

**HB1296\_Offshore\_Wind\_Projects\_MLC\_FAV.pdf**

Uploaded by: Cecilia Plante

Position: FAV



**TESTIMONY FOR HB1296  
ELECTRICITY – OFFSHORE WIND PROJECTS - ALTERATION**

**Bill Sponsor:** Delegate Wilson

**Committee:** Economic Matters

**Organization Submitting:** Maryland Legislative Coalition

**Person Submitting:** Cecilia Plante, co-chair

**Position:** FAVORABLE

I am submitting this testimony in favor of HB1296 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists and our Coalition supports well over 30,000 members. We represent the voices of constituents who share our concern over the harm that reliance on fossil fuels has wreaked in Maryland.

Our Coalition members strongly approve of measures to convert our energy grid to clean energy from solar and wind as soon as possible. We believe that the state should take an aggressive stance in moving in this direction.

This bill, if enacted, would allow companies that build offshore wind turbines to revise their project schedules, sizes, or pricing, including Offshore Wind Renewable Energy Credits (ORECs). This Revised Round 2 Offshore Wind Project Proceeding will start on June 1, 2024.

The goal is to support offshore wind companies by allowing them another opportunity to submit revisions to their already approved projects and also update the financing that they get from ORECs. It will also allow the Public Service Commission (PSC) to open up more lease space to other potential bidders. This will help with the state's ambitious goal to generate 8.5 gigawatts of electricity (enough to power almost 3 million homes) from offshore wind sources by 2031.

Our members appreciate that this legislation would help position Maryland more favorably to grow our offshore wind capacity. We support this bill and recommend a **FAVORABLE** report in committee.

# **Testimony on hb1296 Offshore Wind FINAL.pdf**

Uploaded by: Debbie Cohn

Position: FAV

**Committee:** Economic Matters  
**Testimony on:** HB1296 - Electricity-Offshore Wind Projects - Alterations  
**Submitting:** Deborah A. Cohn  
**Position:** Favorable  
**Hearing Date:** February 29, 2024

I appreciate the opportunity to submit testimony today in strong support of HB1296.

**The Problem:** Offshore wind presents a significant opportunity for Maryland to decarbonize its electricity sector while supporting an important opportunity for Maryland to recharge economic growth and jobs. The offshore wind industry, however, has been experiencing some growing pains. High inflation rates, high interest rates (which are particularly challenging in industries requiring high upfront capital investment) and large increases in demand for inputs as a result of Europe’s attempt to wean itself from Russian gas supplies have challenged offshore wind projects all along the East Coast. Projects in [Massachusetts](#), [New York](#) and [New Jersey](#) have all faced economic problems, with each state developing solutions to reflect its commitment to offshore wind. At this stage, flexibility is important – flexibility which HB1296 provides.

The Comptroller’s [State of the Economy report](#) shows that despite many positive economic indicators in Maryland, “Maryland’s economic growth effectively stalled in 2017 and...has been stagnant ever since. “From between the fourth quarter of 2016 to the first quarter of 2023, Maryland’s Gross Domestic Product (GDP)...has grown 1.6%, compared with 13.9% for the entire U.S. during the same period.” Maryland must do better. But we need to grow this economy wisely, consistent with our other goals, based on our strengths and in industries that can provide significant and sustainable long-term economic benefits.

By at least one [estimate](#) offshore wind energy along the East Coast could generate enough electricity to equal current electricity generation, entirely eliminating the need for fossil fuel based electric generation. Maryland alone might be able to generate more than one-third of its electricity demand with offshore wind, with neighboring states potentially producing much higher amounts. Given Maryland’s deep water ports, interstate highways and good apprenticeship programs, Maryland can compete to be the primary location in the Mid-Atlantic to serve as a supply chain hub for the offshore wind industry. The potential of offshore wind as an economic driver for Maryland is thus significant.

With the passage of the POWER Act last year, Maryland is considered a leader in adopting policies supportive of growth of the offshore wind industry. We need to sustain these supportive policies and a strong pipeline of projects in order to secure for Maryland the opportunity to become an East Coast supply chain hub and benefit from the economic growth and job opportunities offshore wind can provide, whether at Sparrows Point or elsewhere in Maryland. Just at the Sparrows Point Steel Mill alone, state policies to sustain our offshore wind pipeline could create over 1,000 construction jobs plus long-term manufacturing jobs for 500 steelworkers.

Certain wind projects offshore Maryland are facing the challenging conditions affecting other East Coast offshore wind projects. While some Maryland projects are moving through the federal

permitting process quickly, others needed to change course, leading one company recently to withdraw from its OREC awards. That left around 900 megawatts (MW) of offshore Maryland wind capacity, out of the initial 2,000 MW the Public Service Commission (PSC) awarded, at risk.

**The Solution:** HB1296 authorizes the PSC to open new Round 1 and Round 2 offshore wind project proceedings to keep Maryland on track to achieve its offshore wind goals while maintaining existing ratepayer protections and firm caps on ratepayer impact. It creates the opportunity for remaining offshore wind projects to apply for the released ORECs and provides these projects and companies the flexibility to increase their project size, maximize use of existing lease areas, and align their pricing and schedules to reflect recent market challenges. The bill also directs the PSC and relevant state agencies to develop a plan for achieving 8,500 MW of offshore wind capacity by 2031.

HB1296 thus gives Maryland the opportunity to compensate for at least 500 MW of the 900MW potential loss, protects ratepayers and protects local jobs. The bill confirms Maryland's favorable regulatory framework and sends a strong signal to both the offshore wind industry and related Maryland industries that Maryland is serious about its goal of 8,500MW of offshore wind capacity and of being a supply chain hub for the East Coast offshore wind industry. HB1296 is good for economic growth, good jobs, and Maryland's future as a fully decarbonized economy.

