

**Amendments requested by
Delegate Lorig
Charkoudian**

HOUSE BILL 793

M5, C5, P2 3lr0935 CF SB 781

By: **Delegates Charkoudian, Amprey, Barve, Boafo, Boyce, Cullison, Fennell, Fraser-Hidalgo, Jackson, A. Johnson, S. Johnson, R. Lewis, Love, Moon, Pruski, Qi, Queen, Reznik, Rogers, Stewart, Turner, Valderrama, and Wilkins**

Introduced and read first time: February 8, 2023

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 Offshore Wind Energy – State Goals and Procurement 3 (Promoting Offshore Wind Energy Resources Act)

4 FOR the purpose of requiring an application for any new qualified offshore wind project 5 and a certain proposal for an offshore wind transmission facility to be subject to a 6 certain community benefit agreement; altering the requirements for a certain report 7 on offshore wind projects; requiring the Public Service Commission to conduct a 8 certain analysis of transmission system expansion options; requiring the 9 Commission to issue a certain number of competitive solicitations for proposals for 10 certain offshore wind transmission facilities and transmission upgrades and 11 expansions; requiring the Commission to develop certain criteria for selecting a 12 proposal and include certain specifications in the solicitation; establishing that 13 procurement of certain proposals may not impact the interconnection plans of certain 14 earlier offshore wind projects; requiring the Department of General Services to issue 15 an invitation for bids for a certain power purchase agreement within a certain time 16 frame; requiring the Department to identify the amount of energy necessary to meet 17 the State's energy needs; requiring the State to use certain energy and associated 18 renewable energy credits in a certain manner, offer for sale certain energy or 19 associated renewable energy credits, issue a certain procurement on or before a 20 certain date, and enter into a contract or contracts for that procurement on or before 21 a certain date; and generally relating to the development of renewable energy.

22 BY repealing and reenacting, without amendments,

23 Article – Public Utilities

24 Section 7–701(a)

25 Annotated Code of Maryland

26 (2020 Replacement Volume and 2022 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

hb0793

[Brackets] indicate matter deleted from existing law.

2 HOUSE BILL 793

1 BY adding to
2 Article – Public Utilities
3 Section 7–701(g–1) and (h–1), 7–704.3, and 7–704.4
4 Annotated Code of Maryland
5 (2020 Replacement Volume and 2022 Supplement)

6 BY repealing and reenacting, with amendments,
7 Article – Public Utilities
8 Section 7–704.1
9 Annotated Code of Maryland
10 (2020 Replacement Volume and 2022 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, 12 That
the Laws of Maryland read as follows:

13 **Article – Public Utilities**

14 7–701.

15 (a) In this subtitle the following words have the meanings indicated.

“QUALIFIED OFFSHORE WIND PROJECT” MEANS A WIND TURBINE ELECTRICITY
GENERATION FACILITY, INCLUDING THE ASSOCIATED TRANSMISSION-RELATED
INTERCONNECTION FACILITIES AND EQUIPMENT, THAT:

1. IS LOCATED IN THE ATLANTIC OCEAN IN AN AREA THAT
 - a. THE U.S. DEPARTMENT OF INTERIOR DESIGNATES FOR LEASING
 - b. IS MORE THAN 10 MILES OFF THE COAST OF THE STATE
2. INTERCONNECTS TO THE PJM INTERCONNECTION GRID AT A POINT
LOCATED ON THE DELMARVA PENINSULA OR THROUGH A OFFSHORE WIND
TRANSMISSION PROJECT SELECTED PURSUANT TO § 7–704.3 OF THIS
SUBTITLE.
3. THE COMMISSION APPROVES UNDER § 7–704.1 OF THIS SUBTITLE OR THE
DEPARTMENT OF GENERAL SERVICES SELECTS UNDER § 7–704.4 OF THIS
SUBTITLE.

16 (G–1) “OFFSHORE WIND TRANSMISSION PROJECT” MEANS AN ELECTRIC 17
TRANSMISSION PROJECT SELECTED BY THE COMMISSION UNDER § 7–704.~~3~~4 OF THIS 18
SUBTITLE TO INTERCONNECT DIRECTLY OR INDIRECTLY WITH ONE OR MORE 19
QUALIFIED OFFSHORE WIND PROJECTS.

20 (H–1) “PJM INTERCONNECTION” MEANS PJM INTERCONNECTION, LLC OR 21 ANY
SUCCESSOR ORGANIZATION THAT SERVICES THE PJM REGION.

22 7–704.1.

23 (a) (1) The General Assembly finds and declares that:

24 (I) THE STATE HAS A GOAL OF REACHING 8,500 25 MEGAWATTS OF OFFSHORE WIND
ENERGY CAPACITY BY 2031, INCLUDING ROUND 1 26 OFFSHORE WIND PROJECTS,
ROUND 2 OFFSHORE WIND PROJECTS, AND ANY OTHER 27 PROCUREMENT EFFORTS;

28 (II) THE GENERAL ASSEMBLY ANTICIPATES THE ISSUANCE OF 29 SUFFICIENT WIND
ENERGY LEASES IN THE CENTRAL ATLANTIC REGION TO SATISFY 30 THE GOAL STATED
IN ITEM (I) OF THIS PARAGRAPH;

31 [(i)] (III) the development of offshore wind energy is important to 32 the economic well-
being of the State and the nation; [and]

HOUSE BILL 793 3

1 (IV) OFFSHORE WIND CAN PROVIDE CLEAN ENERGY AT THE 2 SCALE NEEDED TO
HELP ACHIEVE THE STATE'S ECONOMY-WIDE NET-ZERO 3 GREENHOUSE GAS
EMISSIONS REDUCTION TARGETS ESTABLISHED IN CHAPTER 38 4 OF THE ACTS OF THE
GENERAL ASSEMBLY OF 2022; AND

5 [(ii)] (V) it is in the public interest of the State to facilitate the 6 construction of at least
1,200 megawatts of Round 2 offshore wind projects in order to:

7 1. position the State to take advantage of the economic 8 development benefits of the
emerging offshore wind industry;

9 2. promote the development of renewable energy sources 10 that increase the nation's
independence from foreign sources of fossil fuels;

11 3. reduce the adverse environmental and health impacts of 12 traditional fossil fuel energy
sources; and

13 4. provide a long-term hedge against volatile prices of fossil 14 fuels.

