HOUSE BILL 88

M5, C5 (PRE–FILED) 2lr1074
CF SB 525

By: Delegate Charkoudian
Requested: October 29, 2021
Introduced and read first time: January 12, 2022
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 10, 2022

CHAPTER _____

1  AN ACT concerning
2    Public Utilities—Energy Electric Distribution System Planning and Required
3    Labor Standards
4
5  FOR the purpose of establishing the Distribution System Planning Workgroup to study
6  issues related to energy distribution planning and implementation; establishing
7  certain State policy goals with regard to the State’s electric distribution system;
8  requiring the Public Service Commission to adopt regulations on or before a certain
9  date related to energy distribution planning and implementation; requiring the
10  Public Service Commission and the Maryland Energy Administration to coordinate
11  efforts with utilities to apply provide assistance and support to electric companies
12  for applying for and obtaining access to certain federal funds to meet the State’s
13  policy goals for the electric distribution grid system; requiring the Administration to
14  identify certain funding sources; requiring certain electric companies to report to the
15  Commission and the Administration on certain funding information; establishing
16  labor standards for contractors and subcontractors participating in certain projects
17  undertaken by investor–owned electric companies or gas and electric companies; and
18  generally relating to energy electric distribution system planning and labor
19  standards.

20  BY adding to
21  Article – Public Utilities
22  Section 7–801 through 7–805 7–804 to be under the new subtitle “Subtitle 8. Energy
23  Electric Distribution System Planning and Labor Standards”

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.
BY adding to Article – Labor and Employment Section 3–416 Annotated Code of Maryland (2016 Replacement Volume and 2021 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. ENERGY ELECTRIC DISTRIBUTION SYSTEM PLANNING AND LABOR STANDARDS.

7–801.

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

7–802.

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

(1) DECARBONIZATION AND GREENHOUSE GAS REDUCTION;

(2) RENEWABLE ENERGY;

(3) EQUITY;

(4) FAMILY SUSTAINING EMPLOYMENT DECREASING DEPENDENCE ON ELECTRICITY IMPORTED FROM OTHER STATES; AND

(5) ACHIEVING ENERGY DISTRIBUTION RESILIENCY, EFFICIENCY, AND RELIABILITY IN A COST-EFFECTIVE MANNER.

7–803.

(A) THERE IS A DISTRIBUTION SYSTEM PLANNING WORKGROUP.

(B) THE WORKGROUP CONSISTS OF THE FOLLOWING MEMBERS:
(1) the Secretary of the Environment, or the Secretary’s desigee;

(2) the People’s Counsel, or the People’s Counsel’s desigee;

(3) the Director of the Maryland Energy Administration, or the Director’s desigee; and

(4) the following members, appointed by the Chairman of the Commission:

(i) one representative of each investor-owned electric company with customers in the State;

(ii) one representative of residential and small commercial electric customers;

(iii) one representative of low-income communities;

(iv) one representative of minority communities;

(v) one representative of environmental advocacy groups;

(vi) one representative of environmental justice groups;

(vii) one representative of the Baltimore–DC Metro Building Trades Council;

(viii) one representative of the Maryland State and District of Columbia AFL-CIO;

(ix) one representative of the distributed energy resource industry;

(x) one representative of the electric vehicle industry;

(xi) one individual with expertise in implementing energy distribution planning; and

(xii) any other individuals identified by the Commission.
(c) The Chairman of the Commission shall designate the chair of the Workgroup.

(d) The Commission shall provide staff for the Workgroup.

(e) A member of the Workgroup:

(1) may not receive compensation as a member of the Workgroup, but

(2) is entitled to reimbursement for expenses under the Standard State Travel Regulations, as provided in the State budget.