Accordingly, I urge a **FAVORABLE** report in Committee on HB1296.

Thank you.

Deborah A. Cohn

**SMMCOC testimony\_HB 1296\_Feb29\_2024.pdf**

Uploaded by: Edsel Brown, Jr.

Position: FAV



**Southern Maryland Minority Chamber of Commerce**

10665 Stanhaven Place, Suite 300A  
White Plains, MD 20695

**HOUSE BILL 1296**

*An Act Concerning Electricity – Offshore Wind Projects – Alterations*

**DATE:** February 29, 2024

**POSITION:** SUPPORT

The Southern Maryland Minority Chamber of Commerce (SMMCOC) offers this letter in support of House Bill 1296, An Act Concerning Electricity – Offshore Wind Projects – Alterations.

The Southern Maryland Minority Chamber of Commerce (SMMCOC) was formed to establish a group comprised of community-based organizations in Calvert, Charles, and St. Mary's counties to jointly address the minority community's issues and concerns. The SMMCOC is an organization managed by a volunteer Board of Directors and Officers, established to promote civic, commercial, and industrial progress within the community. I am proud to be Chairman of the Board and to represent SMMCOC here today.

Empowering small, minority owned businesses in Southern Maryland is a main focus of ours, which is why we support the development of offshore wind farms and a local supply chain here in Maryland. US Wind is a leading example in this effort as they work to develop offshore wind farms and establish a manufacturing facility that will make component parts for its projects and the rest of the industry. This manufacturing facility, Sparrows Point Steel, has the potential to be a real game-changer for small, minority businesses across the state, including in Southern Maryland. It's especially exciting to know that Southern Maryland minority businesses who are already working in the fields of concrete and rebar, construction, electrical, demolition, HVAC and others can transfer their skills to the exciting new offshore wind industry.

HB 1296 would keep Maryland's offshore wind goals on track, as well as all the jobs that come from a thriving local supply chain. The bill allows qualified offshore wind developers to apply for outstanding Round 1 and Round 2 ORECs created as a result of recent changes in the market and to add additional capacity to existing projects to make up for the new shortfall in offshore wind capacity. Specifically, the bill creates the opportunity for remaining projects to make up at least 500 MW (approximately 33

additional turbines) of the 900 MW of recent lost capacity. This increase in offshore wind capacity is good for the environment, it's good for the economy, and it's good for job creation across the state.

SMMCOC wholeheartedly supports HB 1296 and its benefits to the State of Maryland and its people.



# **Electricity - Offshore Wind Projects - Alterations**

Uploaded by: Ernesto Villasenor

Position: FAV

**Committee:** Economic Matters  
**Testimony:** Electricity - Offshore Wind Projects - Alterations (HB 1296)  
**Position:** Support  
**Hearing Date:** February 29, 2024

**Ernesto Villasenor, Jr., J.D**  
**Chesapeake Climate Action Network Action Fund**

On behalf of the Chesapeake Climate Action Network Action Fund, we strongly support the act concerning Electricity – Offshore Wind Projects – Alterations (HB 1296), which aims to facilitate Maryland’s achievement of its offshore wind objectives by granting flexibility for ongoing offshore wind projects to adjust project scope, pricing, and timeline in response to evolving market dynamics. Without the enactment of legislation, Maryland risks losing 900 megawatts (MW) of offshore wind capacity from the initially awarded 2,000 MW. This would impede the state’s progress toward achieving its 8,500 MW (8.5 gigawatts) goal by 2031 set by the passage of the POWER Act in 2023.<sup>1</sup>

HB 1296 also aims to clarify the authority of the Maryland Public Service Commission (PSC) regarding offshore wind energy development, ensuring Maryland’s progress towards its offshore wind energy goals while ensuring ratepayer protections and addressing market changes. It does so by clarifying the existing authority of the PSC over offshore wind energy development, providing clear guidelines for project resizing and repricing. By allowing remaining applicants to adjust their projects in response to market conditions, the bill ensures that Maryland’s offshore wind goals remain achievable.

This flexibility is vital for aligning project pricing and schedules with evolving market dynamics, benefiting Maryland’s renewable energy sector. Qualified offshore wind developers can seek approval for outstanding Round 1 and Round 2 Offshore Renewable Energy Credits (ORECs) resulting from market changes and apply to expand the capacity of existing projects to address any shortfalls. This strategic approach maximizes the potential of existing offshore wind projects in Maryland while adapting to market conditions.

Furthermore, HB 1296 maintains statutory ratepayer protections, including firm caps on ratepayer impacts. This ensures that the costs associated with offshore wind energy development remain manageable for Maryland residents. Additionally, the bill instructs the PSC to expedite the review process for project changes, facilitating timely decisions while ensuring compliance with existing laws.

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<sup>1</sup> Maryland General Assembly (2023). *Offshore Wind Energy - State Goals and Procurement (Promoting Offshore Wind Energy Resources Act)*. <https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/sb0781?ys=2023rs>



One particularly significant aspect of HB 1296 is the opportunities created for remaining projects to make up at least 500 MW of the lost capacity, representing a substantial opportunity to add approximately 33 turbines, further advancing Maryland's offshore wind energy capacity and contributing to the state's clean energy objectives.

In summary, HB 1296 is a critical piece of legislation that will support Maryland's offshore wind energy development efforts. By providing clarity, flexibility, and opportunities for expansion, this bill ensures that Maryland remains at the forefront of renewable energy innovation while protecting the interests of ratepayers.

