



**TO:** Members, Senate Finance Committee  
**FROM:** Mary Beth Tung – Director, MEA  
**SUBJECT:** HB 622 (SB 526) - Electricity - Offshore Wind Renewable Energy Credits  
**DATE:** February 24, 2022

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**MEA POSITION: Letter of Information**

This legislation will likely add transparency and efficiency to the administration of offshore wind renewable energy credits (ORECs) within Maryland's renewable portfolio standard.

This bill will require that electric companies act as the agent for electricity suppliers *only* for the transfer of OREC payments from ratepayers to offshore wind developers. The system for the transfer of OREC payments proposed by the bill is substantially similar to what Maryland's regional neighbor, New Jersey, employs.<sup>1</sup> This approach would likely bring operational efficiencies, requiring a handful of electric companies to provide disbursements to offshore wind developers, rather than possibly hundreds of electricity suppliers.

While some may support administration of OREC payments in the same fashion as other renewable energy credits (RECs), it may not be the best approach. The price for ORECs is set by the Maryland Public Service Commission rather than within a fluctuating market as is the case with non-offshore wind RECs. This certainty provides an opportunity to adopt a more simple, efficient approach to their administration.

The change may also allow for the cost of ORECs to appear as a line item on energy bills. As mentioned previously, ORECs ultimately transfer ratepayer dollars to offshore wind developers. This bill offers ratepayers and the state greater transparency as to the direct costs of offshore wind borne by households and businesses.

MEA kindly asks the committee to consider this information when rendering a report for HB 622.

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<sup>1</sup> See N.J.A.C. § 14:8-6.6.