepayers and 20% going to developers. Unfortunately, since the bids for the offshore wind from the Clean Energy Jobs Act were placed, all construction projects, including offshore wind, have faced inflation and supply chain constraints. The POWER Act would exempt the 2 gigawatts of offshore wind that Maryland is currently building from the

80-20 split if the developer can demonstrate that it needs to receive 100% of the benefit and that granting the exemption would not lead to affordability challenges. The text for this portion of the bill is below:

(K) (1) A DEVELOPER OF A ROUND 1 OFFSHORE WIND PROJECT OR ROUND 2 OFFSHORE WIND PROJECT APPROVED UNDER THIS SECTION MAY APPLY TO THE COMMISSION FOR AN EXEMPTION FROM THE REQUIREMENTS IN SUBSECTION (C)(8)(II) OF THIS SECTION FOR ANY FEDERAL INFLATION REDUCTION ACT OF 2022 GRANTS, REBATES, TAX CREDITS, OR LOAN GUARANTEES RECEIVED BY THE PROJECT IF AT LEAST 15% OF THE TOTAL LABOR HOURS OF CONSTRUCTION, ALTERATION, OR REPAIR WORK FOR THE PROJECT, INCLUDING ANY CONSTRUCTION, ALTERATION, OR REPAIR WORK PERFORMED BY A CONTRACTOR OR SUBCONTRACTOR, IS PERFORMED BY QUALIFIED APPRENTICES CONSISTENT WITH FEDERAL LAW.

(2) THE COMMISSION SHALL:

(I) ESTABLISH A PROCESS FOR A DEVELOPER TO SUBMIT AN APPLICATION UNDER PARAGRAPH (1) OF THIS SUBSECTION; AND

(II) APPROVE AN APPLICATION SUBMITTED UNDER PARAGRAPH (1) OF THIS SUBSECTION IF THE APPLICANT DEMONSTRATES IN THE APPLICATION:

1. A SUFFICIENT NEED ON THE PART OF THE APPLICANT;

AND

2. THAT THE EXEMPTION WOULD NOT LEAD TO AFFORDABILITY CHALLENGES FOR RATEPAYERS.

(page 12)

Lastly, the POWER Act would require the PSC to issue reports on the Supplier Diversity Program including information on participation rates of small, minority owned, women-owned, and veteran owned businesses and plans to increase their participation.

7-704.5.

(A) ON OR BEFORE DECEMBER 31, 2024, AND ON OR BEFORE EACH DECEMBER 31 THEREAFTER, THE COMMISSION SHALL SUBMIT A REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON THE INFORMATION COLLECTED UNDER THE COMMISSION'S SUPPLIER DIVERSITY PROGRAM REGARDING OFFSHORE WIND DEVELOPERS.

(B) THE REPORT REQUIRED UNDER SUBSECTION (A) OF THIS SECTION SHALL INCLUDE:

(1) EFFORTS TO PROMOTE OPPORTUNITIES FOR SMALL, MINORITY, WOMEN-OWNED, AND VETERAN-OWNED BUSINESSES;

(2) INFORMATION ON PARTICIPATING OFFSHORE WIND DEVELOPERS;

(3) PARTICIPATION OF SMALL, MINORITY, WOMEN-OWNED, AND VETERAN-OWNED BUSINESSES IN OFFSHORE WIND PROJECTS, INCLUDING:

(I) THE NUMBER OF SMALL, MINORITY, WOMEN-OWNED, AND VETERAN-OWNED BUSINESSES THAT RECEIVE CONTRACTS OR SUBCONTRACTS FOR OFFSHORE WIND PROJECTS; AND

(II) THE PERCENTAGE OF CONTRACTORS AND SUBCONTRACTORS ON OFFSHORE WIND PROJECTS THAT ARE SMALL, MINORITY, WOMEN-OWNED, OR VETERAN-OWNED BUSINESSES; AND

(4) PLANS TO INCREASE FUTURE PARTICIPATION OF SMALL, MINORITY, WOMEN-OWNED, AND VETERAN-OWNED BUSINESSES IN OFFSHORE WIND PROJECTS.

(page 18)

Costs and Benefits

This fiscal note for the POWER Act identifies a cost of \$2.6 million over three years to the Public Service Commission to conduct offshore wind transmission analysis and a cost of \$0.2 million for one year for the cost of DGS considering entering into Power Purchase Agreements for offshore wind. Fortunately, both of these costs can be fully covered. The Inflation Reduction Act created a fund of \$100 million to be used exclusively for states to conduct analysis of offshore wind transmission.

Once the Department of General Services is purchasing 100% wind power, it will no longer need to purchase Solar Renewable Energy Credits as part of the RPS, saving it money and paying for the \$0.2 million cost for DGS to explore and possibly sign a Power Purchase Agreements.

