

HOUSE BILL 88

M5, C5

(PRE-FILED)

2r1074
CF 2r1075

By: **Delegate Charkoudian**

Requested: October 29, 2021

Introduced and read first time: January 12, 2022

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Public Utilities – Energy Distribution Planning and Required Labor Standards**

3 FOR the purpose of establishing the Distribution System Planning Workgroup to study
4 issues related to energy distribution planning and implementation; requiring the
5 Public Service Commission to adopt regulations on or before a certain date related
6 to energy distribution planning and implementation; requiring the Commission and
7 the Maryland Energy Administration to coordinate efforts with utilities to apply for
8 and access certain federal funds to meet the State’s policy goals for the electric
9 distribution grid; establishing labor standards for contractors and subcontractors
10 participating in projects undertaken by investor–owned electric companies or gas
11 and electric companies; and generally relating to energy distribution planning and
12 labor standards.

13 BY adding to

14 Article – Public Utilities

15 Section 7–801 through 7–805 to be under the new subtitle “Subtitle 8. Energy
16 Distribution Planning and Labor Standards”

17 Annotated Code of Maryland

18 (2020 Replacement Volume and 2021 Supplement)

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

21 **Article – Public Utilities**

22 **SUBTITLE 8. ENERGY DISTRIBUTION PLANNING AND LABOR STANDARDS.**

23 **7–801.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **IN THIS SUBTITLE, “WORKGROUP” MEANS THE DISTRIBUTION SYSTEM**
2 **PLANNING WORKGROUP.**

3 **7-802.**

4 **IT IS THE GOAL OF THE STATE THAT THE ELECTRIC DISTRIBUTION GRID**
5 **SUPPORT THE STATE’S POLICY GOALS WITH REGARD TO:**

6 **(1) DECARBONIZATION AND GREENHOUSE GAS REDUCTION;**

7 **(2) RENEWABLE ENERGY;**

8 **(3) EQUITY;**

9 **(4) FAMILY-SUSTAINING EMPLOYMENT; AND**

10 **(5) ACHIEVING ENERGY DISTRIBUTION RESILIENCY AND RELIABILITY**
11 **IN A COST-EFFECTIVE MANNER.**

12 **7-803.**

13 **(A) THERE IS A DISTRIBUTION SYSTEM PLANNING WORKGROUP.**

14 **(B) THE WORKGROUP CONSISTS OF THE FOLLOWING MEMBERS:**

15 **(1) THE SECRETARY OF THE ENVIRONMENT, OR THE SECRETARY’S**
16 **DESIGNEE;**

17 **(2) THE PEOPLE’S COUNSEL, OR THE PEOPLE’S COUNSEL’S**
18 **DESIGNEE;**

19 **(3) THE DIRECTOR OF THE MARYLAND ENERGY ADMINISTRATION,**
20 **OR THE DIRECTOR’S DESIGNEE; AND**

21 **(4) THE FOLLOWING MEMBERS, APPOINTED BY THE CHAIRMAN OF**
22 **THE COMMISSION:**

23 **(I) ONE REPRESENTATIVE OF EACH INVESTOR-OWNED**
24 **ELECTRIC COMPANY WITH CUSTOMERS IN THE STATE;**

25 **(II) ONE REPRESENTATIVE OF RESIDENTIAL AND SMALL**
26 **COMMERCIAL ELECTRIC CUSTOMERS;**

1 (III) ONE REPRESENTATIVE OF LOW-INCOME COMMUNITIES;

2 (IV) ONE REPRESENTATIVE OF MINORITY COMMUNITIES;

3 (V) ONE REPRESENTATIVE OF ENVIRONMENTAL ADVOCACY
4 GROUPS;

5 (VI) ONE REPRESENTATIVE OF ENVIRONMENTAL JUSTICE
6 GROUPS;

7 (VII) ONE REPRESENTATIVE OF THE BALTIMORE-DC METRO
8 BUILDING TRADES COUNCIL;

9 (VIII) ONE REPRESENTATIVE OF THE MARYLAND STATE AND
10 DISTRICT OF COLUMBIA AFL-CIO;

11 (IX) ONE REPRESENTATIVE OF THE DISTRIBUTED ENERGY
12 RESOURCE INDUSTRY;

13 (X) ONE REPRESENTATIVE OF THE ELECTRIC VEHICLE
14 INDUSTRY;

15 (XI) ONE INDIVIDUAL WITH EXPERTISE IN IMPLEMENTING
16 ENERGY DISTRIBUTION PLANNING; AND

17 (XII) ANY OTHER INDIVIDUALS IDENTIFIED BY THE COMMISSION.

18 (C) THE CHAIRMAN OF THE COMMISSION SHALL DESIGNATE THE CHAIR OF
19 THE WORKGROUP.

20 (D) THE COMMISSION SHALL PROVIDE STAFF FOR THE WORKGROUP.

21 (E) A MEMBER OF THE WORKGROUP:

22 (1) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE
23 WORKGROUP; BUT

24 (2) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE
25 STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE BUDGET.

