

Support with Amendments
Economic Matters Committee
02/24/2022

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

Baltimore Gas and Electric Company (BGE) supports *House Bill 569 - Energy Generation, Transmission, and Storage Projects – Required Community Benefit Agreement and Labor Standards* with the attached Amendments. These amendments were offered by the Senate sponsor at the public hearing on the cross-filed bill, Senate Bill 418. The bill, as amended, alleviates BGE’s previous concerns with potential obstacles to delivering safe and reliable electricity and improving the electric distribution grid for the future. Among others, BGE had a particular issue with the hurdles to siting energy storage in the legislation, as introduced. Energy storage is a critical tool for preparing the electric distribution system for deep decarbonization and electrification.

Although the bill, as introduced, specifically excluded the existing energy storage pilot projects overseen by the Maryland Public Service Commission, BGE was concerned the legislation would have negatively impacted potential future utility-scale energy storage projects. We appreciate the amendments introduced in the Senate which alleviate BGE concerns and support attaching the same amendments to House Bill 569.

BGE requests a favorable report on House Bill 569, as amended, with the inclusion of the attached amendments.

AMENDMENTS TO HOUSE BILL 418

AMENDMENT NO. 1

On page 1, in line 2, strike “, **Transmission, and Storage**”; in line 4, strike “the Public Service Commission to condition” and substitute “a person who is a developer of a project, on”; in lines 7 and 8, strike “on the requirement that the developer of the project” and substitute “, to”; in line 15, strike “, transmission, and storage”; after line 15, insert:

“BY adding to
Article - Labor and Employment
Section 3-718
Annotated Code of Maryland
(2016 Replacement Volume and 2021 Supplement)”;

in line 23, strike “7-207(h),” and substitute “7-207(h) and”; and in the same line, strike “, and 7-207.3”.

AMENDMENT NO. 2

On pages 2 through 4, strike in their entirety the lines beginning with line 1 on page 2 through line 16 on page 4, inclusive, and substitute:

**“Article – Labor and Employment
3-718.”.**

On page 4, strike beginning with the first “**THE**” in line 17 down through “**MEANS**” in line 19 and substitute “, “**COVERED PROJECT**” **MEANS**”; strike beginning with the colon in line 19 down through “**1.**” in line 20; strike beginning with “**THAT**” in line 21 down through “**MORE**” in line 25 and substitute “**FOR WHICH THE PUBLIC SERVICE COMMISSION HAS APPROVED:**

(I) A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY UNDER § 7-207 OF THE PUBLIC UTILITIES ARTICLE; OR

(II) AN EXEMPTION FROM THE REQUIREMENT TO OBTAIN A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY UNDER § 7-207.1 OF THE PUBLIC UTILITIES ARTICLE”;

in line 26, strike “(II)” and substitute “(2)”; strike beginning with the colon in line 26 down through “1.” in line 27; and strike beginning with “; OR” in line 28 down through “SUBTITLE” in line 30.

On page 5, strike in their entirety lines 1 through 7, inclusive; in line 28, after “MINORITIES;” insert “AND”; and strike beginning with “; AND” in line 31 down through “PARTNERSHIP” in line 33.

On page 9, after line 14, insert:

“Article – Public Utilities

7–207.

(a) (1) In this section the following words have the meanings indicated.

(3) (i) “Construction” means:

1. any physical change at a site, including fabrication, erection, installation, or demolition; or

2. the entry into a binding agreement or contractual obligation to purchase equipment exclusively for use in construction in the State or to undertake a program of actual construction in the State which cannot be canceled or modified without substantial loss to the owner or operator of the proposed generating station.

(ii) “Construction” does not include a change that is needed for the temporary use of a site or route for nonutility purposes or for use in securing geological data, including any boring that is necessary to ascertain foundation conditions.

(5) “Qualified generator lead line” means an overhead transmission line that is designed to carry a voltage in excess of 69,000 volts and would allow an out-of-state Tier 1 or Tier 2 renewable source to interconnect with a portion of the electric system in Maryland that is owned by an electric company.

(b) (1) (i) Unless a certificate of public convenience and necessity for the construction is first obtained from the Commission, a person may not begin construction in the State of:

1. a generating station; or
2. a qualified generator lead line.

(ii) If a person obtains Commission approval for construction under § 7-207.1 of this subtitle, the Commission shall exempt a person from the requirement to obtain a certificate of public convenience and necessity under this section.

(H) (1) ON APPROVAL OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR THE CONSTRUCTION OF A PROPOSED GENERATING STATION THAT IS A COVERED PROJECT, AS DEFINED IN § 3-718 OF THE LABOR AND EMPLOYMENT ARTICLE, THE DEVELOPER OF THE PROPOSED GENERATING STATION SHALL MEET THE REQUIREMENTS OF § 3-718 OF THE LABOR AND EMPLOYMENT ARTICLE.

(2) THE MARYLAND DEPARTMENT OF LABOR SHALL ENFORCE THIS SUBSECTION.

7-207.1.

(a) This section applies to a person who:

(1) constructs a generating station:

(i) designed to provide on-site generated electricity if:

1. the capacity of the generating station does not exceed 70 megawatts; and
2. the electricity that may be exported for sale from the generating station to the electric system is sold only on the wholesale market pursuant to an interconnection, operation, and maintenance agreement with the local electric company; or

(ii) that produces electricity from wind if:

1. the generating station is land-based;
2. the capacity of the generating station does not exceed 70 megawatts;
3. the electricity that may be exported for sale from the generating station to the electric system is sold only on the wholesale market pursuant to an interconnection, operation, and maintenance agreement with the local electric company;
4. the Commission provides an opportunity for public comment at a public hearing as provided in subsection (f) of this section; and
5. the generating station's wind turbines are not located within a distance from the Patuxent River Naval Air Station that is determined by regulations adopted by the Commission in coordination with the Commander, Naval Air Warfare Center Aircraft Division, provided that the distance requirement under the regulation is:

A. not greater than is necessary to encompass an area in which utility scale wind turbines could create Doppler radar interference for missions at the Patuxent River Naval Air Station;

B. not greater than 46 miles, measured from location 38.29667N, 76.37668W; and

C. subject to modification if necessary to reflect changes in missions or technology at the Patuxent River Naval Air Station or changes in wind energy technology; or

(2) constructs a generating station if:

(i) the capacity of the generating station does not exceed 25 megawatts;

(ii) the electricity that may be exported for sale from the generating station to the electric system is sold only on the wholesale market pursuant to an interconnection, operation, and maintenance agreement with the local electric company; and

(iii) at least 10% of the electricity generated at the generating station each year is consumed on-site.

(b) (1) The Commission shall require a person that is exempted from the requirement to obtain a certificate of public convenience and necessity to obtain approval from the Commission under this section before the person may construct a generating station described in subsection (a) of this section.

(G) (1) ON APPROVAL OF AN EXEMPTION FROM THE REQUIREMENT TO OBTAIN A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR THE CONSTRUCTION OF A PROPOSED GENERATING STATION THAT IS A COVERED PROJECT, AS DEFINED IN § 3-718 OF THE LABOR AND EMPLOYMENT ARTICLE, THE DEVELOPER OF THE PROPOSED GENERATING STATION SHALL MEET THE REQUIREMENTS OF § 3-718 OF THE LABOR AND EMPLOYMENT ARTICLE.

(2) THE MARYLAND DEPARTMENT OF LABOR SHALL ENFORCE THIS SUBSECTION.”.