**CONTACT**  
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Chesapeake Climate Action Network Action Fund  
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310-465-6943



**HB 1296 - MoCo DEP - Fitzgerald\_FAV (GA 24).pdf**

Uploaded by: Garrett Fitzgerald

Position: FAV



# Montgomery County

## Office of Intergovernmental Relations

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ROCKVILLE: 240-777-6550

ANNAPOLIS: 240-777-8270

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**HB 1296**

**DATE: February 27, 2024**

**SPONSOR: Delegate Wilson**

**ASSIGNED TO: Economic Matters Committee**

**CONTACT PERSON: Garrett Fitzgerald (garrett.fitzgerald@montgomerycountymd.gov)**

**POSITION: Favorable (Department of Environmental Protection)**

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### **Electricity - Offshore Wind Projects - Alterations**

Wind power is a clean, renewable, domestic resource poised to play a critical role in powering our economy, creating jobs in Maryland, improving public health, and achieving our climate goals. Offshore wind offers a major opportunity to bring more renewable energy onto the grid, while minimizing conflicts with forest and agricultural land uses. Wind lease areas have been identified, and offshore wind projects are currently under development off the coast of Maryland in the Atlantic Ocean.

In the recent wake of one major offshore wind developer announcing a change in plans regarding future Maryland projects, this legislation will enable adjustments to help ensure achievement of new offshore wind projects. The bill will direct the Maryland Public Service Commission to open a revised Round 2 Offshore Wind Project Proceeding for the purpose of evaluating revised project schedules, sizes, or pricing for previously approved projects.

We respectfully request that the Economic Matters Committee issue a favorable report on House Bill 1296.

**MD Catholic Conference\_HB 1296\_FAV.pdf**

Uploaded by: Garrett O'Day

Position: FAV



MARYLAND  
CATHOLIC  
CONFERENCE

February 29, 2024

**HB 1296**  
**Electricity - Offshore Wind Projects - Alterations**

**House Economic Matters Committee**

**Position: FAVORABLE**

The Maryland Catholic Conference (MCC) offers this testimony in support of House Bill 1296. The Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals, and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

House Bill 1296 would allow the Public Service Commission to open a revised "Round 2" proceeding to evaluate offshore wind energy project. "Round 2" offshore wind projects are those that are less than 10 miles off of Maryland's coast. This bill could also allow the Commission to increase the amount of offshore wind renewable energy credits sold. An "offshore wind renewable energy credit" or "OREC" means a renewable energy credit equal to the generation attributes of 1 megawatt-hour of electricity that is derived from offshore wind energy.

As a stalwart advocate for Maryland's environment and care for our common home, the Conference supports this bill to the extent that this bill helps Maryland reach its goal of 8,500 megawatts of offshore wind energy capacity by 2031. In his encyclical, *On Care for Our Common Home (Laudato Si')*, Pope Francis reminds us of our sacred duty to safeguard the Earth, our common home, and to preserve its beauty and resources for present and future generations. Pope Francis tells us, "when we speak of the 'environment', what we really mean is a relationship existing between nature and the society which lives in it. Nature cannot be regarded as something separate from ourselves or as a mere setting in which we live. We are part of nature, included in it and thus in constant interaction with it. Recognizing the reasons why a given area is polluted requires a study of the workings of society, its economy, its behaviour patterns, and the ways it grasps reality. Given the scale of change, it is no longer possible to find a specific, discrete answer for each part of the problem."

As such, clean energy generated from wind is an important tool in a diverse array of methods by which we can reduce our carbon footprint. Maryland's coastline is a unique opportunity to wind energy generation that not every state can utilize, and we must do our part in harnessing that tool for the good of our common home. It is for this reason that we request a favorable report on House Bill 1296.

# **Oceantic Support HB 1296 2024 2 29.pdf**

Uploaded by: Jen Brock

Position: FAV



February 29, 2024

Chair Wilson  
Economic Matters Committee

Dear Economic Matters Committee Members:

We respectfully urge support of legislation to ensure Maryland meets our goal of 8.5 GW of offshore wind power by 2031 established in the POWER Act of 2024. Passage will result in the fastest development of a new supply chain of facilities, ports, and transmission infrastructure; the employment of more than five thousand Marylanders; and will strategically position the State's businesses in the emerging national offshore wind industry.



Over 10 years ago, Maryland businesses founded the Business Network for Offshore Wind (our name until we recently rebranded to Oceantic Network) to help companies better understand the opportunities that would come with the development of offshore wind. More than a decade later, our work has grown and evolved to encompass the entire country and include the perspectives not only of companies up and down the supply chain, but of the public sector, research institutions, and our partners who have been with since the beginning, organized Labor. It is from this collective perspective we urge the legislature to maintain the state's opportunity to become a hub of offshore wind activity without further delay and keep the state's offshore wind industry on track by passing HB 1296 this session.

The U.S. offshore wind market has been hit hard by global economic factors that are delaying or cancelling projects around the world. Maryland projects have not been immune. But the industry is finding a way to advance – states like New York, New Jersey and Virginia acted boldly to keep their local projects and markets on track and to protect their investments in manufacturing and ports - Maryland must take inspiration from our neighboring states to keep our climate goals in reach and to maintain the state's manufacturing strategic advantage by working with industry to develop solutions and help reset current markets. We believe new legislation and programmatic improvements can build a stronger, smarter, more resilient market, helping to insulate the industry from future macro-economic shocks.

Passing HB 1296 enables Maryland to recoup almost all the awarded ORECs lost a few months ago. This will help buttress efforts to realize offshore wind investments in facilities like Tradepoint Atlantic in Baltimore County where US Wind will be the anchor customer for Sparrows Point Steel—fabricating over 100 monopiles annually all made here in Maryland by over 500 Union Steelworkers. Our latest annual report has U.S. demand exceeding 115 GW, having grown by nearly 10% over the past year. Thousands of monopiles will be needed domestically – we can be a major manufacturing hub here in Maryland, but only if we keep our market moving forward before another state does.

