

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 645 (Delegate Guyton)
 Economic Matters

Transmission Line Siting - Comprehensive Plan, Recommendation, and Reporting Requirements

This bill requires each county (including Baltimore City) to add an electric system planning element to its comprehensive plan, which, to minimize the impact of future transmission line development in the State, must conform to a list of specifications laid out in the bill. Additionally, the bill requires that, before taking final action on an application for a Certificate of Public Convenience and Necessity (CPCN) for the construction of a new overhead transmission line, the Public Service Commission (PSC) must take into consideration (1) any existing infrastructure, rights-of-way, or transmission line corridors the applicant considered and (2) the recommendation of each affected county or municipality as to whether existing infrastructure, rights-of-way, or transmission line corridors can be used to accomplish the applicant’s goal rather than constructing a new overhead transmission line. The bill contains multiple related reporting requirements. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: General fund expenditures for the Maryland Department of Planning (MDP) increase by \$386,100 in FY 2026, \$300,000 of which is for one-time consulting expenses in FY 2026 only. Future years reflect annualization, inflation, and ongoing costs. PSC and the Department of Natural Resources can handle any increase in workload with existing budgeted resources. Revenues are not affected.

| (in dollars) | FY 2026 | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|----------------|-------------|-------------|-------------|-------------|-------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 386,100 | 102,500 | 107,000 | 111,800 | 116,500 |
| Net Effect | (\$386,100) | (\$102,500) | (\$107,000) | (\$111,800) | (\$116,500) |

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: County expenditures increase, likely significantly. Revenues are not affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary:

Comprehensive Plans – Electric System Planning Element

In adding an electric system planning element to its comprehensive plan, a county (including Baltimore City) must comply with certain requirements to minimize the impact of future transmission line development in the State. Specifically, an electric system planning element must:

- develop or identify transmission line corridors in the county;
- develop a future scenario plan for the buildout of high-energy use transmission lines in the county;
- align the development of transmission line corridors with approved and planned high-energy use facility growth, electricity needs, and reliability concerns;
- establish as a priority the siting of high-energy use facilities near transmission line corridors to minimize the need for additional transmission line infrastructure;
- support the co-location of proposed transmission lines with existing infrastructure;
- support building underground transmission lines within existing transmission line rights-of-way or instead of transmission lines along new routes;
- support reconductoring and line capacity upgrades for existing transmission lines; and
- support incorporating electric distribution system enhancing technologies into the electric distribution system.

A county must consult with PSC as it develops an electric system planning element.

Final Action on an Application for a Certificate of Public Convenience and Necessity

PSC must take final action on a CPCN application for the construction of a new overhead transmission line only after due consideration of any existing infrastructure, rights-of-way, or transmission line corridors the applicant considered, including the estimated capital and operating costs of using each existing route and a statement detailing the reasons why the existing route was rejected. Additionally, before taking final action on a CPCN application for the construction of a new overhead transmission line, PSC must give due consideration to the recommendation of each county or municipality in which any portion of the overhead transmission line is proposed to be located, including a jurisdiction's recommendation as

to whether existing infrastructure, rights-of-way, or transmission line corridors can be used to accomplish the applicant's goal rather than constructing a new overhead transmission line.

Reporting Requirements for Electric Companies

By October 1, 2025, and annually thereafter, each electric company must submit a report to PSC on how it is addressing growing electricity demand and projects related to meeting that demand, including:

- its forecasted load growth;
- its assessment of what resources are available to it to meet the forecasted load;
- the areas from which it anticipates the expected increased demand to come, including the amount of increased demand expected in those areas;
- its plans to meet growing electricity demand;
- anticipated impacts of federal and State regulations on electricity demand and forecasted load;
- its use of demand response practices;
- an evaluation of any initiatives it is taking to connect Tier 1 renewable sources at the distribution level to reduce stress on the electric distribution system; and
- a list of projects it is working on that require approval by PJM Interconnection, LLC.

Beginning December 1, 2025, PSC must include the information received from electric companies in a related annual report to the General Assembly.

An electric company must also report, by January 1, 2026, and annually thereafter, to each county in which the electric company is providing service on its efforts to support (1) the co-location of proposed transmission lines with existing infrastructure; (2) building underground transmission lines within existing transmission line rights-of-way or instead of transmission lines along new routes; (3) reconductoring and line capacity upgrades for existing transmission lines; and (4) incorporating electric distribution system enhancing technologies into the electric distribution system.

Current Law:

Local Comprehensive Plans and the Maryland Department of Planning

Local jurisdictions are required to enact, adopt, amend, and execute a comprehensive plan in accordance with State law. Certain elements must be included in a comprehensive plan and a comprehensive plan also must include and implement specified visions stated in the law. At least once every 10 years, the planning commission of a local jurisdiction must

review the comprehensive plan and, if necessary, revise or amend the plan to include all required elements and the specified visions.

