



Larry Hogan, Governor
Boyd K. Rutherford, Lt. Governor
Jeannie Haddaway-Riccio, Secretary
Allan Fisher, Deputy Secretary

Bill Number: SB 418

Short Title: Energy Generation, Transmission, and Storage Projects – Required Community Benefit Agreement and Labor Standards

Department’s Position: Letter of Information

Bill Summary:

SB 418 requires the Public Service Commission (PSC) to approve or exempt a Certificate of Public Convenience and Necessity (CPCN), conditioned that the developer of a “covered” project, defined as a 2 megawatt (MW) generation station, generation lead line, or energy storage facility take reasonable actions to enter into a Community Benefits Agreement (CBA) and adhere to certain labor standards, requirements and reporting.

Explanation of Department’s Position

The Maryland Department of Natural Resources (DNR) provides the following information on SB 418.

DNR’s Power Plant Research Program (PPRP) is responsible for coordinating the state's comprehensive review of proposed power generating and transmission facilities, and presents a consolidated state position before the PSC in licensing cases. PPRP's coordination with an applicant for a new or modified power or transmission facility usually begins before the formal CPCN process is initiated. PPRP lacks the expertise to define minimum standards for a CBA relative to energy projects. It also lacks the expertise to determine whether or not “reasonable actions” have been taken to enter into such an agreement and therefore, would need to hire additional staff and utilize consultants.

It is also uncertain that PPRP would be able to handle review of the CBA in a timely manner given that the legislature has established by statute a new, six-month review window for PPRP to complete its CPCN application review of all energy projects regardless of their size and complexity. The Maryland Department of Labor must also issue regulations implementing the law and until those are in place CPCN applications would remain frozen in place.

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Lastly, statute does not require a CPCN for energy storage projects therefore new policies and procedures would need to be established to condition battery storage projects, which could potentially delay projects.

For any additional information, please contact our Legislative and Constituent Services Director, Bunky Luffman.