

Chapter 540

(House Bill 1393)

AN ACT concerning

Electric System Planning – Scope and Funding

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

BY repealing and reenacting, with amendments,

Article – Public Utilities

Section 7–801 through 7–804 to be under the amended subtitle “Subtitle 8. Electric System Planning”

Annotated Code of Maryland

(2020 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, with amendments,

Article – Labor and Employment

Section 3–416

Annotated Code of Maryland

(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:
 - (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 **TRANSMISSION AND** distribution system modernization;
- (6) efficient management of load variability;
- (7) electric [distribution] system resiliency and reliability;
- (8) bidirectional power flows;
- (9) demand response and other nonwire and noncapital alternatives;

- (10) increased use of distributed energy resources, including electric vehicles;
- (11) transparent stakeholder participation in ongoing electric [distribution] system planning processes; and
- (12) any other issues the Commission considers appropriate.

7–803.

(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 **OR THE FEDERAL INFLATION REDUCTION ACT**.

(b) The Commission and the Maryland Energy Administration shall provide assistance and support to electric companies for applying for and obtaining access to federal and other available funds 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] **ELECTRIC SYSTEM ENHANCEMENT** activities available for funding under [§ 40101, § 40103, or § 40107 of] the federal Infrastructure Investment and Jobs Act **OR THE FEDERAL INFLATION REDUCTION 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 **AT LEAST QUARTERLY** to the Commission and the Maryland Energy Administration on:

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

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

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

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

7-804.

(A) ~~On~~ **ON** or before ~~July 1~~ **DECEMBER 31**, 2025, the Commission shall adopt regulations or issue orders to:

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

(2) **REQUIRE CONSIDERATION OF INVESTMENT IN, OR PROCUREMENT OF, COST-EFFECTIVE DEMAND-SIDE METHODS AND TECHNOLOGY TO IMPROVE RELIABILITY AND EFFICIENCY, INCLUDING VIRTUAL POWER PLANTS; and**

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

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

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

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

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 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 **PLANNING** 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 **OR THE FEDERAL INFLATION REDUCTION 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 this Act shall take effect October 1, 2024.

Approved by the Governor, May 9, 2024.