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Testimony in Support of the POWER Act
SB 0781
Senate Education, Energy, and the Environment Committee
March 7, 2023

Mr. Chair, Madam Vice-Chair, and members of the committee

On behalf of the organizations listed above, we urge a favorable report on SB 0781.

Building more offshore wind in Maryland will bring family sustaining careers to Maryland, lower energy costs, improve health outcomes and slash our carbon pollution. That is why SB 0781, The POWER Act, is supported by labor unions, developers, climate advocates, justice groups, and consumer protection advocates. The POWER Act sets Maryland up to be a leader in offshore wind by making necessary upgrades to our grid, setting an ambitious goal of 8.5 gigawatts of offshore wind by 2031, strengthening labor standards, and building another gigawatt of offshore wind in existing lease areas.

Right now offshore wind developers are looking up and down the east coast for where they should invest, and Maryland does not look competitive. While New Jersey has set a goal of 11.5 gigawatts of offshore wind and New York has set a goal of 9 gigawatts, Maryland only currently plans to build 2 gigawatts of offshore wind. Our grid lacks the capability of handling large additions of offshore wind, and we currently have no plan to create that capability. Our state could become a central hub of offshore wind development up and down the east coast, but not without additional action. By passing the POWER Act we can put Maryland back in the running as a location worthy of offshore wind development and investment.

Maryland is currently building 2 gigawatts of offshore wind, and even this relatively small buildout has resulted in commitments to provide \$3.5 billion in economic benefits for the state, 7,000 job years of work¹, and the revival of union steel jobs in Baltimore County. The POWER Act would bring even more jobs to Maryland by immediately increasing the number of offshore wind turbines being built in the near-term and making the necessary investments to grow this industry in the long term.

The cost of offshore wind had plummeted more than 50% since 2008,² and a 2022 US Department of Energy report found that the cost of offshore wind plummeted another 13% in just the past year.³ On top of those steep declines, the Inflation Reduction Act set up a decade of the

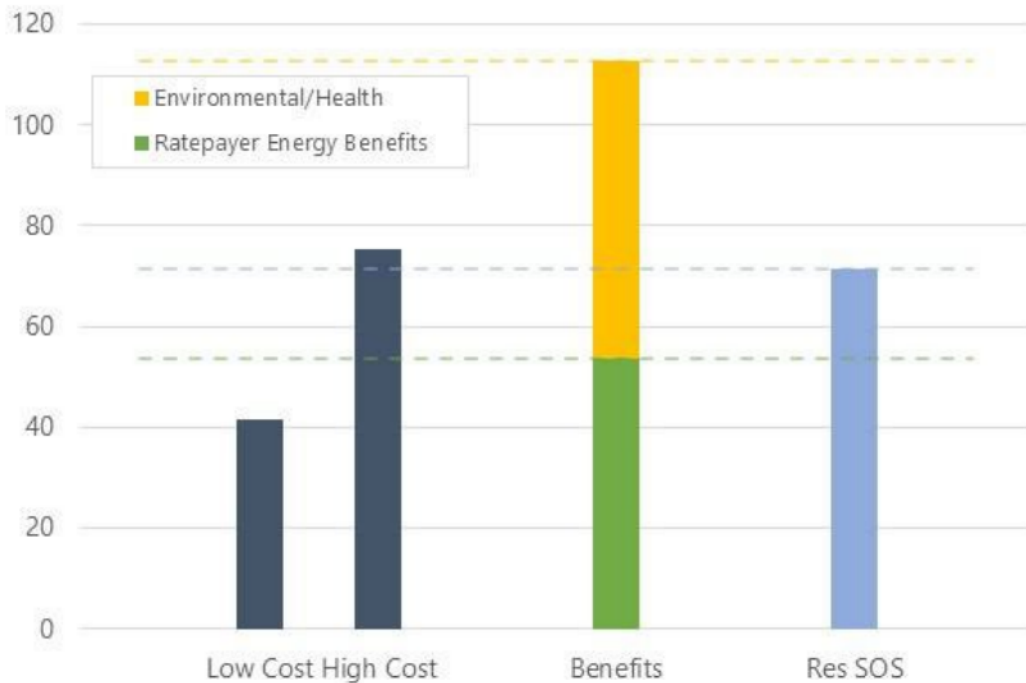
¹<https://chesapeakeclimate.org/wp-content/uploads/2022/12/MD-Offshore-Wind-Report-Dec-2022-Gabel-Associates.pdf>