15 (2) After the effective date of Commission regulations implementing this 16 section and § 7-
704.2 of this subtitle, and before June 30, 2017, a person may submit an 17 application to the
Commission for approval of a proposed Round 1 offshore wind project.

18 (3) (i) On receipt of the application for approval of a Round 1 offshore 19 wind project, the
Commission shall:

20 1. open an application period when other interested persons 21 may submit applications for
approval of Round 1 offshore wind projects; and

22 2. provide notice that the Commission is accepting 23 applications for approval of Round 1
offshore wind projects.

24 (ii) The Commission shall set the closing date for the application 25 period to be no sooner
than 90 days after the notice provided under subparagraph (i) of this 26 paragraph.

27 (4) The Commission shall provide additional application periods 28 beginning, respectively:

29 (i) January 1, 2020, for consideration of Round 2 offshore wind 30 projects to begin creating OREC's not later than 2026;

31 (ii) January 1, 2021, for consideration of Round 2 offshore wind 32 projects to begin creating OREC's not later than 2028; and

4 **HOUSE BILL 793**

1 (iii) January 1, 2022, for consideration of Round 2 offshore wind 2 projects to begin creating OREC's not later than 2030.

3 (5) In its discretion, the Commission may provide for additional application 4 periods **THAT MEET THE REQUIREMENTS OF THIS SECTION.**

5 (b) Unless extended by mutual consent of the parties, the Commission shall 6 approve, conditionally approve, or deny an application within 180 days after the close of 7 the application period.

8 (c) An application shall include:

9 (1) a detailed description and financial analysis of the offshore wind 10 project;

11 (2) the proposed method of financing the offshore wind project, including 12 documentation demonstrating that the applicant has applied for all current eligible State 13 and federal grants, rebates, tax credits, loan guarantees, or other programs available to 14 offset the cost of the project or provide tax advantages;

15 (3) a cost-benefit analysis that shall include at a minimum:

16 (i) a detailed input-output analysis of the impact of the offshore 17 wind project on income, employment, wages, and taxes in the State with particular 18 emphasis on in-State manufacturing employment;

19 (ii) detailed information concerning assumed employment impacts 20 in the State, including the expected duration of employment opportunities, the salary of 21 each position, and other supporting evidence of employment impacts;

22 (iii) an analysis of the anticipated environmental benefits, health 23 benefits, and environmental impacts of the offshore wind project to the citizens of the State;

24 (iv) an analysis of any impact on residential, commercial, and 25 industrial ratepayers over the life of the offshore wind project;

26 (v) an analysis of any long-term effect on energy and capacity 27 markets as a result of the proposed offshore wind project;

28 (vi) an analysis of any impact on businesses in the State; and

29 (vii) other benefits, such as increased in-State construction, 30 operations, maintenance, and equipment purchase;

31 (4) a proposed OREC pricing schedule for the offshore wind project that 32 shall specify a price for the generation attributes, including the energy, capacity, ancillary 33 services, and environmental attributes;

HOUSE BILL 793 5

1 (5) a decommissioning plan for the project, including provisions for 2 decommissioning as required by the United States Department of the Interior;

3 (6) a commitment to:

4 (i) abide by the requirements set forth in subsection [(e)] (F) of this 5 section; and

6 (ii) deposit at least \$6,000,000, in the manner required under 7 subsection [(g)](H) of this section, into the Maryland Offshore Wind Business Development 8 Fund established under § 9–20C–03 of the State Government Article;

9 (7) a description of the applicant’s plan for engaging small businesses, as 10 defined in § 14–501 of the State Finance and Procurement Article;

11 (8) a commitment that the applicant will:

12 (i) use best efforts to apply for all eligible State and federal grants, 13 rebates, tax credits, loan guarantees, or other similar benefits as those benefits become 14 available; and

15 (ii) pass along to ratepayers, without the need for any subsequent 16 Commission approval, 80% of the value of any [state] STATE or federal grants, rebates, tax 17 credits, loan guarantees, or other similar benefits received by the project and not included 18 in the application; and

19 (9) any other information the Commission requires.

20 (D) THE FOLLOWING ARE SUBJECT TO A COMMUNITY BENEFIT AGREEMENT 21 UNDER SUBSECTION (F) OF THIS SECTION:

22 (1) AN APPLICATION FOR ANY NEW QUALIFIED OFFSHORE WIND 23 PROJECT; AND

24 (2) A PROPOSAL SELECTED BY THE COMMISSION ~~PROPOSAL FILED AND APPROVED IN~~ ACCORDANCE WITH ~~§-25~~ 7–704.3 OF THIS SUBTITLE FOR AN OFFSHORE WIND TRANSMISSION PROJECT.

26 [(d)] (E) (1) The Commission shall use the following criteria to evaluate and 27 compare proposed offshore wind projects submitted during an application period:

28 (i) lowest cost impact on ratepayers of the price set under a proposed 29 OREC pricing schedule;

30 (ii) potential reductions in transmission congestion prices within the 31 State;

1 (iii) potential changes in capacity prices within the State; 2 (iv) potential

reductions in locational marginal pricing;

3 (v) potential long-term changes in capacity prices within the State 4 from the offshore wind project as it compares to conventional energy sources;

5 (vi) the extent to which the cost-benefit analysis submitted under 6 subsection (c)(3) of this section demonstrates positive net economic, environmental, and 7 health benefits to the State;

8 (vii) the extent to which an applicant's plan for engaging small 9 businesses meets the goals specified in Title 14, Subtitle 5 of the State Finance and 10 Procurement Article;

11 (viii) the extent to which an applicant's plan provides for the use of 12 skilled labor, particularly with regard to the construction and manufacturing components 13 of the project, through outreach, hiring, or referral systems that are affiliated with 14 registered apprenticeship programs under Title 11, Subtitle 4 of the Labor and 15 Employment Article;

16 (ix) the extent to which an applicant's plan provides for the use of an 17 agreement designed to ensure the use of skilled labor and to promote the prompt, efficient, 18 and safe completion of the project, particularly with regard to the construction, 19 manufacturing, and maintenance of the project;

20 (x) the extent to which an applicant's plan provides for 21 compensation to its employees and subcontractors consistent with wages outlined under §§ 22 17-201 through 17-228 of the State Finance and Procurement Article;

23 (xi) siting and project feasibility;

24 (xii) the extent to which the proposed offshore wind project would 25 require transmission or distribution infrastructure improvements in the State;

26 (xiii) estimated ability to assist in meeting the renewable energy 27 portfolio standard under § 7-703 of this subtitle; ~~and~~

28 ~~(xiv)~~ any other criteria that the Commission determines to be 29 appropriate.

