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PUBLIC SERVICE COMMISSION

February 24, 2022

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

RE: INFORMATION – HB 622 – Electricity – Offshore Wind Renewable Energy Credits

Dear Chair Wilson and Committee Members:

The development of offshore wind energy is important to the economic well-being of the State, as evidenced by the passage of the *Maryland Offshore Wind Energy Act of 2013*. This law established the first round of offshore wind procurement for Maryland along with the payment mechanism, offshore wind renewable energy credits (ORECs), for offshore wind projects under the Renewable Portfolio Standard. Subsequently, the *Clean Energy Jobs Act of 2019* established a second round of offshore wind procurement. As you know, the Public Service Commission oversees the procurement of offshore wind projects and determines which wind projects will be awarded ORECs. In total, the Commission awarded ORECs for 368 MW of wind generation in Round 1 and 1,654 MW in Round 2.

HB 622 would simply change the party responsible for making OREC payments to the wind developers, from electricity suppliers (current) to electric companies (proposed). The OREC obligations specified in the Commission's Order will remain the same. If HB 622 is enacted, the amounts owed by each utility would be determined annually, based on their respective electricity sales. There are far fewer, and a more stable number of, utilities compared to suppliers in Maryland; this change is expected to increase the certainty of payment collection. It is unclear at this time if the electric companies will attempt to collect from ratepayers additional amounts to cover the costs of acting as agents on behalf of electricity suppliers.

The Commission appreciates the opportunity to provide information on HB 622. Please contact Lisa Smith, Director of Legislative Affairs, at (410) 336-6288 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason M. Stanek". The signature is fluid and cursive, with the first name "Jason" and last name "Stanek" clearly legible.

Jason M. Stanek
Chairman