The passage of HB 1296 will also ensure thousands of Marylanders – especially from the Baltimore and Eastern Shore region – will be employed sooner, rather than later. Navigating the leasing and permitting process in the U.S. takes up to eight years, meaning projects talked about today may not be built until the early 2030s. We have a project here ready to advance and begin construction as early as 1<sup>st</sup> quarter 2025.

Once all contracts are awarded, we anticipate more than 100 Maryland companies will employ workers with living wage or union jobs. Companies like Baltimore City based Strum Contracting, one of our Board members, are already training and certifying workers in welding and ready to hire more. Oceantic's OSW Market Dashboard, our intelligence tool on all current and pending U.S. offshore wind energy projects, already identified over 30 Maryland companies working in Maryland and construction and installation hasn't even begun.



However, it is important to note that while this legislation will support Maryland's first 1.5GW of offshore wind, further work is needed to identify a clear path to market for the remaining 7GW of Maryland's offshore wind goals. A resilient and economically sustainable procurement process will be crucial for realizing the full potential of offshore wind's benefits in the state. We are glad to see this legislation include a directive for the state to convene key parties to identify a path forward, and we emphasize the importance of this process.

In conclusion, this is a critical piece of legislation as it allows in the short term for increased capacity for Maryland without touching the statutory protections you established for the ratepayers to get Maryland back on track for the first 1.5 GW worth of its 8.5GW goal. And the bill's requirement of the creation of a plan to meet all of our 8.5 MW goal is critical long-term solution to establish a clear economically sustainable path to grow our industry as soon as possible.

We respectfully request support of HB 1296 and thank Chair Wilson and Vice-Chair Wilson for their leadership.

Sincerely,

A handwritten signature in black ink that reads "Jen Brock". The signature is fluid and cursive, with the first letters of "Jen" and "Brock" being capitalized and prominent.

Jen Brock  
Chief of Staff  
Oceantic Network  
Jen.Brock@Oceantic.org  
410-812-1503

# **HB 1296 - MDLCV Support - Electricity - Offshore W**

Uploaded by: Kristen Harbeson

Position: FAV



Kim Coble  
Executive Director

2024 Board of  
Directors

Lynn Heller, Chair  
The Hon. Nancy Kopp,  
Treasurer  
Kimberly Armstrong  
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The Hon. Steve Lafferty  
Patrick Miller  
Bonnie L. Norman  
Katherine (Kitty)  
Thomas

**February 29, 2024**

**Support: HB 1296 - Electricity - Offshore Wind Projects - Alterations**

Mr. Chair and Members of the Committee:

Maryland LCV supports HB 1296 - Electricity - Offshore Wind Projects - Alterations - and thanks Chair Wilson for introducing this legislation. HB 1296 creates a pathway at the Public Service Commission for a qualified applicant to apply for the recently relinquished ORECs that were originally granted for Orsted's Skipjack 1 & 2 projects slated to supply 900 MW of clean energy to Maryland. This initiative is another way to support the offshore wind industry and make sure state investments are directed to clean energy projects. Importantly, this legislation keeps the existing ratepayer protections in place.

In the [September 2022 Greenhouse Gas Reduction Act Progress Report](#), the Maryland Department of the Environment identified the need to deploy more renewable energy and identified offshore wind as one of the most reliable clean energy resources available to the state. The 2023 passage of the POWER Act to codify the state's specific OSW goal of 8.5 GW by 2031 is aligned with the state's greenhouse gas (GHG) emissions target of 60% by 2031, and with the 100% clean energy target outlined in the Climate Pollution Reduction Plan. The POWER Act also set up a unique procurement method for offshore wind through a state power purchase agreement, so there are still existing opportunities for qualified applications to finance projects that are in the works.

[A 2022 report from Gabel Associates](#) found that if Maryland builds 8.5 GW of offshore wind, it could save Marylanders \$4.7 billion over 30 years in reduced energy costs, and could save Marylanders as much as \$28.5 billion when accounting for environmental and health benefits. That's more than \$20 billion in potential cost savings from environmental and health benefits of reduced air pollution, including lost workdays, hospital visits, asthma, and respiratory disease.

We need to maximize the opportunities in Maryland's existing lease areas, while continuing to work with developers, labor, impacted communities, and state and federal regulators to bring clean energy from offshore wind online as expeditiously as possible.

Maryland LCV urges a favorable report on HB 1296.

**HB 1296 ACP MAREC FAV FINAL.pdf**

Uploaded by: Moira Cyphers

Position: FAV



February 29, 2024

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

**American Clean Power & MAREC Action: HB 1296, FAVORABLE**

Dear Chairman Wilson and members of the House Economic Matters Committee:

The American Clean Power Association (ACP) is the leading voice of today's multi-tech clean energy industry, representing over 800 energy storage, wind, utility-scale solar, green hydrogen and transmission companies. ACP is committed to meeting America's national security, economic and climate goals with fast-growing, low-cost, and reliable domestic power.

MAREC Action is a Maryland-based coalition of utility-scale solar, wind, and battery storage developers, wind turbine and solar panel manufacturers, and public interest organizations dedicated to promoting the growth and development of renewable energy in Maryland and across the PJM grid.

Offshore wind is a massive opportunity for economic growth, and with the passage of the POWER Act last year, Maryland is a leader on the East Coast in adopting the right policies to help this growing industry attain scale. Maryland has five anticipated supply chain investments in state and we need a strong wind farm development pipeline to secure Maryland's place as an offshore wind supply chain hub.

This pipeline is directly dependent on the opportunities to build offshore wind. As the industry weathers bumps along its growth trajectory, flexibility is important. HB 1296 recognizes the opportunity to keep the state's offshore wind build out on track – even as some projects must reconsider their approach to development.