30 (2) In evaluating and comparing an applicant's proposed offshore wind 31 project under paragraph (1) of this subsection, the Commission shall contract for the 32 services of independent consultants and experts.

HOUSE BILL 793 7

1 (3) The Commission shall verify that representatives of the United States 2 Department of Defense and the maritime industry have had the opportunity, through the 3 federal leasing process, to express concerns regarding project siting.

4 (4) (i) In this paragraph, "minority" means an individual who is a 5 member of any of the groups listed in § 14-301(k)(1)(i) of the State Finance and 6 Procurement Article.

7 (ii) If an applicant is seeking investors in a proposed offshore wind 8 project, it shall take the following steps before the Commission may approve the proposed 9 project:

10 1. make serious, good–faith efforts to solicit and interview a 11 reasonable number of minority investors;

12 2. as part of the application, submit a statement to the 13 Commission that lists the names and addresses of all minority investors interviewed and 14 whether or not any of those investors have purchased an equity share in the entity 15 submitting an application;

16 3. as a condition to the Commission’s approval of the offshore 17 wind project, sign a memorandum of understanding with the Commission that requires the 18 applicant to again make serious, good–faith efforts to interview minority investors in any 19 future attempts to raise venture capital or attract new investors to the offshore wind 20 project; and

21 4. as a condition to the Commission’s approval of the offshore 22 wind project, sign a memorandum of understanding with the Commission that requires the 23 applicant to use best efforts and effective outreach to obtain, as a goal, contractors and 24 subcontractors for the project that are minority business enterprises, to the extent 25 practicable, as supported by a disparity study.

26 (iii) The Governor’s Office of Small, Minority, and Women Business 27 Affairs, in consultation with the Office of the Attorney General, shall provide assistance to 28 all potential applicants and potential minority investors to satisfy the requirements under 29 subparagraph (ii)1 and 3 of this paragraph.

30 (5) As a condition of the Commission’s approval of the offshore wind 31 project, the applicant shall sign a memorandum of understanding with the Commission 32 and skilled labor organizations that requires the applicant to follow the portions of the 33 applicant’s plan that relate to the criteria set forth in paragraph (1)(viii) and (ix) of this 34 subsection.

35 [(e)] (F) (1) (i) In this paragraph, “community benefit agreement” means 36 an agreement applicable to the development of any qualified offshore wind project OR 37 OFFSHORE WIND TRANSMISSION FACILITY that:

8 HOUSE BILL 793

1 1. promotes increased opportunities for local businesses and 2 small, minority, women–owned, and veteran–owned businesses in the clean energy 3 industry;

4 2. ensures the timely, safe, and efficient completion of the 5 project by facilitating a steady supply of highly skilled craft workers who shall be paid not 6 less than the prevailing wage rate determined by the Commissioner of Labor and Industry 7 under Title 17, Subtitle 2 of the State Finance and Procurement Article;

3. ENSURES THE TIMELY, SAFE, AND EFFICIENT COMPLETION OF THE PROJECT BY GUARANTEEING THAT THE CONSTRUCTION WORK PERFORMED IN CONNECTION WITH SUCH PROJECT WILL BE SUBJECT TO AN AGREEMENT WITH ONE OR MORE LABOR ORGANIZATIONS THAT ESTABLISHES THE TERMS AND CONDITIONS OF EMPLOYMENT AT THE SITE OF CONSTRUCTION FOR A SPECIFIC CONSTRUCTION

PROJECT OR PORTION OF A PROJECT. SUCH AGREEMENT SHALL:

(A) GUARANTEE AGAINST STRIKES, LOCKOUTS, AND SIMILAR DISRUPTIONS;

(B) ENSURE THAT ALL WORK ON THE PROJECT FULLY CONFORMS TO ALL RELEVANT STATE AND FEDERAL STATUTES, RULES AND REGULATIONS

(C) CREATE MUTUALLY BINDING PROCEDURES FOR RESOLVING LABOR DISPUTES ARISING DURING THE TERM OF THE PROJECT;

(D) SET FORTH OTHER MECHANISMS FOR LABOR-MANAGEMENT COOPERATION ON MATTERS OF MUTUAL INTEREST AND CONCERN INCLUDING PRODUCTIVITY, QUALITY OF WORK, SAFETY AND HEALTH;

(E) BIND ALL CONTRACTORS AND SUBCONTRACTORS TO THE TERMS OF THE AGREEMENT THROUGH THE INCLUSION OF APPROPRIATE PROVISIONS IN ALL RELEVANT SOLICITATION AND CONTRACT DOCUMENTS.

8 3. promotes safe completion of the project by ensuring that 9 at least 80% of the craft workers on the project have completed an Occupational Safety and 10 Health Administration 10-hour or 30-hour course;

11 4. promotes career training opportunities in the 12 **MANUFACTURING, MAINTENANCE, AND** construction [industry] **INDUSTRIES** for local 13 residents, veterans, women, and minorities;

14 5. provides for best efforts and effective outreach to obtain, 15 as a goal, the use of a workforce including minorities, to the extent practicable; [and]

16 6. reflects a 21st-century labor-management approach **BY 17 DEVELOPERS AND SUPPLIERS** based on cooperation, harmony, and partnership **THAT 18 PROACTIVELY SEEKS TO ENSURE THAT WORKERS CAN FREELY CHOOSE TO BOTH 19 ORGANIZE AND COLLECTIVELY BARGAIN;**