²<https://www.energy.gov/articles/doe-releases-new-reports-highlighting-record-growth-declining-costs-win-d-power>

³<https://www.energy.gov/eere/wind/articles/offshore-wind-market-report-2022-edition#:~:text=The%20estimated%20levelized%20cost%20of.%2FMWh%20to%20%24116%2FMWh>

strongest offshore wind subsidies in our nation’s history. As a result of these compounding cost declines, a 2022 Gabel report found that if Maryland were to build 8.5 gigawatts of offshore wind, it could save Marylanders \$4.7 billion over 30 years in reduced energy costs, and could save Marylanders as much as \$28.5 billion when accounting for environmental and health benefits.⁴

Figure 16. Levelized Offshore Wind Cost and Benefit Comparison w/SOS (2021\$/MWh)



The above chart from the Gabel report shows the low end and high end cost estimates for offshore wind energy. As the chart makes clear, in almost all scenarios, the cost of new offshore wind energy is cheaper than the cost of Standard Offer Service electricity on the PJM Grid.

The POWER Act would also lower energy costs by initiating a planning process for shared offshore wind transmission infrastructure. A recent Brattle report found that by initiating a long term, coordinated transmission planning process New Jersey saved its ratepayers \$900 million.⁵ That is exactly the kind of cost savings The POWER Act would bring for Maryland ratepayers.

Building more offshore wind will help Maryland cut air pollutants such as NO2 and PM 2.5 which have a silent but deadly effect on our state. Air pollution causes and exacerbates asthma.⁶ Air

⁴<https://chesapeakeclimate.org/wp-content/uploads/2022/12/MD-Offshore-Wind-Report-Dec-2022-Gabel-Associates.pdf>

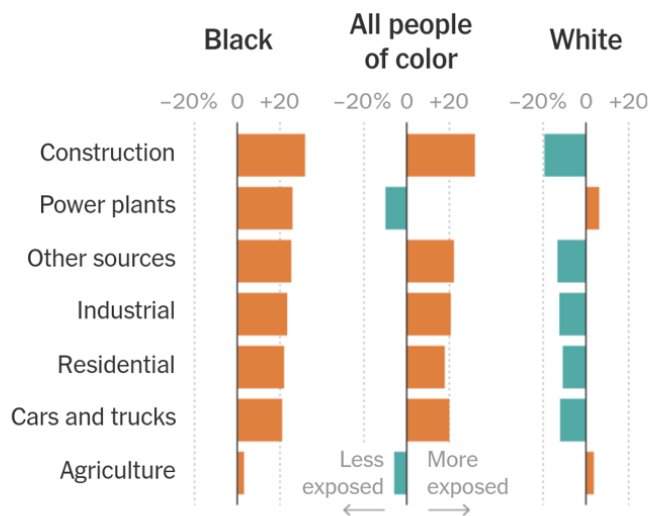
⁵<https://www.marylandmatters.org/2023/01/30/offshore-wind-will-need-major-investments-in-transmission-supply-chain-reports-say/>

⁶<https://www.epa.gov/sciencematters/links-between-air-pollution-and-childhood-asthma>

pollution is one reason that Maryland has an asthma rate that is 25% higher than the national average, and Baltimore City has an asthma rate nearly three times the national average.⁷ The same air pollutants that cause asthma also claim the lives of 60,000 Americans every year.⁸ These harmful effects are not born equally. People of color in America, and especially Black Americans, breathe dirtier air than white Americans on average.⁹

Biggest Pollution Disparities

Nationwide, Black people are exposed to greater-than-average concentrations of a dangerous form of pollution known as PM 2.5. People of color face more exposure from almost every type of source, while white people are less exposed.



