

# HOUSE BILL 1393

C5, M5, K3

4lr3220

---

By: **Delegate Crosby**

Introduced and read first time: February 9, 2024

Assigned to: Economic Matters

---

Committee Report: Favorable

House action: Adopted with floor amendments

Read second time: March 1, 2024

---

## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Electric System Planning – Scope and Funding**

3 FOR the purpose of altering the scope of certain policy goals with regard to energy systems;  
4 requiring the Public Service Commission to report on certain projects relating to  
5 certain goals; altering the scope of certain funds that may be used for certain projects  
6 related to the electric system; requiring the Commission to adopt regulations or issue  
7 rules to require pursuit of federal funds in a certain manner; requiring the  
8 Commission to adopt regulations to require investment in certain demand–side  
9 reliability and efficiency improvement methods; requiring that certain regulations  
10 adopted and orders issued by the Commission be developed in a certain manner and  
11 establish separate requirements for certain electric companies under certain  
12 circumstances; altering the scope of projects to which certain labor standards apply;  
13 and generally relating to public utilities and electric system projects.

14 BY repealing and reenacting, with amendments,  
15 Article – Public Utilities  
16 Section 7–801 through 7–804 to be under the amended subtitle “Subtitle 8. Electric  
17 System Planning”  
18 Annotated Code of Maryland  
19 (2020 Replacement Volume and 2023 Supplement)

20 BY repealing and reenacting, with amendments,  
21 Article – Labor and Employment  
22 Section 3–416  
23 Annotated Code of Maryland

---

### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



(2016 Replacement Volume and 2023 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
That the Laws of Maryland read as follows:

**Article – Public Utilities**

Subtitle 8. Electric [Distribution] System Planning.

7–801.

It is the goal of the State that the electric [distribution] system support, in a cost-effective manner, the State’s policy goals with regard to:

- (1) greenhouse gas reduction;
- (2) renewable energy;
- (3) decreasing dependence on electricity imported from other states; and
- (4) achieving energy [distribution] **SYSTEM** resiliency, efficiency, and reliability.

7–802.

On or before December 1, 2024, and each December 1 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 [electric distribution system evolution] **PROJECTS DESIGNED TO PROMOTE THE GOALS IDENTIFIED IN THIS SECTION**, including information on [electric distribution system] planning processes and implementation that promote, as specific goals, the following:

- (1) measures to decrease greenhouse gas emissions incident to electric distribution, including high levels of distributed energy resources and electric vehicles;
  - (2) giving priority to vulnerable communities in the development of distributed energy resources and electric vehicle infrastructure;
  - (3) energy efficiency;
  - (4) meeting anticipated increases in load;
  - (5) incorporation of energy storage technology as appropriate and prudent
- to:

1 (i) support efficiency and reliability of the electric [distribution]  
2 system; and

3 (ii) provide additional capacity to accommodate increased  
4 distributed renewable electricity generation in connection with electric TRANSMISSION  
5 AND distribution system modernization;

6 (6) efficient management of load variability;

7 (7) electric [distribution] system resiliency and reliability;

8 (8) bidirectional power flows;

9 (9) demand response and other nonwire and noncapital alternatives;

10 (10) increased use of distributed energy resources, including electric  
11 vehicles;

12 (11) transparent stakeholder participation in ongoing electric [distribution]  
13 system planning processes; and

14 (12) any other issues the Commission considers appropriate.

15 7–803.

16 (a) The General Assembly strongly encourages the electric companies of the State  
17 to pursue diligently federal funds to meet the State’s policy goals for the electric  
18 [distribution] system, including funds made available under [§§ 40101, 40103, and 40107  
19 of] the federal Infrastructure Investment and Jobs Act **OR THE FEDERAL INFLATION  
20 REDUCTION ACT.**

21 (b) The Commission and the Maryland Energy Administration shall provide  
22 assistance and support to electric companies for applying for and obtaining access to federal  
23 and other available funds to meet the State’s policy goals [for the electric distribution  
24 system].

25 (c) The Maryland Energy Administration shall identify funding sources that may  
26 be available to electric companies to implement the State’s policy goals under § 7–802 of  
27 this subtitle, including funding for:

28 (1) increasing the efficiency of electric [distribution] systems, including  
29 through installation and integration of energy storage devices and operational changes and  
30 upgrades;

1 (2) grid-hardening activities to reduce the occurrence of or consequences  
 2 of events that disrupt operations of the electric [distribution] system due to extreme  
 3 weather or natural disasters;

4 (3) other [distribution system-related upgrade] **ELECTRIC SYSTEM**  
 5 **ENHANCEMENT** activities available for funding under [§ 40101, § 40103, or § 40107 of] the  
 6 federal Infrastructure Investment and Jobs Act **OR THE FEDERAL INFLATION**  
 7 **REDUCTION ACT**; and

8 (4) other specific activities that the Commission identifies.