HB 1296 will ensure that Maryland can meet its offshore wind goals by allowing remaining offshore wind projects to modify project size, pricing and schedule in light of recent market changes. Absent legislation, Maryland faces the potential of losing 900 megawatts (MW) of offshore wind capacity out of the initial 2,000 MW awarded.

The bill creates a path forward for offshore wind while maintaining existing statutory ratepayer protections, including firm caps on ratepayer impacts. The remaining OREC awardees would be able to resize and reprice their projects to add additional capacity to make up for some of the anticipated loss. The bill aligns project pricing and schedules with new market conditions to

ensure that Maryland's offshore wind goals remain on track. Under the proposed legislation, qualified offshore wind developers could apply for outstanding Round 1 and Round 2 ORECs created because of changes in the market and add additional capacity to existing projects to make up for the shortfall. HB 1296 is an opportunity for remaining projects to make up at least 500 MW (approximately 33 additional turbines) of the 900 MW of lost capacity – ensuring the state's path to 8.5 gigawatts (GW) by 2031 stays on track.

Looking farther ahead, HB1296 also establishes a mechanism for the Public Service Commission and the Moore-Miller Administration to develop an action plan for achieving the POWER Act's 8.5 GW offshore wind target. The POWER Act set this target, but future growth of the industry beyond Round 1 and 2 offshore wind projects requires a specific and actionable plan to procure additional offshore wind capacity—including a mechanism (such as an expanded DGS procurement or ORECs) and a schedule for future procurements. Leading businesses in the offshore wind sector are currently considering investments in Maryland and HB1296's proposed planning process will help turn those investments into jobs and clean energy for Maryland.

America's shores possess a power potential of more than twice the electricity the U.S. uses today. The scale of opportunity for offshore wind is incredible: tapping this resource means that these projects will create pathways to the middle class for people from all backgrounds and communities.

Maximizing our existing lease areas and charting the path to 8.5 GW will send a strong signal about Maryland's intent: that the POWER Act was more than a goal. HB 1296 is about continuing that forward momentum in Maryland.

On behalf of both our organizations, thank you for the opportunity to provide testimony on HB 1296. **American Clean Power Association and MAREC Action appreciate your careful consideration of this legislation and respectfully request a favorable report.**

Moira Cyphers  
Eastern Region State Affairs Director  
American Clean Power Association  
(301) 318-4220  
MCyphers@cleanpower.org

Evan Vaughan  
Executive Director  
MAREC Action  
(202) 431-4640  
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# **Renewable Energy Sign on Support for HB 1296.pdf**

Uploaded by: Rebecca Rehr

Position: FAV



February 29, 2024

SUPPORT HB 1296 - Electricity - Offshore Wind Projects - Alterations  
Economic Matters Committee

Mr Chair and Members of the Committee,

The undersigned groups are writing in support of HB 1296 and request a favorable report on this important bill. Offshore wind is a massive opportunity for economic growth, and with the passage of the POWER Act last year, Maryland is a leader on the east coast in adopting policies to help this growing industry scale. For Maryland to secure its place as a supply chain hub, with five anticipated supply chain investments in-state, we'll need a strong development pipeline in place.

This pipeline is directly dependent on the opportunities to build offshore wind. As the industry weathers bumps along its growth trajectory, flexibility is important. HB 1296 recognizes the opportunity to keep the state's offshore wind build out on track – even as some projects must reconsider their approach to development.

HB 1296 will ensure that Maryland can meet its offshore wind goals by allowing remaining offshore wind projects to modify project size, pricing, and schedule in light of recent market changes. Absent legislation, Maryland faces the potential of losing 900 megawatts (MW) of offshore wind capacity out of the initial 2,000 MW awarded.

The bill maintains existing statutory ratepayer protections, including firm caps on ratepayer impacts, it permits the remaining applicants to resize and reprice their projects to add additional capacity to make up for some of the anticipated loss. The bill aligns project pricing and schedules with new market conditions to ensure that Maryland's offshore wind goals remain on track, by permitting qualified offshore wind developers to apply for outstanding Round 1 and Round 2 ORECs created as a result of changes in the market and to add additional capacity to existing projects to make up for the shortfall. HB 1296 is an opportunity for remaining projects to make up at least 500 MW (approximately 33 additional turbines) of the 900 MW of lost capacity – ensuring the state's path to 8.5 GW by 2031 stays on track.

America's shores possess a power potential of more than twice the electricity the US uses today. The scale of opportunity for offshore wind is incredible: tapping this resource means that these projects will create pathways to the middle class for people from all backgrounds and communities.

Maximizing our existing lease areas send a strong signal about Maryland's intent: that the POWER Act was more than a goal. HB 1296 is about continuing that forward momentum in Maryland.

Signed,

American Clean Power Association

Cedar Lane Unitarian Universalist Environmental Justice Ministry

Chesapeake Climate Action Network Action Fund

Climate Reality Greater Maryland

Elders Climate Action Maryland

Gnatt Medical Associates

Howard County Climate Action

IBEW Local 24

MAREC Action

Maryland League of Conservation Voters

Maryland Legislative Coalition Climate Justice Wing

Mizrahi Family Charitable Fund

Montgomery County Faith Alliance for Climate Solutions (MC-FACS)

Unitarian Universalist Legislative Ministry of Maryland

**MD HB1296 RWE Comments 2.29.24.pdf**

Uploaded by: Rory Murray

Position: FAV



February 29, 2024

Chairman CT Wilson  
Room 231  
House Office Building  
Annapolis, Maryland 21401

**Bill:** HB1296 - Electricity - Offshore Wind Projects - Alterations

**Organization:** RWE Offshore Wind Holdings, LLC

**Position:** Support

Chairman Wilson, Vice-Chair Crosby, and Members of the Committee:

RWE Offshore Wind Holdings, LLC (RWE) appreciates the opportunity to submit comments on House Bill 1296. RWE, along with its global affiliates, is a leader in offshore wind energy, active across the entire value chain, from project conception and development to construction as well as operation and maintenance. The unparalleled expertise the company has earned over the last 20 years has resulted in 19 offshore wind farms in operation along with two floating wind demonstration projects. RWE has been awarded three leases by the Bureau of Ocean Energy Management (BOEM). Our U.S. offshore wind development portfolio now totals approximately 6 gigawatts, including a New York Bight lease area with our joint venture partner National Grid Ventures, known as Community Offshore Wind, a Gulf of Mexico lease area, and a northern California lease area, known as Canopy Offshore Wind Farm.