(f) The Workgroup shall:

(1) study and make recommendations regarding energy distribution planning processes and implementation that promote:

   (i) decarbonization, including high levels of distributed energy resources and electric vehicles;

   (ii) giving priority to vulnerable communities in the development of distributed energy resources and electric vehicle infrastructure;

   (iii) energy efficiency and conservation;

   (iv) meeting increased load requirements due to the electrification of buildings and transportation;

   (v) labor standards in all elements of electric grid modernization;

   (vi) electric grid resiliency and adaptation;

   (vii) peak load management;

   (viii) integration of vehicles with the electric grid and other bidirectional power flows from storage assets;

   (ix) effective use of demand response and other nonwire alternatives;

   (x) transparent stakeholder participation in ongoing energy distribution planning processes; and
(XI) COMPARISONS AMONG ALTERNATIVE APPROACHES, INCLUDING NONWIRE ALTERNATIVES AND NONCAPITAL OPTIONS, INCLUDING REPAIR, MAINTENANCE, AND OPERATION OF EXISTING RESOURCES IN A COST-EFFECTIVE MANNER; AND

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

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

(H) AFTER SUBMITTING THE REPORT REQUIRED UNDER SUBSECTION (G) OF THIS SECTION, THE WORKGROUP SHALL CONTINUE TO SERVE IN AN ONGOING ADVISORY CAPACITY TO THE COMMISSION FOR ENERGY DISTRIBUTION SYSTEM PLANNING.

7-804. 7-802.

(A) ON OR BEFORE DECEMBER 1, 2022 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 ELECTRIC DISTRIBUTION GRID SYSTEM EVOLUTION, INCLUDING INFORMATION ADDRESSING THE TOPICS OUTLINED IN SUBSECTION (B) OF THIS SECTION.

(B) ON OR BEFORE JANUARY 1, 2024, WITH INPUT FROM THE WORKGROUP, THE COMMISSION SHALL ADOPT REGULATIONS REGARDING ENERGY ON ELECTRIC DISTRIBUTION SYSTEM PLANNING PROCESSES AND IMPLEMENTATION THAT PROMOTE, AS SPECIFIC GOALS, THE FOLLOWING:

(1) DECARBONIZATION 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 AND CONSERVATION;

(4) MEETING INCREASED LOAD DUE TO ELECTRIFICATION OF BUILDINGS AND TRANSPORTATION ANTICIPATED INCREASES IN LOAD;
(5) Labor standards in all elements of incorporation of energy storage technology as appropriate and prudent to:

(i) support efficiency and reliability of the electric distribution system; and

(ii) provide additional capacity to accommodate increased distributed renewable electricity generation in connection with electric distribution grid system modernization;

(6) efficient management of load variability;

(6)(7) electric distribution grid system resiliency and adaptation reliability;

(7) peak load management;

(8) integration of vehicles with the electric grid and other bidirectional power flows from storage assets;

(9) effective use of demand response and other nonwire and noncapital alternatives;

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

(10)(11) transparent stakeholder participation in ongoing energy electric distribution system planning processes; and

(12) any other issues the Commission considers appropriate.

(11) comparisons among alternative approaches, including nonwire alternatives and noncapital options, including repair, maintenance, and operation of existing resources in a cost-effective manner.

(c) The regulations adopted under subsection (b) of this section shall:

(1) be developed with consideration of the State’s greenhouse reduction goals;
(2) ACCOUNT FOR BENEFITS THAT MAY NOT BE READILY QUANTIFIABLE;

(3) IDENTIFY LEAST REGRETS INVESTMENTS;

(4) ESTABLISH METRICS FOR ASSESSING BENEFITS;

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

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

(7) ACCOUNT FOR:

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

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

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

7–803.

(E) (A) THE GENERAL ASSEMBLY STRONGLY ENCOURAGES THE ELECTRIC COMPANIES OF THE STATE TO PURSUE DILIGENTLY FEDERAL FUNDS TO MEET THE STATE’S POLICY GOALS FOR THE ELECTRIC DISTRIBUTION SYSTEM, INCLUDING FUNDS MADE AVAILABLE UNDER §§ 40101, 40103, AND 40107 OF THE FEDERAL INFRASTRUCTURE INVESTMENT AND JOBS ACT.