26 (F) THE WORKGROUP SHALL:

27 (1) STUDY AND MAKE RECOMMENDATIONS REGARDING ENERGY

1 DISTRIBUTION PLANNING PROCESSES AND IMPLEMENTATION THAT PROMOTE:

2 (I) DECARBONIZATION, INCLUDING HIGH LEVELS OF
3 DISTRIBUTED ENERGY RESOURCES AND ELECTRIC VEHICLES;

4 (II) GIVING PRIORITY TO VULNERABLE COMMUNITIES IN THE
5 DEVELOPMENT OF DISTRIBUTED ENERGY RESOURCES AND ELECTRIC VEHICLE
6 INFRASTRUCTURE;

7 (III) ENERGY EFFICIENCY AND CONSERVATION;

8 (IV) MEETING INCREASED LOAD REQUIREMENTS DUE TO THE
9 ELECTRIFICATION OF BUILDINGS AND TRANSPORTATION;

10 (V) LABOR STANDARDS IN ALL ELEMENTS OF ELECTRIC GRID
11 MODERNIZATION;

12 (VI) ELECTRIC GRID RESILIENCY AND ADAPTATION;

13 (VII) PEAK LOAD MANAGEMENT;

14 (VIII) INTEGRATION OF VEHICLES WITH THE ELECTRIC GRID AND
15 OTHER BIDIRECTIONAL POWER FLOWS FROM STORAGE ASSETS;

16 (IX) EFFECTIVE USE OF DEMAND RESPONSE AND OTHER
17 NONWIRE ALTERNATIVES;

18 (X) TRANSPARENT STAKEHOLDER PARTICIPATION IN ONGOING
19 ENERGY DISTRIBUTION PLANNING PROCESSES; AND

20 (XI) COMPARISONS AMONG ALTERNATIVE APPROACHES,
21 INCLUDING NONWIRE ALTERNATIVES AND NONCAPITAL OPTIONS, INCLUDING
22 REPAIR, MAINTENANCE, AND OPERATION OF EXISTING RESOURCES IN A
23 COST-EFFECTIVE MANNER; AND

24 (2) MAXIMIZE TRANSPARENCY FOR STAKEHOLDER PARTICIPATION,
25 INCLUDING PROVIDING STAKEHOLDER ACCESS TO NONCONFIDENTIAL UTILITY
26 INFORMATION.

27 (G) ON OR BEFORE JANUARY 1, 2023, THE WORKGROUP SHALL REPORT ITS
28 FINDINGS AND RECOMMENDATIONS TO THE COMMISSION.

29 (H) AFTER SUBMITTING THE REPORT REQUIRED UNDER SUBSECTION (G)

1 OF THIS SECTION, THE WORKGROUP SHALL CONTINUE TO SERVE IN AN ONGOING
2 ADVISORY CAPACITY TO THE COMMISSION FOR ENERGY DISTRIBUTION SYSTEM
3 PLANNING.

4 7-804.

5 (A) ON OR BEFORE DECEMBER 1, 2022, AND EACH YEAR THEREAFTER, THE
6 COMMISSION SHALL SUBMIT A REPORT, IN ACCORDANCE WITH § 2-1257 OF THE
7 STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY WITH INFORMATION
8 REGARDING THE CURRENT STATUS OF ELECTRIC DISTRIBUTION GRID EVOLUTION,
9 INCLUDING INFORMATION ADDRESSING THE TOPICS OUTLINED IN SUBSECTION (B)
10 OF THIS SECTION.

11 (B) ON OR BEFORE JANUARY 1, 2024, WITH INPUT FROM THE WORKGROUP,
12 THE COMMISSION SHALL ADOPT REGULATIONS REGARDING ENERGY DISTRIBUTION
13 PLANNING PROCESSES AND IMPLEMENTATION THAT PROMOTE:

14 (1) DECARBONIZATION, INCLUDING HIGH LEVELS OF DISTRIBUTED
15 ENERGY RESOURCES AND ELECTRIC VEHICLES;

16 (2) GIVING PRIORITY TO VULNERABLE COMMUNITIES IN THE
17 DEVELOPMENT OF DISTRIBUTED ENERGY RESOURCES AND ELECTRIC VEHICLE
18 INFRASTRUCTURE;

19 (3) ENERGY EFFICIENCY AND CONSERVATION;

20 (4) MEETING INCREASED LOAD DUE TO ELECTRIFICATION OF
21 BUILDINGS AND TRANSPORTATION;

22 (5) LABOR STANDARDS IN ALL ELEMENTS OF ELECTRIC GRID
23 MODERNIZATION;

24 (6) ELECTRIC GRID RESILIENCY AND ADAPTATION;

25 (7) PEAK LOAD MANAGEMENT;

26 (8) INTEGRATION OF VEHICLES WITH THE ELECTRIC GRID AND
27 OTHER BIDIRECTIONAL POWER FLOWS FROM STORAGE ASSETS;

28 (9) EFFECTIVE USE OF DEMAND RESPONSE AND OTHER NONWIRE
29 ALTERNATIVES;

30 (10) TRANSPARENT STAKEHOLDER PARTICIPATION IN ONGOING

1 ENERGY DISTRIBUTION PLANNING PROCESSES; AND

2 (11) COMPARISONS AMONG ALTERNATIVE APPROACHES, INCLUDING
3 NONWIRE ALTERNATIVES AND NONCAPITAL OPTIONS, INCLUDING REPAIR,
4 MAINTENANCE, AND OPERATION OF EXISTING RESOURCES IN A COST-EFFECTIVE
5 MANNER.