8.5 gigawatts of offshore wind would be enough energy to power every home in Maryland and would not create any air pollution. Building these turbines will improve health outcomes for all Marylanders, but will disproportionately benefit people of color in Maryland.

The POWER Act will build more offshore wind power and bring its many benefits to Maryland by doing four things:

1) Setting an ambitious goal of 8.5 gigawatts of offshore wind

By this time next year the Federal Bureau of Ocean Energy Management (BOEM) will finalize the maps for where additional offshore wind turbines can be built. Issuing these maps is a lengthy process that incorporates feedback from a wide variety of ocean users and happens

⁷<https://www.environmentalintegrity.org/wp-content/uploads/2017/12/Baltimore-Asthma.pdf>

⁸<https://www.statista.com/statistics/1137375/air-pollution-deaths-united-states/#:~:text=Deaths%20attributable%20to%20air%20pollution%20in%20the%20United%20States%201990%2D2019&text=The%20number%20of%20deaths%20attributable,figure%20had%20fallen%20to%2060%2C200.>

⁹<https://www.nytimes.com/2021/04/28/climate/air-pollution-minorities.html>

very rarely. The next round of maps could define the parameters for Maryland's offshore wind generation for decades to come. By stating in law that Maryland intends to build 8.5 gigawatts of offshore wind, the state can help ensure BOEM designates lease areas large enough for Maryland to meet that goal. Delaying setting this goal for just one year could permanently hamper Maryland's offshore wind development.

2) Beginning a process to prepare Maryland's grid for more offshore wind energy

Without substantial upgrades to the grid on Maryland's Eastern Shore, our state will be limited in how much offshore wind we will be able to build. The POWER Act directs the Public Service Commission (PSC) to issue a request for proposals to build a shared transmission infrastructure that all future offshore wind projects could plug into. The PSC will then work with the party awarded the contract to get the necessary approvals to begin building. Crucially, the PSC is authorized to not select any winner from the RFP, and will only declare a winner if they find the bid to be in Maryland's interest.

3) Strengthening labor standards

We want offshore wind to be built with good union jobs. The Clean Energy Jobs Act established some labor standards for the construction of offshore wind turbines, and the POWER Act builds on that policy by extending labor standards further upstream in the manufacturing supply chain, establishing labor standards for maintenance of the turbines, and setting buy American requirements for turbines.

4) Further building out existing lease areas

Through the Clean Energy Jobs Act of 2019 and the Offshore Wind Energy Act of 2013, Maryland is currently building 2 gigawatts of offshore wind energy which should be running by 2026. The projects are being developed by Orsted and US Wind in lease areas they have already purchased from BOEM. Those lease areas have room in them for about another gigawatt of offshore wind. The POWER Act says that the Department of General Services (DGS) may enter into Power Purchase Agreements to procure an additional gigawatt of power in those lease areas. If DGS chooses to buy the additional wind energy, they would then sell the electricity back to the PJM at market rate. So long as the cost of offshore wind energy is less than the cost of standard offer service, which modeling reference above says is likely to be the case, then Maryland will make money in this process. In either case, ratepayers would be entirely protected. This approach ensures utility energy rates will not be increased because of the additional offshore wind procurement.

The POWER Act is a thoughtful, effective policy that will create union jobs, lower energy costs, improve health outcomes, and help Maryland meet our climate targets. It will help attract new investments from developers who are looking to see which states will be leaders in offshore wind energy. It is supported by unions, developers, climate advocates, justice groups, and consumer protection groups. It is important that the legislation this year, and we urge a favorable report.