9 (d) As needed to promote the State's policy goals under § 7-802 of this subtitle,  
 10 the Commission:

11 (1) shall require each electric company to report **AT LEAST QUARTERLY**  
 12 to the Commission and the Maryland Energy Administration on:

- 13 (i) the funding for which the electric company has applied;
- 14 (ii) the purposes for which the funding is intended to be used;
- 15 (iii) the status of the funding applications; and
- 16 (iv) conditions that must be met to obtain the funding; and

17 (2) [may] **SHALL** adopt regulations or issue orders:

18 **(I)** that require electric companies to apply for federal and other  
 19 available funds in a timely manner; **AND**

20 **(II) IN ORDER TO ENSURE THAT LEAST-COST DEBT IS USED.**

21 7-804.

22 **(A)** ~~On~~ **ON** or before July 1, 2025, the Commission shall adopt regulations or issue  
 23 orders to:

24 **(1)** implement specific policies for electric [distribution] system planning;

25 **(2) REQUIRE INVESTMENT IN DEMAND-SIDE METHODS AND**  
 26 **TECHNOLOGY TO IMPROVE RELIABILITY AND EFFICIENCY, INCLUDING VIRTUAL**  
 27 **POWER PLANTS**; and

28 **(3) IMPLEMENT SPECIFIC POLICIES FOR** improvements in order to  
 29 promote the State's policy goals under § 7-802 of this subtitle.

1           **(B) THE REGULATIONS ADOPTED AND ORDERS ISSUED UNDER SUBSECTION**  
 2 **(A) OF THIS SECTION SHALL:**

3           **(1) BE DEVELOPED WITH CONSIDERATION GIVEN TO THE INHERENT**  
 4 **DIFFERENCES, INDIVIDUAL CIRCUMSTANCES, AND AVAILABLE RESOURCES AMONG**  
 5 **INVESTOR-OWNED ELECTRIC COMPANIES, ELECTRIC COOPERATIVES, AND**  
 6 **MUNICIPAL ELECTRIC UTILITIES; AND**

7           **(2) IF DETERMINED NECESSARY BY THE COMMISSION, ESTABLISH**  
 8 **SEPARATE REQUIREMENTS FOR INVESTOR-OWNED ELECTRIC COMPANIES,**  
 9 **ELECTRIC COOPERATIVES, AND MUNICIPAL ELECTRIC UTILITIES.**

10   **Article – Labor and Employment**

11           3–416.

12           (a) This section applies:

13                           (1) to a project undertaken by an investor–owned electric company or gas  
 14 and electric company that:

15   (i) involves the construction, reconstruction, installation,  
 16 demolition, restoration, or alteration of any electric infrastructure of the company, and any  
 17 related traffic control activities; and

18   (ii) is funded by federal funds to meet the State’s policy goals for  
 19 [the] electric [distribution] system **PLANNING** under Title 7, Subtitle 8 of the Public  
 20 Utilities Article, including funds made available under [§ 40101, § 40103, or § 40107 of] the  
 21 federal Infrastructure Investment and Jobs Act **OR THE FEDERAL INFLATION**  
 22 **REDUCTION ACT**; and

23                           (2) only to the portion of the project supported by the federal funds.

24           (b) An investor–owned electric company or gas and electric company shall require  
 25 a contractor or subcontractor on a project described in subsection (a) of this section to:

26                           (1) pay the area prevailing wage for each trade employed, including wages  
 27 and fringe benefits;

28                           (2) offer health care and retirement benefits to the employees working on  
 29 the project;

30                           (3) participate in an apprenticeship program registered with the State for  
 31 each trade employed on the project;

1 (4) establish and execute a plan for outreach, recruitment, and retention of  
2 State residents to perform work on the project, with an aspirational goal of 25% of total  
3 work hours performed by Maryland residents, including residents who are:

4 (i) returning citizens;

5 (ii) women;

6 (iii) minority individuals; or

7 (iv) veterans;

8 (5) have been in compliance with federal and State wage and hour laws for  
9 the previous 3 years;

10 (6) be subject to all State reporting and compliance requirements; and

11 (7) maintain all appropriate licenses in good standing.

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
13 October 1, 2024.

Approved:

---

Governor.

---

Speaker of the House of Delegates.

---

President of the Senate.