



TO: Members, Senate Finance Committee
FROM: Mary Beth Tung – Director, MEA
SUBJECT: SB 418 - Energy Generation, Transmission, and Storage Projects – Required Community Benefit Agreement and Labor Standards
DATE: February 15, 2022

MEA POSITION: Letter of Information

The Maryland Energy Administration (MEA) appreciates the intent of the sponsor. However, this bill may raise unnecessary barriers for the construction and interconnection of new electricity generation assets at a time when other state actors, including MEA, are attempting to spur new development; specifically clean and renewable energy development. This may have major impacts on our ability to implement resiliency measures to address climate change.

Senate Bill 418 requires developers of a Tier 1 renewable source, Tier 2 renewable source, or nuclear energy to seek a community benefits agreement (CBA) with a community-based organization(s). While CBAs are a good practice and are becoming more common, they are not necessary in every instance. The state has already taken measures to develop renewable energy on brownfields and parking lots. It seems unwise to further burden developers for these projects that typically carry a higher cost of construction. Additional burdens may make these projects in the best interests of the state less desirable. Furthermore, the bill excludes the possibility of simply reaching a CBA with individuals, rather than an organization which may not exist.

Additionally, the volumetric subsidy for in-state solar generation through the renewable portfolio standard is expected to decrease in CY22, perhaps significantly. This means that at the same time financial support for solar development is decreasing, the costs of solar development would likely be increased by the provisions of the bill. This scenario is likely to produce a chilling effect on utility scale solar generation.

As to the requirements of the CBA, it is unlikely that the requirements of 7-207.3(c) represent the contributions that the community immediately affected by the project would be most concerned with (e.g. a developer with a “21st-century labor-management approach”). In fact, the enumerated CBA requirements in the bill are less for the benefit of the community, and more so enhanced labor requirements. These requirements are misplaced in a CBA, and do not directly benefit the community.

MEA asks the committee to consider this information when rendering its report.