



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB 88 – PUBLIC UTILITIES- ENERGY DISTRIBUTION PLANNING AND
REQUIRED LABOR STANDARDS

TESTIMONY OF DELEGATE LORIG CHARKOUDIAN

FEBRUARY 3, 2022

Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee,

Historic levels of federal funds are poised to support preparing the electric distribution grid for decarbonization and resilience in the face of more extreme weather events.

The Infrastructure Investment and Jobs Act provides multiple opportunities for states to access funding and technical support in service of updating their grids. These funding streams include:

- \$5 billion to support “grid hardening grants” geared towards increasing resilience (§ 40101),
- \$6 billion in grants to states, local governments, and public utility commissions to demonstrate innovative approaches to transmission, storage, and distribution infrastructure to harden and enhance system reliability and resilience (§ 40103),
- \$3 billion expansion of the Smart Grid Matching grant program for enhancing grid flexibility, including investments in distribution systems, microgrids, and vehicle-to-grid technologies (§ 40107), and
- \$500 million for the State Energy Program.

With these federal funds available, we have a once-in-a-generation opportunity for major grid investments. Maryland has taken some important steps toward a clean energy future- with more electric cars and a growing reliance on wind, solar, and other emission-free energy sources. At present, our distribution system- the system of poles, wires, transformers, and substations that supply electricity to our communities and is regulated by the Public Service Commission- is not prepared for the complex energy needs that will accompany this clean energy future. The distribution system itself can be a key tool for decarbonization, but only if the state takes specific policy steps to ensure that distribution system planning and investments are designed for this potential.

This legislation will position Maryland to maximize the use of these federal funds and supports the PSC by guiding the distribution system planning process.

The Grid Act:

- **Requires that the State apply for and access federal funds available through the IIJA.**
- **Requires Distribution System Planning to support the state goals** of decarbonization, greenhouse gas reductions, renewable energy, equity, family-sustaining employment, energy resiliency and reliability, and cost-effectiveness
- **Requires the Public Service Commission** to establish regulations to ensure the distribution system planning supports a modern grid, with clean energy, equitably distributed, and with resilience to withstand extreme weather events
- **Creates transparency** by requiring an annual report from the PSC about the distribution planning process
- **Supports family-sustaining jobs** by requiring all distribution grid projects to:
 - Offer the area prevailing wage for each trade employed
 - Offer health care and retirement benefits
 - Participate in apprenticeship programs registered with the state for the trade
 - Develop a plan to recruit and retain state residents, including returning citizens, women, minority individuals, and veterans

The legislatures in Nevada, New York, California, Illinois, Maine, and Massachusetts have already established distribution planning processes that have clear parameters to align with state decarbonization goals. Maryland needs to take similar steps to update our grid's capacity.

HB 88 was prefiled. Since the time it was drafted, I have had multiple conversations with the Public Service Commission, the utilities, and stakeholders across the state. Based on this feedback, I intend to offer amendments. I am attaching to this testimony, the bill as it will appear after the amendments are offered.

I respectfully request a favorable report on HB 88.

HB 88 as it will be after Proposed Amendments are Incorporated

Change 7-801 to:

In this section, “Energy Equity” means the fair distribution of the benefits and burdens of energy production and consumption.

Change 7-802 to:

IT IS THE GOAL OF THE STATE THAT THE ELECTRIC DISTRIBUTION SYSTEM SUPPORT THE STATE’S STATUTORY GOALS IN A COST-EFFECTIVE MANNER WITH REGARD TO:

- 1) DECARBONIZATION AND GREENHOUSE GAS REDUCTION;
- 2) RENEWABLE ENERGY
- 3) FAIR AND STABLE LABOR STANDARDS
- 4) ACHIEVING DISTRIBUTION GRID SYSTEM RESILIENCY AND RELIABILITY
- 5) ENERGY EQUITY

Remove 7-803

Change 7–804 to:

(A) ON OR BEFORE JANUARY 1, 2023, AND EACH YEAR THEREAFTER, THE COMMISSION SHALL SUBMIT A REPORT, IN ACCORDANCE WITH § 2–1257 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY WITH INFORMATION REGARDING THE CURRENT STATUS OF

- 1) THE ELECTRIC DISTRIBUTION SYTEM’S READINESS TO SUPPORT STATE STATUTORY GOALS, INCLUDING INFORMATION ADDRESSING THE TOPICS OUTLINED IN SUBSECTION (B) OF THIS SECTION AND,
- 2) STAKEHOLDER PARTICIPATION IN ELECTRIC DISTRIBUTION SYSTEM PLANNING.