RWE is enthusiastic about partnering with the State of Maryland to achieve its ambitious renewable energy objectives. By leveraging our expertise and resources in alignment with the state's vision, we aim to play a collaborative role in developing and executing the required comprehensive plan to reach the mandated 8,500 megawatts of offshore wind energy capacity by 2031. Please consider us a valuable resource as we move forward together.

Sincerely,

/s/ Kate McKeever

Kate McKeever  
Vice President, Head of Government Affairs – Offshore U.S.  
RWE Offshore Wind Holdings, LLC  
[Kate.McKeever@rwe.com](mailto:Kate.McKeever@rwe.com)

**HB1296\_Favorable with Amendments\_PSC.pdf**

Uploaded by: Frederick Hoover

Position: FWA

FREDERICK H. HOOVER, JR.  
CHAIR

MICHAEL T. RICHARD  
ANTHONY J. O'DONNELL  
KUMAR P. BARVE  
BONNIE A. SUCHMAN



## PUBLIC SERVICE COMMISSION

February 26, 2024

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

### **RE: HB1296 - Favorable with Amendment — ELECTRICITY – OFFSHORE WIND PROJECTS – ALTERNATIONS**

Dear Chair Wilson and Committee Members:

Recognizing that the development of offshore wind energy is important to the economic well-being of the State, the Maryland General Assembly passed the Maryland Offshore Wind Energy Act of 2013. This Act established the first round of offshore wind procurement for Maryland along with the payment mechanism, offshore wind renewable energy credits (“ORECs”), for offshore wind projects under the Renewable Portfolio Standard (“RPS”). The General Assembly passed the Clean Energy Jobs Act of 2019 which established the second round of offshore wind procurement and the Promoting Offshore Wind Energy Resources Act in 2023 which requires the Maryland Public Service Commission (Commission) to open a procurement for offshore wind transmission solutions. HB 1296 requires the Commission to open a revised Round 2 proceeding to consider changes to projects with OREC awards as of June 1, 2024.

The Commission oversees the procurement of offshore wind projects and approves projects for ORECs. With Skipjack withdrawing from its OREC awards on January 25, 2024, the projects currently approved with OREC awards are US Wind’s Round 1 and Round 2 projects for a total of 1,056.5 MW of capacity. The Commission supports the changes made in HB 1296 with one amendment. As drafted, the Commission has 90 days to approve, conditionally, approve or deny applications filed under the revised Round 2 proceeding. The Commission believes an additional 30 days would ensure that the process runs smoothly, parties have sufficient time to participate, and the Commission enough time to render a decision. Accordingly, the Commission requests the following amendment:

**2. UNLESS EXTENDED BY MUTUAL CONSENT OF THE PARTIES, THE COMMISSION SHALL APPROVE, CONDITIONALLY APPROVE, OR DENY AN APPLICATION WITHIN ~~90~~ 120 DAYS AFTER THE APPLICATION IS FILED AND FOUND BY THE COMMISSION TO BE ADMINISTRATIVELY COMPLETE.**

I appreciate the opportunity to provide favorable testimony, with amendments on HB 1296. Please contact the Commission's Director of Legislative Affairs, Christina M. Ochoa, at [christina.ochoa1@maryland.gov](mailto:christina.ochoa1@maryland.gov) if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Frederick H. Hoover". The signature is written in a cursive style with a large initial 'F'.

Frederick H. Hoover, Chair  
Maryland Public Service Commission

**HB1296 (SB1161) FWA.pdf**

Uploaded by: Landon Fahrig

Position: FWA





# Maryland Energy Administration

**TO:** Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee  
**FROM:** MEA  
**SUBJECT:** HB 1296 Electricity - Offshore Wind Projects - Alterations  
**DATE:** February 29, 2024

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## **MEA Position: FAVORABLE WITH AMENDMENTS**

HB 1296 would provide alterations to move the Maryland offshore wind industry forward. The General Assembly passed the Promoting Offshore Wind Energy Resources Act (“POWER Act”) in 2023 as a determined expansion of offshore wind, so that the state may realize the long-term benefits of this clean energy resource.

MEA understands the challenges associated with establishing a new industry in the current economic environment. Since the Offshore Renewable Energy Credit (“OREC”) Orders were issued in 2017 and 2021 there have been a number of economic challenges affecting the success of the current projects, including inflation, high interest rates, and supply chain constraints.

Despite these challenges, Maryland needs more clean generation and offshore wind will be an essential industry for Maryland’s clean energy and decarbonization targets. Maryland has enacted one of the most ambitious standards in the country, a 60% reduction in GHG emissions required by the Climate Solutions Now Act (CSNA), and it cannot be achieved without an outsized contribution from the power sector. The State’s statutory goal of 8.5 GW of offshore wind generation will provide significant portions of clean energy in the generation mix in the 2030s and by necessity will require these generators to be online and available. The offshore wind projects in Maryland will support a new clean energy industry, which both provides high-skill, well-paying positions and economic stimulus in the state, given the millions in investments in steel, port, subsea cable, and turbine manufacturing facilities.

