

OPPOSE
Finance
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Senate Bill 418 - Energy Generation, Transmission, and Storage Projects – Required Community Benefit Agreement and Labor Standards

Baltimore Gas and Electric Company (BGE) opposes *Senate Bill 418 - Energy Generation, Transmission, and Storage Projects – Required Community Benefit Agreement and Labor Standards*. Senate Bill 418 would place unnecessary additional barriers and costs on certain energy generation and storage projects. It would require the Maryland Public Service Commission (PSC) to condition the approval of a Certificate of Public Convenience and Necessity (CPCN), as well as the granting of an exemption from the requirement to obtain a CPCN, on wide-ranging Community Benefits agreements between developers and organizations representing the communities in proximity to the projects.

The CPCN constitutes permission to construct certain facilities such as those covered in Senate Bill 418. The CPCN process requires a comprehensive review of proposed generation facilities to produce a consolidated state position before the PSC in licensing cases. It is a very inclusive and comprehensive adjudicatory process and is traditionally accompanied by an environmental review document that presents the applicant's environmental and socioeconomic studies. Parties to a case include the applicant, state agencies, the PSC Staff, and the Office of People's Counsel (acting on behalf of the Maryland residential ratepayers). Other groups, such as federal agencies and private environmental organizations, as well as individuals, have a right to participate in the PSC hearing process. Any such parties can file testimony, participate in cross-examination of other parties, and file briefs with the PSC summarizing their position and any objections they may have regarding the proposed project. Many state agencies have input to require recommended licensing conditions, including the Departments of Agriculture, Commerce, Environment, Natural Resources, Transportation, and Planning, as well as the Maryland Energy Administration.

The CPCN process is already very robust, but its comprehensiveness and adjudicatory structure ensure that licenses are only granted after a thorough and widely inclusive vetting process. The added process and complexity of requiring Community Benefits agreements that is the subject of this bill will disincentivize and discourage development of projects, and the additional associated costs may make many projects simply uneconomical.

The Community Benefits agreements must contain many elements that are wide reaching, including project labor agreements that may impact portions of BGE's current Collective Bargaining Agreement; would require a prevailing wage; requires us to make certain assurances with respect to contractors that could implicate joint employer

considerations; and attempts to regulate classification of independent contractors, among other issues. It is interesting that the bill specifically targets Tier 1 and Tier 2 renewable projects, nuclear and energy storage projects. Imposing additional requirements on these clean energy resources will most certainly serve to disincentivize further development of these projects, with implications to efforts to achieve the state's ambitious climate and environmental goals.

BGE has a particular issue with the inclusion of energy storage in the legislation. Even though this bill specifically excludes our current energy storage pilot projects overseen by the PSC, as written it would negatively impact potential future utility-scale energy storage projects. If the bill were to move forward, we would like to remove the applicability of the provisions to all energy storage devices, not just those projects currently within the PSC's pilot program.

For these reasons, BGE requests an unfavorable report on Senate Bill 418.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.2 million electric customers and more than 655,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's leading competitive energy provider.