20 **7. PROVIDES PLANS TO USE DOMESTIC IRON, STEEL, 21 AND MANUFACTURED GOODS TO THE GREATEST EXTENT PRACTICABLE BY 22 DISCLOSING CONTRACTED SUPPLIERS;**

23 **8. USES LOCALLY AND DOMESTICALLY MANUFACTURED 24 CONSTRUCTION MATERIALS AND COMPONENTS; AND**

25 **9. MAXIMIZES THE USE OF SKILLED LOCAL LABOR, 26 PARTICULARLY WITH REGARD TO THE CONSTRUCTION AND MANUFACTURING 27 COMPONENTS OF THE PROJECT, USING METHODS INCLUDING OUTREACH, HIRING, 28 OR REFERRAL METHODS THAT ARE AFFILIATED WITH REGISTERED 29 APPRENTICESHIP PROGRAMS UNDER TITLE 11, SUBTITLE 4 OF THE LABOR AND 30 EMPLOYMENT ARTICLE.**

31 (ii) If the Commission receives reasonable proposals that 32 demonstrate positive net economic, environmental, and health benefits to the State, based 33 on the criteria specified in subsection (c)(3) of this section, and subject to subparagraph (iii) 34 of this paragraph, the Commission shall approve orders to facilitate the financing of 35 qualified offshore wind projects, including at least 1,200 megawatts of Round 2 offshore 36 wind projects.

HOUSE BILL 793 9

1 (iii) The Commission may not approve an applicant's proposed 2 offshore wind project unless:

3 1. for a Round 1 offshore wind project application:

4 A. the projected net rate impact for an average residential 5 customer, based on annual consumption of 12,000 kilowatt-hours, combined with the 6 projected net rate impact of other Round 1 offshore wind projects, does not exceed \$1.50 per 7 month in 2012 dollars, over the duration of the proposed OREC pricing schedule;

8 B. the projected net rate impact for all nonresidential 9 customers considered as a blended average, combined with the projected net rate impact of 10 other Round 1 offshore wind projects, does not exceed 1.5% of nonresidential customers' 11 total annual electric bills, over the duration of the proposed OREC pricing schedule; and

12 C. the price specified in the proposed OREC price schedule 13 does not exceed \$190 per megawatt-hour in 2012 dollars; and

14 2. for a Round 2 offshore wind project application:

15 A. the projected incremental net rate impact for an average 16 residential customer, based on annual consumption of 12 megawatt-hours, combined with 17 the projected incremental net rate impact of other Round 2 offshore wind projects, does not 18 exceed 88 cents per month in 2018 dollars, over the duration of the proposed OREC pricing 19 schedule;

20 B. the projected incremental net rate impact for all 21 nonresidential customers considered as a blended average, combined with the projected net 22 rate impact of other Round 2 offshore wind projects, does not exceed 0.9% of nonresidential 23 customers' total annual electric bills during any year of the proposed OREC pricing 24 schedule; and

25 C. the project is subject to a community benefit agreement.

26 (2) (i) When calculating the net benefits to the State under paragraph 27 (1)(ii) of this subsection, the Commission shall contract for the services of independent 28 consultants and experts.

29 (ii) When calculating the projected net average rate impacts for 30 Round 1 offshore wind projects under paragraph (1)(iii)1A and B of this subsection and for 31 Round 2 offshore wind projects under paragraph (1)(iii)2A and B of this subsection, the 32 Commission shall apply the same net OREC cost per megawatt-hour to residential and 33 nonresidential customers.

34 [(f)] (G) (1) An order the Commission issues approving a proposed offshore 35 wind project

shall:

10 **HOUSE BILL 793**

1 (i) specify the OREC price schedule, which may not authorize an 2 OREC price greater than, for a Round 1 offshore wind project, \$190 per megawatt-hour in 3 2012 dollars;

4 (ii) specify the duration of the OREC pricing schedule, not to exceed 5 20 years;

6 (iii) specify the number of ORECs the offshore wind project may sell 7 each year;

8 (iv) provide that:

9 1. a payment may not be made for an OREC until electricity 10 supply is generated by the offshore wind project; and

11 2. ratepayers, purchasers of ORECs, and the State shall be 12 held harmless for any cost overruns associated with the offshore wind project; and

13 (v) require that any debt instrument issued in connection with a 14 qualified offshore wind project include language specifying that the debt instrument does 15 not establish a debt, obligation, or liability of the State.

16 (2) An order approving a proposed offshore wind project vests the owner of 17 the qualified offshore wind project with the right to receive payments for ORECs according 18 to the terms in the order.

19 (3) On or before March 1 each year, the Commission shall report to the 20 Governor and, in accordance with § 2–1257 of the State Government Article, to the Senate 21 Finance Committee and the House Economic Matters Committee on:

22 (i) compliance by applicants with the minority business enterprise 23 participation goals under subsection [(d)(4)] **(E)(4)** of this section; and

24 (ii) with respect to the community benefit agreement under 25 subsection [(e)(1)] **(F)(1)** of this section:

26 1. the availability and use of opportunities for local 27 businesses and small, minority, women-owned, and veteran-owned businesses;

28 2. the success of efforts to promote career training 29 opportunities in the **MANUFACTURING, MAINTENANCE, AND** construction [industry] 30 **INDUSTRIES** for local residents, veterans, women, and minorities; and

31 3. compliance with the minority workforce goal under 32 subsection [(e)(1)(i)5] **(F)(1)(I)5** of this section.

HOUSE BILL 793 11

1 [(g)] **(H)** For Round 2 offshore wind project applications, the Commission shall 2 approve

OREC orders representing a minimum of 400 megawatts of nameplate capacity 3 proposed during each application period unless:

4 (1) not enough Round 2 offshore wind project applications are submitted to 5 meet the net benefit test under subsection (c)(3) of this section; or

6 (2) the cumulative net ratepayer impact exceeds the maximums provided 7 in subsection [(e)(1)(ii)2] **(F)(1)(II)2** of this section.

8 [(h)] **(I)** (1) Within 60 days after the Commission approves the application of 9 a proposed offshore wind project, the qualified offshore wind project shall deposit 10 \$2,000,000 into the Maryland Offshore Wind Business Development Fund established 11 under § 9–20C–03 of the State Government Article.