HB1296 will serve to maintain momentum in the industry in Maryland, provide the necessary restructuring for successful project parameter adjustments, provide business certainty to the supply chain, and provide a roadmap for the Maryland projects going forward.

While supportive of the bill, MEA suggests the following amendment be included in the final version:

- In the past, MEA has not always been given access to certain business confidential information produced in Public Service Commission proceedings related to the State’s offshore wind projects. The State and the Administration should not be put at an information disadvantage when determining whether or not to support, amend, or otherwise alter multi-billion dollar,

long-term contracts that seriously impact the State. Therefore, we strongly recommend the addition of the following text:

“MEA will have access to any and all confidential data produced by any party to a proceeding subject to any necessary protective agreements to preserve the integrity of the data.”

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Landon Fahrig, Legislative Liaison, directly ([landon.fahrig@maryland.gov](mailto:landon.fahrig@maryland.gov), 410.931.1537).

# **SB1161; HB1296 Pavlak UNF-Offshore Wind-Alteration**

Uploaded by: Alex Pavlak

Position: UNF

## SB1161; HB1296F Offshore Wind Projects - Alterations Unfavorable

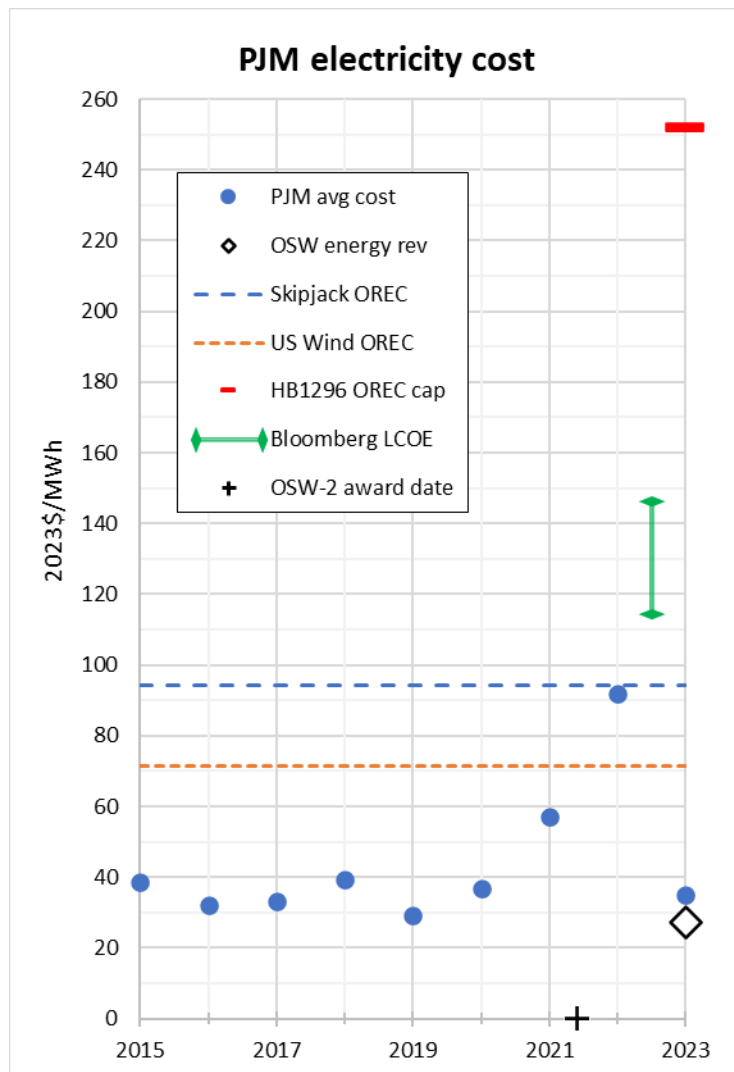
*This Bill triples OSW-2 OREC price caps to 10x PJM market prices with no evidence of value. The OSW-1 price cap and the POWER Act discounts to \$120 billion, \$6 billion/year. Prudent stewards should slow down and think, do nothing now, reconsider goals, plan a disciplined sequence of smaller steps.*

The embedded chart attempts to put the numbers in perspective. The vertical axis is the PJM cost of electricity. It is how much the PJM market pays to generators for electricity. The units are \$/MWh, dollars per million watt-hours. For laymen thinking of ¢/kWh on their electric bill, slip the decimal one digit to the left. \$35/MWh is the same as 3.5 ¢/kWh. PJM electricity cost is marked up for transmission, distribution, admin, social costs, and other services and currently sold to Maryland residential users for 16 ¢/kWh.

The blue dots are PJM cost, the annual average of what the PJM market paid to generators for electricity ([Table 10, v1, of the PJM som](#)) in inflation adjusted 2023\$. It is the annual average of PJM energy + capacity market prices. Costs started to rise in 2021 before the OSW-2 award, peaked in 2022 with the Ukrainian disruption of global natural gas supplies. In 2023 costs have reverted to the norm ~\$35/MWh. If ratepayers are complaining about high electricity prices, it is not because of high electricity cost.

The open diamond is the PJM market monitor’s estimate (\$27/MWh) of what PJM’s energy market would have paid an OSW developer to deliver electricity to the Delaware grid in 2023. It is based on PJM historical economic dispatch ([Table 7.11 of the 3Q, 2022 PJM som](#)). It remains unclear what if any capacity value would be credited to OSW.

Mature fair markets that align price with cost will not reward intermittent generators as much as dependable generators. And who pays for electricity generated by OSW and curtailed by the marketplace? We observe that in Ontario Canada today 50% of generated wind energy is curtailed in some fashion.