Under State law provisions that govern MDP (Title 5 of the State Finance and Procurement Article), the department is required to cooperate with and assist local governments in the execution of their planning functions. Among other requirements, MDP must provide planning assistance (including technical assistance) to local governments.

Certificates of Public Convenience and Necessity for Overhead Transmission Lines

Under § 7-207 of the Public Utilities Article, unless a CPCN for the construction is first obtained from PSC, a person may not begin construction of an overhead transmission line that is designed to carry a voltage in excess of 69,000 volts or exercise a right of condemnation with the construction. However, a person that has received a CPCN from PSC for the construction of an overhead transmission line may acquire by condemnation, in accordance with Title 12 of the Real Property Article, any property or right necessary for the construction or maintenance of the transmission line.

PSC must take final action on a CPCN application only after due consideration of the recommendations of the governing body of each county or municipality in which any portion of the project is proposed to be located and the effect of the project on various aspects of the State infrastructure, economy, and environment.

For the construction of a new overhead transmission line specifically, PSC must also provide due consideration of (1) the need to meet existing and future demand for electric service and (2) the alternative routes that the applicant considered, including the estimated capital and operating costs of each alternative route and a statement of the reason why the alternative route was rejected. Additionally, PSC must require the applicant to (1) comply with specified agreements and obligations related to the ongoing operations and maintenance of the overhead transmission line and (2) identify whether the overhead transmission line is proposed to be constructed on an existing brownfields site, a property that is subject to an existing easement, or a site where a tower structure or components thereof exist and can be used to support an overhead transmission line.

For additional information on the CPCN process, see the **Appendix – Certificate of Public Convenience and Necessity**.

Electric System Planning and Reporting

Each year, the PSC chair must forward to the Secretary of Natural Resources a 10-year plan listing possible and proposed sites, including the associated transmission routes, for the construction of electric plants within the State. Among other requirements, the plan

must include information on current and projected efforts by electric companies and PSC to moderate overall electrical generation demand and peak demand through the electric companies' promotion of energy conservation by customers and through their use of alternative energy sources.

It is the goal of the State that the electric 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 resiliency, efficiency, and reliability. By December 1, 2024, and each year thereafter, PSC must submit a report to the General Assembly with information regarding the current status of projects designed to promote the above policy goals, including information on planning processes and implementation that promote specific goals, including (1) transparent stakeholder participation in ongoing electric system planning processes and (2) meeting anticipated increases in load.

State Expenditures:

Maryland Department of Planning

Based on MDP's mandate to assist local jurisdictions in the execution of their planning functions – and its prior experience when legislation has mandated new comprehensive plan elements – MDP advises that counties will seek out and rely on the department's guidance in incorporating an electric system planning element into their comprehensive plans. According to MDP, electric facility planning is not a typical planning activity performed by local governments or MDP itself. Therefore, MDP advises that it must hire one planning specialist, familiar with electric facility planning, to coordinate technical guidance for local governments. Additionally, MDP advises that it needs to engage specialized experts as consultants, in fiscal 2026 only, to spearhead MDP's efforts to develop a detailed guidance document for counties on electric system planning elements, at an estimated cost of approximately \$300,000.

Accordingly, general fund expenditures increase by \$386,109 in fiscal 2026, which accounts for a 90-day start-up delay. This estimate reflects the cost of hiring one planning specialist and engaging consultants to assist counties with the bill's implementation. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

| | |
|---|------------------|
| Position | 1.0 |
| Salary and Fringe Benefits | \$78,740 |
| Consultant Costs | 300,000 |
| Other Operating Expenses | <u>7,369</u> |
| Total FY 2026 State Expenditures | \$386,109 |

Future year expenditures reflect a full salary with annual increases and employee turnover, as well as annual increases in ongoing operating expenses and the termination of one-time consultant costs.

Public Service Commission

According to PSC, the bill's requirements only marginally increase its workload and can be handled with existing budgeted resources. PSC advises, however, that the bill's requirement for local governments to consult with the commission regarding electric system plan elements raises serious conflict-of-interest concerns with respect to the CPCN process. Specifically, PSC advises that giving advice to local governments on electric system planning elements would call into question its ability to fairly and independently render decisions on CPCN applications. Thus, PSC advises that while it can answer any technical questions that local governments may have, it cannot consult or otherwise provide advice to local governments about electric system plan elements.

