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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB 569 – Energy Generation, Transmission, and Storage Projects - Required Community Benefit Agreement and Labor Standards – as amended

SPONSOR TESTIMONY

Cross-file: SB 418

House Economic Matters Committee, February 24, 2022

Chairman Wilson, Vice Chair Crosby and Members of the Committee,

The purpose of **House Bill 569** is to require energy developers to take all reasonable actions to enter into a community benefits agreement.

New energy generation projects provide significant benefits and significant challenges for our communities. HB 569 – is a framework for allowing our communities to ensure they receive benefits from an energy generation project. In return, the developer receives buy-in from the community. SO, it's a win-win for all parties involved.

Community benefit agreements are nothing new. Many energy projects include Community Benefit Agreements. In fact, the MD offshore wind legislation we passed some time ago requires a community benefit agreement. HB 569 builds upon that legislation and follows 11 other states that also require community benefit agreements for certain energy projects.

So what is required in the CBA?

HB 569 requires the developer to take “all reasonable actions” to create opportunities for local, small, minority, women-owned, and veteran-owned businesses, and to include career training and project safety requirements.

Additionally, the HB 569 requires the developer to pay prevailing wage for that local jurisdiction and requires the use of reasonable contractors.

As amended HB 569 would energy generation projects of 2MW or greater, regardless of the type of generation.

HB 569 exempts offshore wind projects because we already require community benefits and labor standards.

Costs

There is a detailed cost analysis provided in my testimony. That analysis is consistent with the fiscal note for HB 569. This bill will have a de minimis impact on energy cost.

Why? Labor costs are only 5 to 10% of the total cost of the projects, and are capitalized over the useful life of the project. Assuming a worst case scenario of a 30% increase in wages, the total cost impact would be approximately 2% which would be capitalized over 20 years in most cases.

To ensure Maryland's shift to renewable energy is a just transition, we believe the state must establish community and workforce standards for energy generation —just as it did in 2019 for offshore wind projects.

For these reasons, I request a favorable report for HB 569 as amended.