12 (2) Within 1 year after the initial deposit under paragraph (1) of this 13 subsection, the qualified offshore wind project shall deposit an additional \$2,000,000 into 14 the Maryland Offshore Wind Business Development Fund.

15 (3) Within 2 years after the initial deposit under paragraph (1) of this 16 subsection, the qualified offshore wind project shall deposit an additional \$2,000,000 into 17 the Maryland Offshore Wind Business Development Fund.

18 [(i)] **(J)** (1) The findings and evidence relied on by the General Assembly for 19 the continuation of the Minority Business Enterprise Program under Title 14, Subtitle 3 of 20 the State Finance and Procurement Article are incorporated in this subsection.

21 (2) To the extent practicable and authorized by the United States 22 Constitution, approved applicants for a proposed offshore wind project shall comply with 23 the State's Minority Business Enterprise Program.

24 (3) (i) On or before 6 months after the issuance of an order approving 25 an OREC application, the Governor's Office of Small, Minority, and Women Business 26 Affairs, in consultation with the Office of the Attorney General and an approved applicant, 27 shall establish a clear plan for setting reasonable and appropriate minority business 28 enterprise participation goals and procedures for each phase of the qualified offshore wind 29 project.

30 (ii) To the extent practicable, the goals and procedures specified in 31 subparagraph (i) of this paragraph shall be based on the requirements of Title 14, Subtitle 32 3 of the State Finance and Procurement Article and the regulations implementing that 33 subtitle.

34 (iii) Every 6 months following the issuance of an order approving an 35 OREC application, an approved applicant shall submit a report on its progress establishing 36 and implementing minority business enterprise goals and procedures to the Commission.

12 HOUSE BILL 793

1 (4) On and after July 1, 2023, the provisions of this subsection and any 2 regulations adopted in accordance with this subsection shall be of no effect and may not be 3 enforced.

4 **7–704.3.**

5 (A) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT IT IS IN THE 6 PUBLIC INTEREST TO UPGRADE AND EXPAND THE TRANSMISSION SYSTEM TO 7 ACCOMMODATE THE BUILDOUT OF AT LEAST 8,500 MEGAWATTS OF OFFSHORE WIND 8 ENERGY FROM QUALIFIED OFFSHORE WIND PROJECTS SERVING THE STATE BY 9 2031.

10 (B) (1) (I) TO MEET THE GOAL ESTABLISHED UNDER SUBSECTION (A) ~~11~~ OF THIS SECTION AND THE GOAL OF §7-703, THE COMMISSION, IN CONSULTATION WITH THE MARYLAND ~~12~~ ENERGY ADMINISTRATION ~~AND PJM INTERCONNECTION~~, SHALL REQUEST PJM INTERCONNECTION CONDUCT AN ~~13~~ ANALYSIS OF TRANSMISSION SYSTEM UPGRADE AND EXPANSION OPTIONS, CONSIDERING BOTH ONSHORE AND OFFSHORE INFRASTRUCTURE.

14 (II) IN ~~REQUESTING CONDUCTING~~ THE ANALYSIS REQUIRED UNDER ~~15~~ SUBPARAGRAPH (I) OF THIS PARAGRAPH, ~~THE COMMISSION MAY ALSO CONSULT 16 WITH OWNERS OF TRANSMISSION FACILITIES IN THE STATE, THE COMMISSION SHALL CONSULT WITH OTHER PJM STATES FOR THE PURPOSE OF EVALUATING REGIONAL TRANSMISSION COOPERATION THAT COULD HELP ACHIEVE THE STATE'S RENEWABLE ENERGY AND OFFSHORE WIND ENERGY GOALS WITH GREATER EFFICIENCY;~~

17 (2) THE COMMISSION MAY ENTER INTO ANY NECESSARY 18 AGREEMENTS WITH PJM INTERCONNECTION FOR TRANSMISSION PLANNING TO:

19 (I) INITIATE THE FURTHER THE COMMISSION'S ANALYSIS REQUIRED BY THIS SECTION; AND OR

20 (II) ASSIST WITH THE SOLICITATION OF PROPOSALS FOR ~~21~~ OFFSHORE WIND TRANSMISSION PROJECTS.

22 (3) ON OR BEFORE JULY 1, 2024, THE COMMISSION SHALL SUBMIT A STATUS UPDATE ON THE PJM ANALYSIS ~~23 ITS COMPLETED ANALYSIS~~ TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § ~~24~~ 2-1257 OF THE STATE GOVERNMENT ARTICLE.

25 (C) (1) ON OR BEFORE ~~JULY~~ DECEMBER 1, 202~~5~~4, THE COMMISSION SHALL ~~26~~ ISSUE ONE OR MORE COMPETITIVE SOLICITATIONS, OR REQUEST PJM ISSUE COMPETITIVE SOLICITATIONS, FOR PROPOSALS FOR OPEN ~~27~~ ACCESS OFFSHORE WIND TRANSMISSION FACILITIES AND COMPLIMENTARY NECESSARY ONSHORE ~~28~~ TRANSMISSION UPGRADES AND EXPANSIONS.

29 (2) THE COMMISSION MAY ISSUE FURTHER SOLICITATIONS FOR 30 PROPOSALS AFTER THIS DATE IF DETERMINED NECESSARY BY THE COMMISSION.

31 (D) IN DEVELOPING CRITERIA FOR SELECTING A PROPOSAL UNDER THIS 32 SECTION, THE COMMISSION:

HOUSE BILL 793 13

1 (1) SHALL CONSIDER THE ANALYSIS REQUIRED UNDER SUBSECTION ~~2~~ (B) OF THIS SECTION, INCLUDING A CONSIDERATION OF POTENTIAL ~~3~~ INTERCONNECTION POINTS AND CABLE ROUTES;

4 (2) SHALL EVALUATE THE POTENTIAL FOR COOPERATING WITH 5 OTHER STATES IN THE PJM REGION TO MAXIMIZE CONSUMER BENEFITS THAT WILL 6 BEST ACHIEVE THE STATE'S RENEWABLE ENERGY AND OFFSHORE WIND ENERGY GOALS; AND

7 (3) MAY CONSULT WITH THE ADMINISTRATION, ELECTRIC 8 COMPANIES, TRANSMISSION FACILITY OWNERS, AND OTHER STATES OR ENTITIES 9 DESIGNATED BY THOSE STATES IN DEVELOPING OR COORDINATING EQUIVALENT 10 STANDARDS FOR THE APPROVAL OF TRANSMISSION PROJECTS UNDER THIS 11 SECTION THAT WILL FACILITATE THE INTEGRATION OF MULTIPLE OFFSHORE WIND 12 ENERGY PROJECTS AND POTENTIAL MULTISTATE OFFSHORE WIND TRANSMISSION 13 PROJECTS.