(B) THE COMMISSION AND THE MARYLAND ENERGY ADMINISTRATION SHALL COORDINATE EFFORTS WITH UTILITIES TO APPLY PROVIDE ASSISTANCE AND SUPPORT TO ELECTRIC COMPANIES FOR APPLYING FOR AND OBTAINING ACCESS TO FEDERAL AND OTHER AVAILABLE FUNDS, INCLUDING THOSE MADE AVAILABLE UNDER § 40101 OF THE FEDERAL INFRASTRUCTURE INVESTMENT AND JOBS ACT,
TO MEET THE STATE’S POLICY GOALS FOR THE ELECTRIC DISTRIBUTION GRID TO
MEET THE STATE’S POLICY GOALS FOR THE ELECTRIC DISTRIBUTION SYSTEM.

(C) THE MARYLAND ENERGY ADMINISTRATION SHALL IDENTIFY FUNDING
SOURCES THAT MAY BE AVAILABLE TO ELECTRIC COMPANIES TO IMPLEMENT THE
STATE’S POLICY GOALS UNDER § 7–802 OF THIS SUBTITLE, INCLUDING FUNDING
FOR:

(1) INCREASING THE EFFICIENCY OF ELECTRIC DISTRIBUTION
SYSTEMS, INCLUDING THROUGH INSTALLATION AND INTEGRATION OF ENERGY
STORAGE DEVICES AND OPERATIONAL CHANGES AND UPGRADES;

(2) GRID HARDENING ACTIVITIES TO REDUCE THE OCCURRENCE OF
OR CONSEQUENCES OF EVENTS THAT DISRUPT OPERATIONS OF THE ELECTRIC
DISTRIBUTION SYSTEM DUE TO EXTREME WEATHER OR NATURAL DISASTERS;

(3) OTHER DISTRIBUTION SYSTEM–RELATED UPGRADE ACTIVITIES
AVAILABLE FOR FUNDING UNDER § 40101, § 40103, OR § 40107 OF THE FEDERAL
INFRASTRUCTURE INVESTMENT AND JOBS ACT; AND

(4) OTHER SPECIFIC ACTIVITIES THAT THE COMMISSION IDENTIFIES.

(D) AS NEEDED TO PROMOTE THE STATE’S POLICY GOALS UNDER § 7–802
OF THIS SUBTITLE, THE COMMISSION:

(1) SHALL REQUIRE EACH ELECTRIC COMPANY TO REPORT TO THE
COMMISSION AND THE MARYLAND ENERGY ADMINISTRATION ON:

(A) THE FUNDING FOR WHICH THE ELECTRIC COMPANY HAS
APPLIED;

(B) THE PURPOSES FOR WHICH THE FUNDING IS INTENDED TO
BE USED;

(C) THE STATUS OF THE FUNDING APPLICATIONS; AND

(D) CONDITIONS THAT MUST BE MET TO OBTAIN THE FUNDING;

AND

(2) MAY ADOPT REGULATIONS OR ISSUE ORDERS THAT REQUIRE
ELECTRIC COMPANIES TO APPLY FOR FEDERAL AND OTHER AVAILABLE FUNDS IN A
TIMELY MANNER.

7–804.
On or before July 1, 2025, the Commission shall adopt regulations or issue orders to implement specific policies for electric distribution system planning and improvements in order to promote the State's policy goals under § 7–802 of this subtitle.

Article – Labor and Employment

3–416.

(A) This section applies:

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

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

(ii) is funded by federal funds to meet the State's policy goals for the electric distribution system under Title 7, Subtitle 8 of the Public Utilities Article, including funds made available under § 40101, § 40103, or § 40107 of the Federal Infrastructure Investment and Jobs Act; and

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

(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;

(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.

SECTION 2. AND BE IT FURTHER ENACTED, That on or before December 31, 2022, the Public Service Commission shall provide an interim report on the status of matters required to be reported under § 7–802 of the Public Utilities Article, as enacted by this Act, to the House Economic Matters Committee and the Senate Finance Committee, in accordance with § 2–1257 of the State Government Article.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2022.

Approved:

[Signatures]

Governor.

Speaker of the House of Delegates.

President of the Senate.