6 (C) THE REGULATIONS ADOPTED UNDER SUBSECTION (B) OF THIS SECTION
7 SHALL:

8 (1) BE DEVELOPED WITH CONSIDERATION OF THE STATE'S
9 GREENHOUSE REDUCTION GOALS;

10 (2) ACCOUNT FOR BENEFITS THAT MAY NOT BE READILY
11 QUANTIFIABLE;

12 (3) IDENTIFY LEAST REGRETS INVESTMENTS;

13 (4) ESTABLISH METRICS FOR ASSESSING BENEFITS;

14 (5) UTILIZE A DISCOUNT RATE THAT REFLECTS STATE REGULATORY
15 AND ENVIRONMENTAL GOALS;

16 (6) ACCOUNT FOR INCREMENTAL UTILITY OPERATIONS AND
17 MAINTENANCE COSTS, INCREMENTAL UTILITY CAPITAL COSTS, AND INCREMENTAL
18 TRANSMISSION AND ENERGY DISTRIBUTION COSTS; AND

19 (7) ACCOUNT FOR:

20 (I) REDUCTIONS IN OPERATION AND MAINTENANCE COSTS,
21 GENERATION CAPACITY COSTS, ENERGY COSTS, TRANSMISSION AND ENERGY
22 DISTRIBUTION COSTS AND LOSSES, ANCILLARY SERVICES COSTS, CUSTOMER
23 OUTAGES, AND ENVIRONMENTAL COMPLIANCE COSTS; AND

24 (II) INCREASES IN SYSTEM RELIABILITY, SAFETY, RESILIENCE,
25 DISTRIBUTED ENERGY RESOURCE INTEGRATION, POWER QUALITY, CUSTOMER
26 SATISFACTION, CUSTOMER FLEXIBILITY AND CHOICE, AND OTHER ENVIRONMENTAL
27 BENEFITS.

28 (D) IN RATE CASES, UTILITIES SHALL BEAR THE BURDEN OF
29 DEMONSTRATING COMPLIANCE WITH THE COMMISSION'S REGULATIONS THROUGH
30 QUANTIFICATION OF BENEFITS AND OBJECTIVE AND VERIFIABLE STANDARDS.

1 **(E) THE COMMISSION AND THE MARYLAND ENERGY ADMINISTRATION**
2 **SHALL COORDINATE EFFORTS WITH UTILITIES TO APPLY FOR AND ACCESS FEDERAL**
3 **FUNDS, INCLUDING THOSE MADE AVAILABLE UNDER § 40101 OF THE FEDERAL**
4 **INFRASTRUCTURE INVESTMENT AND JOBS ACT, TO MEET THE STATE’S POLICY**
5 **GOALS FOR THE ELECTRIC DISTRIBUTION GRID.**

6 **7-805.**

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

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

15 **(1) PAY THE AREA PREVAILING WAGE FOR EACH TRADE EMPLOYED,**
16 **INCLUDING WAGES AND FRINGE BENEFITS;**

17 **(2) OFFER HEALTH CARE AND RETIREMENT BENEFITS TO THE**
18 **EMPLOYEES WORKING ON THE PROJECT;**

19 **(3) PARTICIPATE IN AN APPRENTICESHIP PROGRAM REGISTERED**
20 **WITH THE STATE FOR EACH TRADE EMPLOYED ON THE PROJECT;**

21 **(4) ESTABLISH AND EXECUTE A PLAN FOR OUTREACH, RECRUITMENT,**
22 **AND RETENTION OF STATE RESIDENTS TO PERFORM WORK ON THE PROJECT, WITH**
23 **AN ASPIRATIONAL GOAL OF 25% OF TOTAL WORK HOURS PERFORMED BY**
24 **MARYLAND RESIDENTS, INCLUDING RESIDENTS WHO ARE:**

25 **(I) RETURNING CITIZENS;**

26 **(II) WOMEN;**

27 **(III) MINORITY INDIVIDUALS; OR**

28 **(IV) VETERANS;**

29 **(5) HAVE BEEN IN COMPLIANCE WITH FEDERAL AND STATE WAGE**
30 **AND HOUR LAWS FOR THE PREVIOUS 3 YEARS;**

1 **(6) BE SUBJECT TO ALL STATE REPORTING AND COMPLIANCE**
2 **REQUIREMENTS; AND**

3 **(7) MAINTAIN ALL APPROPRIATE LICENSES IN GOOD STANDING.**

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 October 1, 2022.