14 (E) (1) THE COMMISSION SHALL INCLUDE, OR WORK WITH PJM TO INCLUDE, SPECIFICATIONS IN THE 15 SOLICITATION THAT REQUIRE PROPOSALS TO:

16 (I) ALLOW FUTURE TRANSMISSION LINES TO CONNECT IN A 17 MESHED MANNER AND SHARE LANDING POINTS;

18 (II) CONSIDER OTHER ONSHORE AND OFFSHORE CLEAN 19 ENERGY GENERATION AND STORAGE FACILITIES; AND

20 (III) INCORPORATE COMMUNITY BENEFIT AGREEMENTS. 21 (2) THE COMMISSION MAY CONSIDER, OR REQUEST THAT PJM CONSIDER, PROPOSALS THAT INCLUDE: 22

(I) UPGRADING THE EXISTING TRANSMISSION GRID;

23 (II) EXTENDING THE EXISTING TRANSMISSION GRID TO BE 24 CLOSER TO OFFSHORE WIND ENERGY LOCATIONS, INCLUDING ONSHORE AND OFFSHORE EXTENSIONS;

25 (III) INTERCONNECTING BETWEEN OFFSHORE SUBSTATIONS; 26 (IV) ADDING ENERGY STORAGE; AND

27 (V) THE USE OF HVDC CONVERTER TECHNOLOGY TO SUPPORT 28 POTENTIAL WEAKNESSES IN THE TRANSMISSION GRID.

29 (3) THE COMMISSION MAY SELECT A PROPOSAL OR PROPOSALS THAT 30 INCLUDE:
14 HOUSE BILL 793

1 (I) FEDERAL FUNDING IN THE FORM OF A MATCH, GRANT, 2 LOAN, OR OWNERSHIP AND OPERATION BY THE UNITED STATES GOVERNMENT;

3 (II) COST SHARING AMONG STATES AND/OR RECOVERY OF 4 TRANSMISSION COSTS THROUGH FEDERAL TRANSMISSION RATES, CONSISTENT 5 WITH THE POLICIES AND TARIFFS OF THE FEDERAL ENERGY REGULATORY 6 COMMISSION;

7 (III) A COMBINATION OF THE FUNDING METHODS OUTLINED IN 8 ITEMS (I) AND (II)
OF THIS PARAGRAPH; OR

9 (IV) ANY OTHER AVAILABLE FUNDING MECHANISMS.

10 (4) EACH PROPOSAL SHOULD MAXIMIZE ACCESS TO AND BE 11 CONSISTENT WITH
THE TERMS OF THE U.S. DEPARTMENT OF ENERGY FUNDING 12 PROGRAMS,
INCLUDING THOSE ESTABLISHED:

13 (I) UNDER THE FEDERAL INFRASTRUCTURE INVESTMENT AND 14 JOBS ACT;

15 (II) UNDER THE FEDERAL INFLATION REDUCTION ACT OF 16 2022;

17 (III) THROUGH THE U.S. DEPARTMENT OF ENERGY 18 TRANSMISSION FACILITATION
PROGRAM; AND

19 (IV) THROUGH ANY LOAN PROGRAMS, OFFICE PROGRAMS, OR 20 RESILIENCY
FUNDING.

21 (F) THE SOLICITATION PROCESS SHALL:

22 (1) INCLUDE A PREQUALIFICATION PROCESS TO ENSURE THE 23 FINANCIAL AND
TECHNICAL COMPETENCE AND CAPABILITIES OF THE ENTITIES 24 RESPONDING TO THE
SOLICITATION FOR PROPOSALS;

25 (2) PROVIDE FOR RIGOROUS SEPARATION BETWEEN INDIVIDUALS OR 26 FIRMS
PARTICIPATING IN THE REVIEW, ANALYSIS, AND SELECTION OF THE 27 PROPOSALS BY
OR ON BEHALF OF THE COMMISSION AND THOSE PARTICIPATING IN 28 THE
DEVELOPMENT OR MANAGEMENT OF PROPOSALS; AND

29 (3) PROMOTE RIGOROUS COMPETITION AMONG PREQUALIFIED 30 ENTITIES IN THE
PREPARATION AND SUBMISSION OF THEIR PROPOSALS.

HOUSE BILL 793 15

1 (G) THE COMMISSION MAY MODIFY A SOLICITATION, OR REQUEST THAT PJM MODIFY
A SOLICITATION, FOR PROPOSALS AT 2 ANY TIME IN ORDER TO SATISFY ELIGIBILITY
CRITERIA FOR U.S. DEPARTMENT OF 3 ENERGY FUNDING PROGRAMS.

4 (H) IN SELECTING A PROPOSAL UNDER THIS SECTION, THE COMMISSION 5 SHALL
TAKE INTO CONSIDERATION THE TOTAL AMOUNT OF NEW TRANSMISSION 6
INFRASTRUCTURE NEEDED TO:

7 (1) MAINTAIN ELECTRIC SYSTEM RELIABILITY;

8 (2) AVOID UNNECESSARY UPGRADE COSTS TO THE EXISTING 9 TRANSMISSION GRID
THAT COULD RESULT FROM RADIAL INTERCONNECTION OF OFFSHORE WIND

GENERATION FACILITIES;

10 (3) ACHIEVE THE STATE'S OFFSHORE WIND, RENEWABLE ENERGY, AND DECARBONIZATION 11 GOALS;

12 (4) OBTAIN DEMONSTRABLE BENEFITS TO THE CONSUMER AND 13 ENVIRONMENT; AND

14 (5) FOSTER ECONOMIC DEVELOPMENT AND JOB CREATION IN THE 15 STATE.

