

JASON M. STANEK
CHAIRMAN

MICHAEL T. RICHARD
ANTHONY J. O'DONNELL
ODOGWU OBI LINTON
MINDY L. HERMAN



PUBLIC SERVICE COMMISSION

February 15, 2022

Chair Delores G. Kelley
Senate Finance Committee
Miller Senate Office Building, Room 3 East
Annapolis, MD 21401

RE: SB 418 – INFORMATION – Energy Generation, Transmission, and Storage Projects – Required Community Benefit Agreement and Labor Standards

Dear Chair Kelley, Vice Chair Feldman, and Committee Members:

Senate Bill 418 requires a person seeking to construct a generating station with an electricity output (or capacity) of 2 MW or more to enter into a community benefits agreement and adhere to new labor standards and other requirements upon receiving a Certificate of Public Convenience and Necessity, or an exemption from the CPCN requirement, from the Maryland Public Service Commission.

SB 418 only applies to generating stations with a nameplate capacity of 2 MW or greater. The bill does not apply to offshore wind projects under § 7-704.1 of the Public Utilities Article. While the original language of the bill included energy storage devices among the scope of covered projects, the amended bill strikes that detail and, therefore, resolves an inconsistency with the Commission's CPCN requirement, which applies to generating stations, qualified generator lead lines, and overhead transmission lines designed to carry voltages over 69,000 volts. While the Commission does not support the legislation as originally drafted, I appreciate the sponsor's willingness to work on amendments and urge the Committee to adopt the sponsor's amendments, which will resolve my implementation concerns.

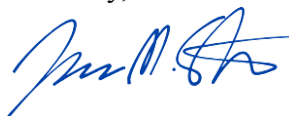
As originally drafted, SB 418 would have required the Commission to condition its approval of a CPCN or CPCN exemption on the requirement that the developer of a covered generating station comply with the new community benefits requirement and labor standards. It was unclear whether SB 418 would require the Commission to consider the new statutory requirements as part of its merits review for approving (or denying) a CPCN or CPCN exemption, or whether the Commission would simply require compliance with the new law as an express condition of an approved CPCN or CPCN exemption. Whereas the Commission lacks expertise in the field of labor standards, the Commission and its Technical Staff would have to

rely on the Maryland Department of Labor to determine whether and to what extent a project developer has complied with the new requirements. Absent the Department's expertise in this regard and participation in Commission proceedings, which the Commission cannot compel, and the statute does not require, it would be difficult for the Commission to make any conclusive findings for the purpose of conditioning its approval. Furthermore, the original language did not clearly identify which agency would be responsible for enforcing the new requirements.

The sponsor's amendments address this ambiguity. The new community benefits agreement requirement and labor standards will clearly fall within the ambit of the Department's jurisdiction, under the Labor Article. Moreover, it would not be necessary for the Commission to condition its CPCN approval on compliance with the new standards because the obligation to comply will be codified directly in PUA § 7-207, which—absent exemption—applies to the construction of generating stations with a nameplate capacity of 2 MW or greater.

For these reasons, the Maryland Public Service Commission supports the sponsor's amendments as solutions to identified implementation concerns. Thank you for the opportunity to provide informational testimony regarding Senate Bill 418. Please contact Lisa Smith, Director of Legislative Affairs, at 410-336-6288, if you have any questions.

Sincerely,



Jason M. Stanek
Chairman