



OPPOSE
House Bill 569
Energy Generation, Transmission, and Storage Projects – Requirements Community Benefit Agreement and Labor Standards

Economic Matters Committee
February 24, 2022

Honorable C.T. Wilson
Chair, Economic Matters Committee
Room 231
House Office Building
Annapolis, Maryland 21401

Chair Wilson, Vice-Chair Crosby, and members of the Committee,

On behalf of the Chesapeake Solar and Storage Association (CHESSA), thank you for the opportunity to issue our **OPPOSITION** of **House Bill 569**. This bill would require community benefit agreements (CBA) and either the payment of prevailing wage or entering into a project labor agreement for energy generating projects, including solar projects greater than 2 MW. In brief, this bill could have a severe impact on Maryland meeting its solar RPS obligation while opening many projects to new litigation, further slowing down solar project development.

Utility scale solar project development in Maryland has been historically hampered by an onerous permitting regime, and both the General Assembly and the Maryland Public Service Commission implemented new legislation and new regulations in 2021 to address this reality. With input from local governments, solar developers, and the environmental community, the Commission implemented new rules that ensure early engagement and collaboration with local governments on new solar or wind Certificate of Public Convenience and Necessity (CPCN) applications, increase transparency in the CPCN process, and ensure that such applications are processed and adjudicated in a reasonable timeframe without the opportunity for endless delays that marred the prior process and frustrated Maryland's in-state renewable and climate goals.

HB 569 would unbalance that carefully crafted multi-year effort by both the General Assembly and the Commission by providing a new and novel source for permitting delays: the requirement to pursue a Community Benefit Agreement (CBA) between projects seeking a CPCN and local governments/organizations. It is easy to envision that provision of HB 569 being the source of years of project delays and even litigation in pursuit of improved local engagement when that goal was already the subject of new legislation and a successful years-long rulemaking by the Commission.

Additionally, HB 569 would impose a new prevailing wage requirement on all CPCN projects without a commensurate financial offset to the alternate compliance payment (ACP) schedule. This requirement would harm Maryland's solar industry as solar projects compete on price against other non-renewable in-state generators (i.e. natural gas, nuclear, etc.). The cost of solar electricity is disproportionately driven by the cost of labor, and recent increases in labor costs, along with increases in solar equipment costs driven

by continued solar tariffs and supply chain disruptions, have in turn disproportionately hurt the ability for the Maryland solar industry to compete. HB 569 would exacerbate that dynamic at a time that the industry is already struggling with these broader challenges.

One of the earliest steps in the process to obtain a CPCN is entering a project into the PJM queue, essentially reserving a project's position in line to interconnect to the grid. Most projects in the queue have not obtained their CPCN and adding a prevailing wage requirement would result in many of these projects being forced to lose their queue positions as they wait for solar economics to improve to make up for the increases in cost. Cost increases of the magnitude represented by HB 569 when applied to the dozens of solar projects that have been under development in Maryland and under study in the PJM queue for years would make Maryland's 14.5% in-state solar goals unachievable.

However, the problem is even greater. Due to the increase in queue applications the last several years, PJM established an Interconnection Process Reform Task Force and has effectively frozen new queue applications until 2028. Simply put, if this bill moves forward, Maryland's ability to meet the in-state solar RPS obligation would be impossible without a commensurate increase in SREC price caps or other subsidies to make up for that increase in labor costs.

On behalf of CHESSA, thank you for your consideration of our testimony.

Submitted by:

Isaac Meyer, Compass Government Relations Partners, on behalf of CHESSA