February 29, 2024

The horizontal dashed lines are the two Maryland 2021 OREC-2 award prices in 2023\$. The blended average OREC price is \$84/MWh guaranteed by the State of Maryland. This is offset by electricity sales at \$27/MWh. The difference, \$57/MWh, is Maryland's subsidy commitment. OSW-2 awarded 5,792,959 ORECs/yr. The discounted present value of the Maryland subsidy is \$5.7 billion.

However, the awarded OSW-2 OREC prices proved inadequate. The vertical green line shows [Bloomberg's current estimate](#) of today's OSW cost, both with and without federal tax incentives (bottom/top). Since the cost to build OSW-2 with federal incentives is greater than both OREC awards, both contractors would lose money. On January 25<sup>th</sup> Skipjack joined other east coast OSW developers [announcing](#) that it was withdrawing from its Maryland contract because the OSW-2 OREC price was insufficient.

Maryland has responded with HB1296F which increases the OREC-1 cap to \$190/MWh (2012\$) or \$252/MWh 2023\$. This price is the short red line at the top of the chart. ***It is 10 times PJM market value.*** Also, HB1296F authorizes an increase in the number of OSW-1 ORECs without a cap and discusses the Maryland goal of 8,500 MW of OSW. If ORECs were awarded for all 8,500 MW at the OSW-1 price cap the discounted present value would be \$117 billion, roughly \$6 billion/yr.

The Maryland Public Service Commission (MPSC) Order 90111 shows that ratepayer protection does not work. The calculations require subjective (political) judgments, the most important being then future retail price of electricity. In a 2022 [Washington Post OpEd](#) one of us complained that the OSW-2 OREC awards exceeded Maryland's statutory ratepayer cap by a factor of 4. OSW was good politics.

Our judgment is that for the next two decades, electricity costs will remain flat and low. This is supported by 1) historical cost in the preceding chart shows no upward trend; and 2) cost reverted to \$35/MWh in 2023; and 3) PJM electricity cost is largely determined by natural gas prices and EIA reference scenario forecasts natural gas prices to remain almost constant ([Figure 25 of its 2022 Annual Energy Outlook](#)); and 4) the concurrent judgment during the OSW-2 evaluation of the ICF (MPSC's independent consultant), the Maryland Office of People's counsel, and one of the contractors consultants.

Maryland could expedite its decarbonization progress with more discipline, by adopting a slower pace, exploring all options including new nuclear, and thinking more thoroughly and independently. Before committing tens of \$billions on OSW, it is prudent to spend some time and effort up front to develop evidence that OSW is a durable technology. Under what conditions is OSW-2 a useful component on zero carbon PJM system? The main challenge is intermittency. There is no affordable clean backup technology and Intermittent generators have little/no dependable capacity credit.

Building OSW-1 (368 MW or smaller), as a limited pilot program for the purpose of acquiring OSW data on system performance, costs, design and environmental impact (Whales) is not unreasonable. Do nothing now (unfavorable on SB1161; HB1296F) should allow OSW-1 contractors to perform.

**Vote unfavorable SB1161; HB1269F.**



# **HB1296 OPC Testimony.pdf**

Uploaded by: David Lapp

Position: INFO

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**BILL NO.:** House Bill 1296  
Electricity - Offshore Wind Projects - Alterations

**COMMITTEE:** Economic Matters Committee

**HEARING DATE:** February 29, 2024

**SPONSOR:** Delegates Wilson and Crosby

**POSITION:** Informational

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The Office of People’s Counsel provides the following information on House Bill 1296 for the Committee’s consideration. HB 1296 requires the Public Service Commission (“PSC”) to open a 90-day proceeding to revise project sizes, schedules, or offshore wind renewable energy credit (“OREC”) pricing for previously approved Round 2 offshore wind (“OSW”) projects. The bill also allows Round 1 OSW projects to request an increase in the maximum number of ORECs sold under the project and modify project schedules, though it does not allow the OREC prices to change for Round 1 projects as it does for Round 2 projects.

HB 1296 retains the existing ratepayer protection provisions, meaning that the PSC may only approve a modified Round 1 or 2 OREC price schedule if the rate impact is less than the existing caps.<sup>1</sup> Thus, HB1296 should not result in an increased bill impact on residential ratepayers.

Additional analysis will be required to ensure the ratepayer protections are met, and OPC notes that it may be difficult to fully analyze the revised OREC schedules and rate impacts within the 90-day timeframe that HB 1296 currently proposes. In the original

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<sup>1</sup> The existing caps are: all Round 1 projects combined must have a projected residential rate impact under \$1.50 a month in 2012 dollars, and all Round 2 projects combined must have a projected residential rate impact under \$0.88 per month in 2018 dollars. There are also rate impact caps for nonresidential customers.

Rounds 1 and 2, OPC was a party to the proceedings and presented analysis and testimony. The PSC contracted with an outside consulting firm to perform rate impact analyses, and it should do so again here to make sure the OREC schedule modifications meet the ratepayer protection provisions. It would be a significant challenge for OPC to ensure compliance with the ratepayer impact limits within the tight timeframe currently proposed. Further, the PSC may need to issue an RFP and award a contract for a rate impact consultant. The consultant would have to perform the necessary rate impact analysis, and the PSC would have to analyze the consultant's work as well as the analysis of the OSW company and any intervenors all within 90 days. OPC is concerned that it may not be feasible to conduct an adequate review of the rate impact estimates in 90 days.

Additionally, subsection (L)(2)(II) currently states that the provisions of HB 1296 only apply to Round 1 and 2 OSW projects that “possess ORECs as of June 1, 2024.” As there is no active OSW power generation in Maryland yet, it is arguable that no ORECs currently exist for anyone to possess. This clause could be clarified to apply the provision to projects that are currently subject to a valid Commission order approving an OREC price schedule.