(B) ON OR BEFORE JANUARY 1, 2025, THE COMMISSION SHALL BY ORDER OR BY REGULATION ESTABLISH REQUIREMENTS REGARDING ELECTRIC DISTRIBUTION SYSTEM PLANNING PROCESSES AND SYSTEM AND OPERATIONS INVESTMENTS THAT PROMOTE:

- 1) DECARBONIZATION

- 2) ENERGY EFFICIENCY;
- 3) ADDRESSING LOAD VARIABILITY;
- 4) ELECTRIC GRID RESILIENCY AND RELIABILITY;
- 5) ADAPTATION TO CLIMATE CHANGE;
- 6) LOAD MANAGEMENT;
- 7) BIDIRECTIONAL POWER FLOWS;
- 8) DEMAND RESPONSE;
- 9) NON-WIRE ALTERNATIVES AND NONCAPITAL OPTIONS
- 10) HIGH LEVELS OF DISTRIBUTED ENERGY RESOURCES AND ELECTRIC VEHICLES
- 11) ENERGY EQUITY
- 12) ELECTRIFICATION OF BUILDING AND TRANSPORTATION SECTORS
- 13) GREENHOUSE GAS REDUCTION
- 14) STAKEHOLDER ENGAGEMENT AND INPUT
- 15) FAIR AND STABLE LABOR STANDARDS

(C) THE COMMISSION AND THE MARYLAND ENERGY ADMINISTRATION SHALL COORDINATE EFFORTS WITH UTILITIES TO APPLY FOR AND ACCESS FEDERAL FUNDS, INCLUDING THOSE MADE AVAILABLE UNDER § 40101, 40103, 40107 OF THE FEDERAL INFRASTRUCTURE INVESTMENT AND JOBS ACT, TO MEET THE STATE’S POLICY GOALS FOR THE ELECTRIC DISTRIBUTION GRID SYSTEM.

7–805.— Remove the following section from PUA and move it to Labor and Employment Article

(A) THIS SECTION APPLIES TO A PROJECT UNDERTAKEN BY AN INVESTOR–OWNED ELECTRIC COMPANY OR GAS AND ELECTRIC COMPANY INVOLVING THE CONSTRUCTION, RECONSTRUCTION, INSTALLATION, DEMOLITION, RESTORATION, OR ALTERATION OF ANY ELECTRIC INFRASTRUCTURE OF THE COMPANY, AND ANY RELATED TRAFFIC CONTROL ACTIVITIES.

(B) AN INVESTOR–OWNED ELECTRIC COMPANY OR GAS AND ELECTRIC COMPANY SHALL REQUIRE A CONTRACTOR OR SUBCONTRACTOR ON A PROJECT DESCRIBED IN SUBSECTION (A) OF THIS SECTION TO:

- 1) PAY THE AREA PREVAILING WAGE FOR EACH TRADE EMPLOYED INCLUDING WAGES AND FRINGE BENEFITS, IN ACCORDANCE WITH THE STATE PROCUREMENT AND FINANCE ARTICLE §17-201;

- 2) OFFER HEALTH CARE AND RETIREMENT BENEFITS TO THE EMPLOYEES WORKING ON THE PROJECT;
- 3) PARTICIPATE IN AN APPRENTICESHIP PROGRAM REGISTERED WITH THE STATE FOR EACH TRADE EMPLOYED ON THE PROJECT;
- 4) ESTABLISH AND EXECUTE A PLAN FOR OUTREACH, RECRUITMENT, AND RETENTION OF STATE RESIDENTS TO PERFORM WORK ON THE PROJECT, WITH AN ASPIRATIONAL GOAL OF 25% OF TOTAL WORK HOURS PERFORMED BY MARYLAND RESIDENTS, INCLUDING RESIDENTS WHO ARE:
 - I) RETURNING CITIZENS;
 - II) WOMEN;
 - III) MINORITY INDIVIDUALS; OR
 - IV) VETERANS;
- 5) HAVE BEEN IN COMPLIANCE WITH FEDERAL AND STATE WAGE AND HOUR LAWS FOR THE PREVIOUS 3 YEARS;
- 6) BE SUBJECT TO ALL STATE REPORTING AND COMPLIANCE REQUIREMENTS; AND
- 7) MAINTAIN ALL APPROPRIATE LICENSES IN GOOD STANDING.

Add Section 2: It is the intent of the General Assembly that the Public Service Commission support an inclusive process in developing the regulations outlined 7-804(B), including representatives of residential or small commercial electric customers, low income communities, minority communities, environmental advocacy groups, environmental justice groups, labor unions, the distributed energy resource industry, and the electric vehicle industry.