



**HB 793 – Offshore Wind Energy – State Goals and Procurement
(Promoting Offshore Wind Energy Resources Act)
House Economic Matters Committee
March 6, 2023**

SUPPORT

**Liz Burdock
President and CEO
Business Network for Offshore Wind**

Chairman and members of the Committee, thank you for the opportunity to submit testimony in support of HB 793 – Offshore Wind Energy – State Goals and Procurement, the POWER Act.

The Business Network for Offshore Wind is a national non-profit educational organization – with nearly 600 member groups and businesses – whose mission is to develop the offshore wind renewable energy industry and its supply chain. The Network partners with industry and government to build an innovative supply chain that will create and sustain jobs, benefiting local economies and ensuring a cost-effective clean energy portfolio. We advance this through collaboration, education, and innovation, bringing together global developers, policymakers, academia, suppliers, and leading experts to grow this new and vital offshore wind industry that provides a practical solution to climate change and creates well-paying jobs.

In 2013, the Maryland General Assembly passed the Maryland Offshore Wind Energy Act (MOWEA) that started us on our path to clean and renewable offshore wind (OSW) energy. With the passage of that law, Maryland was an early adopter of this technology, setting ambitious goals and attracting developers, contractors, and secondary and tertiary businesses. To date, four OSW projects are underway, which has spurred investments in the redevelopment of Tradepoint Atlantic in Baltimore County, in the major expansion of Crystal Steel in Federalsburg, and in Arcon Training Center in Salisbury, among other Maryland businesses, to service them. During its offshore wind procurement process, Maryland secured commitments for three major component facilities, producing the cables, towers, and foundations of a wind farm - a major accomplishment when you consider only 13 of these facilities have been sited on U.S. shores. Project developers committed to created 12,000 direct full time equivalent Maryland jobs over several years to build and maintain these projects, and hundreds more will be employed annually in new steel and cable fabrication facilities that will supply the entire U.S. market with cables, towers, and foundations.

Maryland, however, is fighting from behind and unless the state takes a significant step forward, as is done in this legislation, the state will jeopardize the progress we have made. Maryland’s OSW goal of roughly 2,000 MW is the third lowest among the East Coast states from North Carolina to Massachusetts. Only Connecticut and Rhode Island have lower state goals, at 2,000 MW and 1,030 MW, respectively. New Jersey just raised its goal from 7,500 MW to 11,000 MW. New York has made clear its 9,000 MW is a minimum amount, and Virginia’s goal to our south is more than double ours at 5,200 MW. These states are not being complacent, either. New York and Massachusetts are expected to significantly increase their goals in the near future.

Our relegation to the bottom of states with OSW goals comes at an economic cost to our Maryland, our businesses, and our workers. Developers, manufacturers, and OSW based businesses make decisions where to locate and operate based on state goals and the friendliness of state governments to the industry. Port redevelopment, steel manufacturing and fabrication facilities, nacelle and blade manufacturers, cabling companies, and everyone within the domestic supply chain needs to know that there is certainty and predictability in their investments. To illustrate the race for these investments, among the three Western blade manufacturers, Siemens Gamesa has announced a facility in Virginia, GE announced plans to build their facility in Albany, NY (contingent on OSW contracts); only one blade manufacturer remains to be fought over by states. With our current goal of 2,022 MW, Maryland becomes far less attractive as an investment opportunity for Vestas, compared to surrounding states who have signaled a greater commitment to building our clean energy future. HB 793 sets a new goal of 8,500 MW which is the minimum we need to ensure the state stays competitive with our neighbors to the north and south, sending manufacturers and investors a strong message that Maryland welcomes offshore wind investment and the positive economic impact and good jobs that come with it.

There is no better time to act. We are at an inflection point in our industry where the combined state demand for offshore wind power, the positive actions taken by the Biden-Harris Administration in support of development, and the new federal incentives in the Inflation Reduction Act make the entire U.S. attractive to new industry investment. Just in the past year, the Network has tracked \$9.7 billion in new investments in the U.S. market – a threefold increase over last year. Maximizing the IRA (Inflation Reduction Act) means that investors are going to be making decisions sooner than later. Maryland needs to send a powerful signal to the market today.

However, increased goals, alone, will not get this power to our homes and businesses. Without an efficient and effective OSW grid, our goals will be much more costly and difficult to achieve. HB 793 lays out the path for Maryland to study the challenges of transmission and request proposals from investors and developers for transmission projects that would allow for greater connectivity, potential existing grid upgrades, and a planned and measured approach to future projects. It is imperative that we get the transmission piece right, and with a full analysis from the PSC (Public Service Commission), MEA (Maryland Energy Administration), and the PJM, Maryland will have the necessary information to plan accordingly. Moreover, HB 793 stipulates that future proposals that are submitted cannot affect existing projects, unless those developers choose to participate, and the State is not bound to select any proposal, at all, if they deem none to be viable or in the best interests of Maryland taxpayers and ratepayers.

The most interesting portion of HB 793 - and a proposal that on the federal level the Network has suggested - could help drive domestic supply chain advancement ¹, is the use of a direct power purchase agreements by the State's general services. The bill allows the Department of General Services to directly purchase wind energy – between 1,000,000 and 8,000,000 megawatt-hours annually – to meet the State's energy needs. Any excess power would then be sold back to the wholesale power market through either bilateral sales to creditworthy counterparties or into renewal energy credit markets. This procurement allows for the State to meet its clean energy goals at a much faster rate, while providing stability and certainty to the market for investors and developers.

¹ https://www.offshorewindus.org/wp-content/uploads/2022/06/Business-Network_Web_Advancing-Policy-Measures-to-Drive-Development-of-the-Domestic-Offshore-Wind-Supply-Chain.pdf



An offshore wind goal of at least 8,500 MW, combined with a transmission analysis and RFP process, and an initial power purchase agreement, will put Maryland in a competitive position for future OSW investment, business relocation to our state, and the creation of family-sustaining careers. Offshore Wind is driving the clean energy future of America, and Maryland should remain at the forefront of this industry. It is for these reasons that I ask you to move favorably on HB 793.

Thank you,

A handwritten signature in black ink that reads "Liz Burdock". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Liz Burdock

President and CEO

Business Network for Offshore Wind