Local Expenditures: County expenditures increase to prepare electric system planning elements and incorporate them into their comprehensive plans. The Maryland Association of Counties (MACo) advises that the bill has a significant impact on county finances and operations. According to MACo, most counties lack the expertise to prepare an electric system planning element to incorporate into their comprehensive plans, and thus must contract with a consultant to complete this task. MACo estimates that counties are likely to incur consulting costs in the hundreds of thousands of dollars, and for some counties, these costs may exceed \$1.0 million. Kent and Washington counties each anticipate that they need to hire a consultant, while Worcester County advises that it incurs increased consulting costs to prepare the new comprehensive plan element. MDP likewise notes the likely need for counties to engage consultants, despite the technical assistance it anticipates providing to counties under the bill.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Kent, Montgomery, Washington, and Worcester counties; Maryland Association of Counties; Maryland Municipal League; Town of Bel Air; Maryland Department of the Environment; Department of Natural Resources; Maryland Department of Planning; Office of People's Counsel; Public Service Commission; Department of Legislative Services

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km/smr

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Appendix – Certificate of Public Convenience and Necessity

General Overview

The Public Service Commission (PSC) is the lead agency for licensing the siting, construction, and operation of power plants and related facilities in the State through Certificates of Public Convenience and Necessity (CPCN). The CPCN process is comprehensive and involves several other State agencies, including the Department of Natural Resources (and its Power Plant Research Program), and the Maryland Department of the Environment. Subject to limited exemptions described below, a person may not begin construction in the State of a generating station, overhead transmission line, or qualified generator lead line unless a CPCN is first obtained from PSC.

State law provides that a “generating station” excludes:

- a facility used for electricity production with a capacity of up to 2 megawatts that is installed with equipment that prevents the flow of electricity to the electric grid during time periods when the grid is out of service;
- a combination of two or more co-located or adjacent facilities used for electricity production from solar photovoltaic systems or specified eligible customer-generators that have a maximum cumulative capacity of 14 megawatts, including maximum individual capacities of 2 megawatts (subject to satisfying other requirements); and
- a facility, or a combination of two or more facilities, used for electricity production for the purpose of onsite emergency backup for critical infrastructure when service from the electric company is interrupted and conducting necessary test and maintenance operations (subject to satisfying other requirements).

The CPCN process, detailed further below, involves the notification of specified stakeholders, the holding of public hearings, the consideration of recommendations by State and local government entities, and the consideration of the project’s effects on various aspects of the State infrastructure, economy, and environment.

In December 2020, PSC initiated a rulemaking (RM 72) to revise regulations governing CPCNs for generating stations. Updated regulations became effective in September 2021. Among other changes, the regulations contain additional information requirements – to assist in project evaluation – and allow for electronic submission and distribution of application materials.

Notification Process

Upon receipt of a CPCN application, PSC – or the CPCN applicant, if required by PSC – must immediately provide notice to specified recipients, including the executive and governing body of affected local governments, affected members of the General Assembly, and other interested persons. When providing the notice, PSC must also forward the CPCN application to each appropriate unit of State and local government for review, evaluation, and comment and to each member of the General Assembly who requests a copy.

Public Hearing and Comment

PSC must provide an opportunity for public comment and hold a public hearing on a CPCN application in each county and municipality in which any portion of the construction of a generating station, overhead transmission line, or qualified generator lead line is proposed to be located. PSC must hold the hearing jointly with the governing body of the county or municipality and must provide weekly notice during the four weeks prior to the hearing, both in a newspaper and online, and must further coordinate with each local government to identify additional hearing notification options. PSC must ensure presentation and recommendations from each interested State unit and must allow representatives of each State unit to sit during the hearing of all parties. PSC must then allow each State unit 15 days after the conclusion of the hearing to modify the unit's initial recommendations.

Public Service Commission Considerations

PSC must take final action on a CPCN application only after due consideration of (1) recommendations of the governing body of each county or municipality in which any portion of the project is proposed to be located; (2) various aspects of the State infrastructure, economy, and environment; and (3) the effect of climate change on the project. For example, PSC must consider the effect of the project on the stability and reliability of the electric system and, when applicable, air and water pollution. There are additional considerations specifically for a generating station or an overhead transmission line. For example, PSC must consider the impact of a generating station on the quantity of annual and long-term statewide greenhouse gas emissions and must consider alternative routes and related costs for the construction of a new overhead transmission line.

Generating Station Exemptions

There are three general conditions under which a person constructing a generating station may apply to PSC for an exemption from the CPCN requirement:

- the facility is designed to provide onsite generated electricity, the capacity is up to 70 megawatts, and the excess electricity can be sold only on the wholesale market pursuant to a specified agreement with the local electric company;
- at least 10% of the electricity generated is consumed onsite, the capacity is up to 25 megawatts, and the excess electricity is sold on the wholesale market pursuant to a specified agreement with the local electric company; or
- the facility is wind-powered and land-based, the capacity is up to 70 megawatts, and the facility is no closer than a PSC-determined distance from the Patuxent River Naval Air Station, among other requirements.

However, PSC must require a person who is exempted from the CPCN requirement to obtain approval from the commission before the person may construct a generating station as described above. The application must contain specified information that PSC requires, including proof of compliance with all applicable requirements of the independent system operator.