16 (I) THE COMMISSION SHALL:

17 (1) REQUEST THAT PJM EVALUATE EACH PROPOSAL SUBMITTED IN ACCORDANCE WITH 18 THIS SECTION; AND

19 (2) AFTER NOTICE AND AN EVIDENTIARY HEARING, AND SUBJECT TO 20 SUBSECTION (J) OF THIS SECTION, ON OR BEFORE DECEMBER 1-JULY 1, 2026, SELECT A 21 PROPOSAL OR PROPOSALS FOR DEVELOPMENT UTILIZING A FUNDING MECHANISM, OR COMBINATION OF FUNDING MECHANISMS, IDENTIFIED IN SUBSECTION (E)(3) OF THIS SECTION.~~of this Section-~~

22 (J) IF THE COMMISSION FINDS THAT NONE OF THE PROPOSALS 23 ADEQUATELY SUPPORT THE GOALS ESTABLISHED UNDER THIS SECTION, THEN THE 24 COMMISSION MAY END THE SOLICITATION PROCESS WITHOUT SELECTING A 25 PROPOSAL.

26 (K) A PROPOSAL SELECTEDAPPROVED UNDER THIS SECTION IS SUBJECT TO ALL 27 OTHER RELEVANT REQUIREMENTS FOR THE SITING AND CONSTRUCTION OF 28 TRANSMISSION LINES, INCLUDING ANY REQUIREMENT TO OBTAIN A CERTIFICATE 29 OF PUBLIC CONVENIENCE AND NECESSITY.

16 HOUSE BILL 793

1 (L) SELECTION OF COORDINATED TRANSMISSION PROPOSALS MAY NOT 2 IMPACT THE INTERCONNECTION PLANS OF EARLIER OFFSHORE WIND PROJECTS, 3 INCLUDING OCS-A 0490 (US WIND) AND OCS-A 0519 (SKIPJACK), UNLESS THE 4 LEASEHOLDERS FOR THESE PROJECTS OPT TO PARTICIPATE IN THE PROPOSAL BY 5 NOTIFYING THE COMMISSION BY MAIL OR E-MAIL BEFORE THE COMPLETION OF 6 THE ANALYSIS OF TRANSMISSION SYSTEM EXPANSION OPTIONS UNDER SUBSECTION 7 (B) OF THIS SECTION.

8 (M) IF NO PROPOSAL HAS BEEN SELECTEDAPPROVED UNDER THIS SECTION BY DECEMBER JULY 9 1, 2026, THE COMMISSION SHALL SUBMIT A STATEMENT OF DETERMINATION TO THE 10 GOVERNOR AND GENERAL ASSEMBLY THAT:

11 (1) PROVIDES A COMPREHENSIVE EXPLANATION OF THE 12 COMMISSION'S DECISION OR LACK OF DECISION; AND

13 (2) RECOMMENDS A PATH FORWARD TO ACHIEVE THE STATE'S GOAL ~~14~~ UNDER

SUBSECTION (A) OF THIS SECTION.

15 (N) AFTER THE COMMISSION SELECTS A PROPOSAL OR PROPOSALS, THE 16
COMMISSION SHALL WORK WITH THE MARYLAND ENERGY ADMINISTRATION, 17
TRANSMISSION DEVELOPER OR DEVELOPERS, TRANSMISSION FACILITY OWNERS, 18
PJM INTERCONNECTION, THE FEDERAL ENERGY REGULATORY COMMISSION, AND 19
ANY OTHER STATES THAT VOLUNTARILY PARTICIPATE, TO FACILITATE THE 20
DEVELOPMENT AND CONSTRUCTION OF THE PROPOSAL OR PROPOSALS.

21 (O) THE COMMISSION:

22 (1) SHALL CARRY OUT THE PROVISIONS OF THIS SECTION BY 23 OBTAINING
INFORMATION THROUGH REQUEST, COOPERATION, SUBPOENA, OR ANY 24 OTHER
LEGAL METHOD FROM TRANSMISSION OWNERS, PJM INTERCONNECTION, 25 OR ANY
OTHER ENTITY; AND

26 (2) MAY RETAIN CONSULTANTS.

27 7-704.4.

28 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS 29
INDICATED.

30 (2) "COMMUNITY BENEFIT AGREEMENT" HAS THE MEANING STATED 31 IN § 7-
704.1(E) OF THIS SUBTITLE.

HOUSE BILL 793 17

1 (3) "SOCIAL COST OF GREENHOUSE GASES" MEANS THE MOST 2 RECENT SOCIAL
COST OF GREENHOUSE GASES ADOPTED BY THE U.S. 3 ENVIRONMENTAL PROTECTION
AGENCY.

4 (B) (1) BETWEEN JULY 31, 2024, AND APRIL 30, 2025, THE DEPARTMENT 5 OF
GENERAL SERVICES SHALL ~~A SOLICITATION~~ ~~ISSUE AN INVITATION FOR BIDS~~ AND MAY
ENTER 6 INTO AT LEAST ONE CONTRACT FOR A POWER PURCHASE AGREEMENT TO
PROCURE 7 ~~UP TO BETWEEN 1,000,000 AND~~ 8,000,000 MEGAWATT-HOURS ANNUALLY
OF OFFSHORE
8 WIND ENERGY AND ASSOCIATED RENEWABLE ENERGY CREDITS FROM ONE OR MORE
9 QUALIFIED OFFSHORE WIND PROJECTS.

10 (2) EACH AGREEMENT ENTERED INTO UNDER PARAGRAPH (1) OF 11 THIS
SUBSECTION SHALL HAVE A TERM OF NOT LESS THAN 20 YEARS.

12 (3) WHEN ISSUING THE INVITATION FOR BIDS UNDER THIS 13 SUBSECTION, THE
DEPARTMENT SHALL TAKE INTO CONSIDERATION:

14 (I) THE SOCIAL COST OF GREENHOUSE GAS EMISSIONS; 15 (II) THE STATE'S

CLIMATE COMMITMENTS; AND

16 (III) THE STATE'S COMMITMENTS UNDER § 7-704.1(A) OF THIS 17 SUBTITLE.

