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PUBLIC SERVICE COMMISSION

February 27, 2024

Chair C.T. Wilson
Economic Matters Committee
Room 231 House Office Building
Annapolis, MD 21401

RE: HB 1407 – Information - County Tier 1 Renewable Sources – Generating Systems, Capacity, and Generation – Prohibition, Studies, and Plans

Dear Chair Wilson and Committee Members:

The Public Service Commission (PSC) provides these informational comments on House Bill (HB) 1407 for your consideration.

HB 1407 would add § 7-703.1 to the Public Utilities Article (PUA) and require the PSC to study the electricity demand in each Maryland county and the amount of Tier 1 renewable energy capacity and generation proportionally needed in each county for the state to meet the 2030 and future requirements of the Renewable Energy Portfolio Standard (RPS) specified in PUA § 7–703(b)(25). The bill would require the PSC to report its findings and recommendations to each county and the General Assembly by October 1, 2025. On receipt of the report, each county must conduct a study on how much Tier 1 renewable generating capacity the county could provide to satisfy its energy generation responsibilities as identified by the PSC. Each county would then need to report its findings and recommendations to the PSC and the General Assembly by October 1, 2026. The PSC would, in turn, be tasked with creating a renewable energy compliance and oversight plan to ensure that each county meets its Tier 1 renewable generation requirements within 10 years and would be tasked with establishing a reasonable timeline for each county to achieve the requirements of HB 1407.

The PSC notes that HB 1407 does not make clear the standard unit of proportionality in which the counties' renewable generation requirement should be determined. For example, proportionality may be measured in relation to a county's existing residential, commercial, and industrial uses of electricity, in relation to a county's projected electricity use, or in relation to a county's existing or projected population, among others. The requirements and burdens imposed on each county will likely vary depending on the unit of measure used for proportionality. The study conducted on the renewable generation requirement by county would likely require the coordination of other State agencies including the Maryland Energy Administration and the Power Plant Research Program along with the various Counties, rather than solely being

conducted by the PSC as stated in the proposed legislation. Additionally, conducting this study would require close coordination and complex data extrapolation between the State's electric companies', because the service territories of electric companies often overlap and extend across various county boundaries. The General Assembly may wish to amend HB 1407 with language that clarifies this further.

The bill's in-state RPS generation requirement precludes Maryland's ability to benefit from the competitive advantages that neighboring states may have in the development and generation of renewable energy resources, such as greater area, developable or affordable land, or greater onshore wind energy generation potential. In 2022, generation located in Maryland accounted for approximately 16 percent of all Tier 1 renewable energy credits (RECs) used for compliance with the state's RPS. To meet the 2034 goals outlined in HB 1407, the amount of Tier 1 generation in Maryland would need to increase by approximately 1,000 percent, as compared to the 2022 baseline Tier 1 generation in Maryland of approximately 3 million megawatt-hours.

The new and incremental workload created by HB 1407 cannot be absorbed by existing PSC resources. The PSC would need to hire the services of one or more independent consultants to complete the study required by HB 1407. The October 1, 2025, due date for the PSC report may be difficult to meet, given the time to issue a request for proposal (RFP), review consultants, receive approval from the Board of Public Works, and subsequently conduct the data compilation, research, and drafting need to issue the report. A March 1, 2026, reporting deadline would more adequately provide time for the PSC to procure consulting assistance, conduct the analysis, and draft the report. Given that the PSC would need until March 1, 2026, to realistically complete its analysis and report, it may be appropriate to provide the counties with 18 months (until October 1, 2027) to conduct their analyses and report their findings. The PSC would also need to engage the services of an independent consultant to prepare the renewable energy compliance and oversight plan required by HB 1407. The October 1, 2027, due date for the plan submittal would likewise need to be extended if the timelines for other PSC and county reports are extended as suggested in the comments above.

The PSC asks that you consider these comments when reviewing the language proposed in HB 1407. Please direct any questions you may have to Christina Ochoa, Director of Legislative Affairs, at christina.ochoa1@maryland.gov.

Sincerely,

A handwritten signature in blue ink that reads "Frederick H. Hoover". The signature is written in a cursive style.

Frederick H. Hoover, Chair
Maryland Public Service Commission