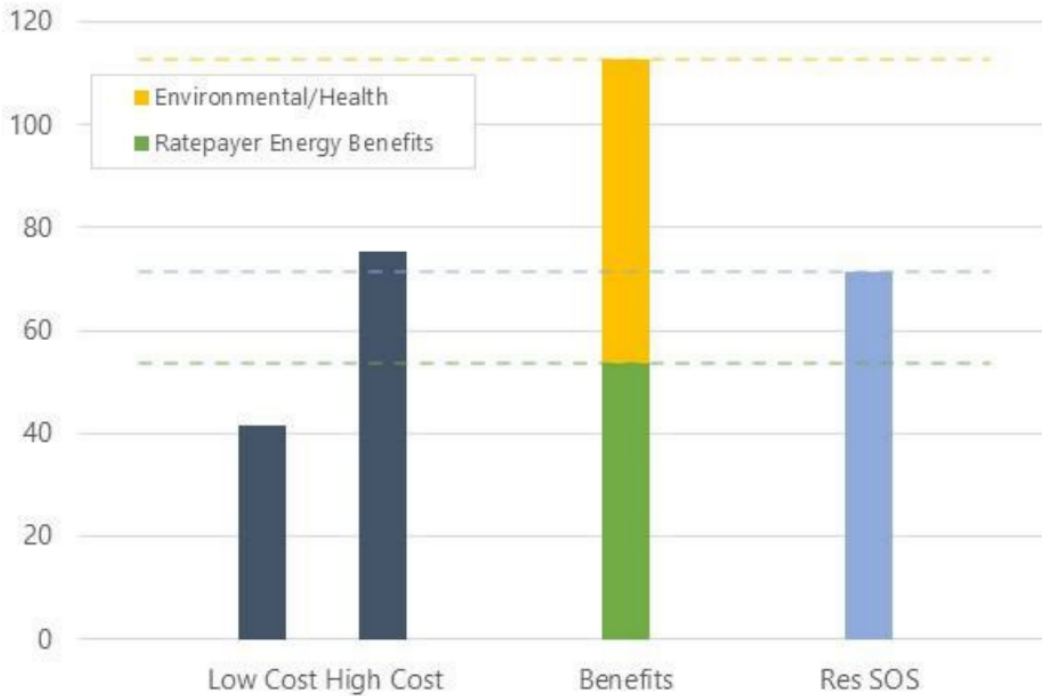
These costs are required by the POWER Act but are relatively small and easy to fully fund. There are two additional costs that are authorized, but not required by the POWER Act. One is the building of another gigawatt of offshore wind energy, and the other is the building of new transmission infrastructure. They are both funded equitably and paid for in part or in whole by their benefits.

Building more offshore wind:

As described earlier in this guide, the POWER Act directs DGS to buy offshore wind energy by entering into Power Purchase Agreements with developers, and then directs DGS to sell that electricity to the PJM grid at the cost of Standard Offer Service. If the cost of offshore wind in the Power Purchase Agreements is less than the cost of Standard Offer Service, then the state will make money. If DGS sees that the cost of the offshore wind Power Purchase Agreements will be greater than the cost of Standard Offer Service then the DGS could choose not to enter the Power Purchase Agreements, or enter them and lose money.

In the graph below, the dark blue bars on the left represent the high end and low end possible costs of new offshore wind in Maryland, according to [modeling done in 2022 by Gabel Associates](#). This graph makes clear that in almost all possible scenarios, offshore wind will be more affordable than Standard Offer Service, and the state will make money by buying and selling wind energy. The graph also makes clear that if you account for the environmental and health benefits of offshore wind, then offshore wind is always more affordable than Standard Offer Service

Figure 16. Levelized Offshore Wind Cost and Benefit Comparison w/SOS (2021\$/MWh)



Building additional transmission capacity

Building new transmission lines can be expensive, but so can choosing not to build more transmission. When there is too much energy on the grid and not enough transmission to move it around, energy prices go up. Today, BGE customers pay \$80 million every year in energy congestion charges. Over 50 years, the usual life expectancy of a transmission line, that adds up to \$4 billion. By building new transmission, Maryland will lower the congestion fees that ratepayers are already paying.

A new transmission line in Maryland would relieve congestion elsewhere on the PJM grid, and other states would benefit as well. That’s why the POWER Act leaves open potential future financing mechanisms that would require other PJM states to help finance the offshore wind transmission project in Maryland.

When New Jersey built an offshore wind transmission line through similar legislation, their project ended up costing \$1.1 billion, but by initiating a planning process and building one transmission line that multiple projects could share, they reduced the cost of transmission by \$900 million, nearly cutting the cost in half.

Building new, shared offshore wind transmission infrastructure will save Marylanders on congestion fees, reduce the cost of transmission overall, and possibly induce other states to help foot the bill. The cost that remains for the transmission project would be borne by Maryland ratepayers.