18 (4) THE EVALUATION CRITERIA FOR BIDS SHALL INCLUDE:

(I) 19 COMPARING THE SOCIAL COST OF GREENHOUSE GAS EMISSIONS FOR OFFSHORE 20 WIND WITH THE SOCIAL COST OF GREENHOUSE GAS EMISSIONS FOR 21 NONRENEWABLE POWER PURCHASED FROM WHOLESALE ELECTRIC MARKETS 22 ADMINISTERED BY PJM INTERCONNECTION.

(II)THE EXTENT TO WHICH AN APPLICANT'S PLAN PROVIDES FOR FINANCIAL AND TECHNICAL ASSISTANCE TO SUPPORT WILDLIFE AND HABITAT MONITORING AND MITIGATION

23 (5) EACH AGREEMENT ENTERED INTO UNDER PARAGRAPH (1) OF 24 THIS SUBSECTION SHALL INCLUDE A COMMUNITY BENEFIT AGREEMENT AND 25 DOMESTIC CONTENT PREFERENCES.

(6) EACH AGREEMENT ENTERED INTO UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE A DESCRIPTION OF:

(I) INITIAL ENVIRONMENTAL AND FISHERIES MITIGATION PLANS FOR THE CONSTRUCTION AND OPERATION OF THE PROPOSED OFFSHORE WIND PROJECT; AND

(II) THE EXTENT TO WHICH AN APPLICANT WILL PROVIDE FOR FINANCIAL AND TECHNICAL ASSISTANCE TO SUPPORT WILDLIFE AND HABITAT MONITORING AND MITIGATION.

26 (C) (1) THE DEPARTMENT OF GENERAL SERVICES SHALL IDENTIFY THE 27 AMOUNT OF ENERGY NECESSARY TO MEET THE STATE'S ENERGY NEEDS.

28 (2) THE STATE SHALL USE THE ENERGY PROCURED UNDER 29 SUBSECTION (B) OF THIS SECTION TO MEET THE STATE'S ENERGY NEEDS AND 30 RETIRE THE ASSOCIATED RENEWABLE ENERGY CREDITS TO MEET ITS OBLIGATIONS 31 UNDER THE RENEWABLE ENERGY PORTFOLIO STANDARD AND CHAPTER 38 OF THE 32 ACTS OF THE GENERAL ASSEMBLY OF 2022.

18 HOUSE BILL 793

1 (3) THE STATE SHALL OFFER FOR SALE ANY ENERGY OR RENEWABLE 2 ENERGY CREDITS REMAINING AFTER THE REQUIREMENTS UNDER PARAGRAPH (2) 3 OF THIS SUBSECTION HAVE BEEN MET ON THE COMPETITIVE WHOLESALE POWER 4 MARKET OPERATED BY PJM INTERCONNECTION, THROUGH BILATERAL SALES TO 5 CREDITWORTHY COUNTERPARTIES, OR INTO RENEWABLE ENERGY CREDIT 6 MARKETS.

7 (D) THE STATE SHALL:

8 (1) ISSUE A PROCUREMENT FOR OFFSHORE WIND ENERGY ON OR 9 BEFORE JULY 31,
2024;

10 (2) PROVIDE A BIDDING PROCESS WINDOW OF NOT LESS THAN 180 11 DAYS;

12 (3) AWARD CONTRACTS IN A TIMELY MANNER; AND

13 (4) ENTER INTO A CONTRACT OR CONTRACTS FOR THE 14 PROCUREMENT ON OR
BEFORE APRIL 30, 2025.

(5) WITHIN 90 DAYS AFTER THE OPERATIONAL COMMENCEMENT DATE ON
THE POWER PURCHASE AGREEMENT, CONTRACTORS PROVIDING
OPERATIONS AND MAINTENANCE SERVICES UNDER AN AGREEMENT WITH
THE DEPARTMENT OF GENERAL SERVICES, SHALL SUBMIT ATTESTATION
THAT:

(I) THE CONTRACTOR HAS ENTERED INTO A LABOR PEACE AGREEMENT
WITH EACH LABOR ORGANIZATION THAT IS ACTIVELY ENGAGED IN
REPRESENTING OR ATTEMPTING TO REPRESENT EMPLOYEES
PERFORMING OPERATIONS AND MAINTENANCE WORK ON THE
CONTRACTED PROJECT THAT: (A) PROHIBITS STRIKES, LOCKOUTS, AND/OR
ANY OTHER ECONOMIC INTERFERENCE WITH THE CONTRACTED PROJECT;
(B) DESCRIBES THE CLASSES OF COVERED EMPLOYEES TO WHOM THE
LABOR PEACE AGREEMENTS APPLY, (C) DESCRIBES ANY CLASSES OF
COVERED EMPLOYEES NOT CURRENTLY REPRESENTED BY A LABOR
ORGANIZATION, (D) DESCRIBES THE CLASSES OF COVERED EMPLOYEES
FOR WHICH LABOR PEACE AGREEMENT NEGOTIATIONS HAVE NOT YET
CONCLUDED, AND (E) FOR CLASSES OF COVERED EMPLOYEES THAT ARE
NOT COVERED BY A LABOR PEACE AGREEMENT, PROVIDES AN
ATTESTATION THAT NO LABOR ORGANIZATION HAS SOUGHT TO
NEGOTIATE SUCH AN AGREEMENT.

(II) THE LABOR PEACE AGREEMENT SHALL BE VALID AND ENFORCEABLE
UNDER 29 U.S.C. SECTION 158.

(III) THE MAINTENANCE OF THE LABOR PEACE AGREEMENTS SHALL BE AN
ONGOING MATERIAL CONDITION OF ANY CONTINUATION OF PAYMENTS
UNDER ANY AGREEMENT WITH THE DEPARTMENT OF GENERAL SERVICES
AS DESCRIBED IN SUBSECTION (5) ABOVE.

15 (E) NOTHING IN THIS SECTION MAY BE CONSTRUED TO PREVENT THE 16
PROCUREMENT OF NEW OFFSHORE WIND ENERGY GENERATION IN ACCORDANCE 17
WITH THE CURRENT OR ANY FUTURE SOLICITATION SCHEDULE.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 19 1,
2023.