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PUBLIC SERVICE COMMISSION

February 25, 2020

Chair Delores G. Kelley
Finance Committee
3 East Miller Senate Building
Annapolis, MD 21401

RE: SB 656 – INFORMATION – Utility Regulation – Consideration of Climate and Labor

Dear Chair Kelley and Committee Members:

Senate Bill 656 requires the Commission to consider the maintenance of fair and stable labor standards for affected workers and the protection of the global climate—i.e., climate change—in the general supervision and regulation of public service companies. SB 656 further requires, before the Commission can take final action on a CPCN application, that the Commission must consider the effects of the project on climate change. For generating stations, the Commission would be required to consider the impacts of a project on greenhouse gas (“GHG”) emissions and the State’s GHG emissions reduction goals.

Climate Change Requirements

SB 656 expands on the PSC’s existing supervisory and regulatory power over public service companies by specifically adding “protection of the global climate” to the PSC’s consideration of the preservation of environmental quality. Currently, the Commission’s consideration of environmental quality alongside other enumerated goals arises in the context of energy conservation and efficiency programs (e.g., EmPOWER Maryland), renewable energy matters, CPCN applications, and grid modernization. Where applicable, the Commission considers the State’s established climate *goals*, as demonstrated in the Commission’s January 2019 Order approving the implementation of a statewide electric vehicle charging program.

The Maryland Department of the Environment (“MDE”) has a dedicated climate change program, which manages Maryland’s mitigation planning efforts and the administration of GHG Programs like Maryland’s participation in the Regional Greenhouse Gas Initiative (“RGGI”). For each CPCN application, the Commission looks to the recommendations made by other state agencies, such as the Maryland Department of the

Environment (“MDE”) and the Maryland Department of Natural Resources’ Power Plant Research Program (“PPRP”). The reviewing state agencies play indispensable roles as subject matter experts on behalf of the State in the CPCN proceeding. The Commission, as the deciding body, evaluates the evidence and recommendations presented by the state agencies and the other parties in order to decide whether or not to issue a CPCN in the public interest. The Commission gives “due consideration” to each factor listed under § 7-207(e), and the same would be true with the addition of climate change under SB 656. MDE would be considered the State’s expert authority on environmental and global climate issues, and it is appropriate that MDE and/or PPRP be the agencies to evaluate the impacts of a proposed CPCN facility on climate change and make appropriate recommendations.

To the extent that the addition of climate change to § 2-113 necessitates additional evidence in other docketed cases, beyond CPCNs, input from state agencies with the relevant expertise could complete the record and allow the Commission to make an informed decision. However, the Commission handles a variety of other case types including supplier licenses, rate cases and mergers where other State agencies do routinely participate. For these types of cases, Technical Staff would require additional resources to evaluate impacts on the State’s GHG emissions reduction goals and specifically, “the best available scientific information recognized by the Intergovernmental Panel on Climate Change” in cases involving ratemaking, mergers, enforcement, and more. Technical Staff would need to acquire specialized knowledge and expertise in climate change in order to provide the level of analysis needed to inform the Commission’s decision-making pursuant to SB 656.

Fair and Stable Labor Standard Requirements

SB 656 also adds the consideration of labor standards to the Commission’s general supervisory and regulatory power over public service companies, requiring the Commission to assess utility compliance with “fair and stable labor standards” in all regulated activities to include ratemaking, CPCNs, mergers, enforcement, and other matters. Currently, the Commission is not mandated to make decisions about labor standards, which may only arise tangentially in a rate case, as related to utility costs and service quality.

On the other hand, the Maryland Department of Labor (“DOL”) handles an array of employment issues, including enforcement of laws concerning wages and time off. SB 656 may require clarifying amendments to delineate jurisdictional responsibilities between the Commission and DOL. Furthermore, DOL is not a regular party to Commission proceedings; therefore, SB 656 would require additional resources at the PSC with expertise in labor standards to evaluate labor impacts in the course of the Commission’s regulatory oversight of public service companies.

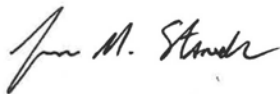
In the limited instance of a utility-filed CPCN application for the construction or modification of a transmission line, it is anticipated that PPRP would coordinate DOL’s review and recommendations concerning the CPCN application.

Conclusion

Currently, the Commission lacks the necessary technical and scientific expertise to implement the labor standards and climate change consideration requirements in the ordinary course of its supervision and regulation of public service companies. To implement SB 656, the Commission would have to rely on the analyses and recommendations of other state agency experts, such as the Departments of Labor, the Environment, and Natural Resources on a routine basis. Absent this assistance, the Commission will need to hire additional resources with the requisite specialized knowledge and/or expertise.

Thank you for your consideration of this information. Please contact Lisa Smith, Director of Legislative Affairs, at 410-336-6288 if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Jason M. Stanek". The signature is written in a cursive style with a large initial "J" and "S".

Jason M. Stanek
Chairman