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March 7, 2023

Favorable with Amendments - Senate Bill 781- Offshore Wind Energy - State Goals and Procurement (Promoting Offshore Wind Energy Resources Act)

Senate Bill 781 establishes a goal of 8500 MW of offshore wind (OSW) energy by 2031 in order to help Maryland meet its ambitious greenhouse gas reduction goals established by this legislature. In addition, Senate Bill 781 includes additional requirements for offshore wind projects that apply for Maryland's existing OREC program.

Senate Bill 781 also sets forth a detailed approach to procuring transmission to support offshore wind development by requiring the Maryland Public Service Commission (the "Commission"), in consultation with PJM, to conduct an analysis of transmission opportunities to support the development of offshore wind. The Commission may also consult with existing transmission owners, including Exelon. Finally, the Commission is required to issue a solicitation for open access transmission, necessary onshore transmission upgrades and expansion solutions before December 1, 2024, and evaluate those proposals.

Exelon supports the development of offshore wind and understands the challenges that come with siting and developing the transmission, and distribution upgrades necessary to bring the offshore wind power from the turbines on land to interconnect with on-land transmission and distribution infrastructure. Senate Bill 781 separates the procurement of offshore wind generation from the procurement of transmission and directs the State and PJM to propose solutions to interconnect 8,500MW of offshore wind. Exelon also supports utilizing available federal funding to reduce the cost of transmission projects to customers.

The transmission and distribution system for each investor-owned utility in Maryland is different based on how the transmission and distribution systems were developed at the utility's inception and via maintenance and upgrades over the years. Accordingly, it makes good sense to evaluate several options to achieve Maryland's offshore wind goals as one size is unlikely to fit all. Exelon appreciates the opportunity to be involved in the study phase, however, we caution this body about distribution of confidential information relating to the existing transmission and distribution grid and propose amendments to address this concern.

Exelon believes the Commission study should consider a least-regret holistic approach which considers equity and affordability and identifies the most efficient and least cost transmission solutions that can: (1) optimally serve multiple wind farms; (2) reduce construction cycles; (3) reduce environmental and traffic impacts; and (4) lower costs by leveraging existing infrastructure and address other onshore needs such as resiliency and aging infrastructure.

In addition, Exelon believes the transmission study should also prioritize the following in the evaluation process:

- Solutions that identify a potential open-access offshore collector transmission system, which may be coupled with a coordinated expansion of the terrestrial/land grid;
- Solutions that do not create a significant single contingency;
- Solutions that reduce permitting risk, reduce impact to communities, and can lower cost by utilizing existing infrastructure; and
- Solutions that offer multiple benefits and can address other grid issues after addressing offshore wind.

Exelon has engaged with the sponsor of this legislation and requests the opportunity to continue those discussions around amendments to Senate Bill 781. Accordingly, Exelon urges a favorable report with amendments on Senate Bill 781.