

SENATE BILL 781

M5, C5, P2

3lr1939
CF HB 793

By: **Senators Hester, Feldman, and Brooks**

Introduced and read first time: February 6, 2023

Assigned to: Finance

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)

27 BY adding to
28 Article – Public Utilities
29 Section 7–701(g–1) and (h–1), 7–704.3, and 7–704.4

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Annotated Code of Maryland
2 (2020 Replacement Volume and 2022 Supplement)

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

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

10 **Article – Public Utilities**

11 7–701.

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

13 **(G–1) “OFFSHORE WIND TRANSMISSION PROJECT” MEANS AN ELECTRIC**
14 **TRANSMISSION PROJECT SELECTED BY THE COMMISSION UNDER § 7–704.4 OF THIS**
15 **SUBTITLE TO INTERCONNECT DIRECTLY OR INDIRECTLY WITH ONE OR MORE**
16 **QUALIFIED OFFSHORE WIND PROJECTS.**

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

19 7–704.1.

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

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

25 **(II) THE GENERAL ASSEMBLY ANTICIPATES THE ISSUANCE OF**
26 **SUFFICIENT WIND ENERGY LEASES IN THE CENTRAL ATLANTIC REGION TO SATISFY**
27 **THE GOAL STATED IN ITEM (I) OF THIS PARAGRAPH;**

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

30 **(IV) OFFSHORE WIND CAN PROVIDE CLEAN ENERGY AT THE**
31 **SCALE NEEDED TO HELP ACHIEVE THE STATE’S ECONOMY-WIDE NET-ZERO**

1 **GREENHOUSE GAS EMISSIONS REDUCTION TARGETS ESTABLISHED IN CHAPTER 38**
2 **OF THE ACTS OF THE GENERAL ASSEMBLY OF 2022; AND**

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

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

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

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

11 4. provide a long-term hedge against volatile prices of fossil
12 fuels.

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

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

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

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

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

25 (4) The Commission shall provide additional application periods
26 beginning, respectively:

27 (i) January 1, 2020, for consideration of Round 2 offshore wind
28 projects to begin creating ORECs not later than 2026;

29 (ii) January 1, 2021, for consideration of Round 2 offshore wind
30 projects to begin creating ORECs not later than 2028; and

31 (iii) January 1, 2022, for consideration of Round 2 offshore wind
32 projects to begin creating ORECs not later than 2030.

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

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

6 (c) An application shall include:

7 (1) a detailed description and financial analysis of the offshore wind
8 project;

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

13 (3) a cost–benefit analysis that shall include at a minimum:

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

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

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

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

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

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

27 (vii) other benefits, such as increased in–State construction,
28 operations, maintenance, and equipment purchase;

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

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

1 (6) a commitment to:

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

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

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

9 (8) a commitment that the applicant will:

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

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

17 (9) any other information the Commission requires.

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

20 (1) AN APPLICATION FOR ANY NEW QUALIFIED OFFSHORE WIND
21 PROJECT; AND

22 (2) A PROPOSAL FILED AND APPROVED IN ACCORDANCE WITH §
23 7–704.3 OF THIS SUBTITLE FOR AN OFFSHORE WIND TRANSMISSION PROJECT.

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

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

28 (ii) potential reductions in transmission congestion prices within the
29 State;

30 (iii) potential changes in capacity prices within the State;

- 1 (iv) potential reductions in locational marginal pricing;
- 2 (v) potential long-term changes in capacity prices within the State
3 from the offshore wind project as it compares to conventional energy sources;
- 4 (vi) the extent to which the cost-benefit analysis submitted under
5 subsection (c)(3) of this section demonstrates positive net economic, environmental, and
6 health benefits to the State;
- 7 (vii) the extent to which an applicant's plan for engaging small
8 businesses meets the goals specified in Title 14, Subtitle 5 of the State Finance and
9 Procurement Article;
- 10 (viii) the extent to which an applicant's plan provides for the use of
11 skilled labor, particularly with regard to the construction and manufacturing components
12 of the project, through outreach, hiring, or referral systems that are affiliated with
13 registered apprenticeship programs under Title 11, Subtitle 4 of the Labor and
14 Employment Article;
- 15 (ix) the extent to which an applicant's plan provides for the use of an
16 agreement designed to ensure the use of skilled labor and to promote the prompt, efficient,
17 and safe completion of the project, particularly with regard to the construction,
18 manufacturing, and maintenance of the project;
- 19 (x) the extent to which an applicant's plan provides for
20 compensation to its employees and subcontractors consistent with wages outlined under §§
21 17-201 through 17-228 of the State Finance and Procurement Article;
- 22 (xi) siting and project feasibility;
- 23 (xii) the extent to which the proposed offshore wind project would
24 require transmission or distribution infrastructure improvements in the State;
- 25 (xiii) estimated ability to assist in meeting the renewable energy
26 portfolio standard under § 7-703 of this subtitle; and
- 27 (xiv) any other criteria that the Commission determines to be
28 appropriate.
- 29 (2) In evaluating and comparing an applicant's proposed offshore wind
30 project under paragraph (1) of this subsection, the Commission shall contract for the
31 services of independent consultants and experts.
- 32 (3) The Commission shall verify that representatives of the United States
33 Department of Defense and the maritime industry have had the opportunity, through the
34 federal leasing process, to express concerns regarding project siting.

1 (4) (i) In this paragraph, “minority” means an individual who is a
2 member of any of the groups listed in § 14–301(k)(1)(i) of the State Finance and
3 Procurement Article.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17 7. **PROVIDES PLANS TO USE DOMESTIC IRON, STEEL,**
18 **AND MANUFACTURED GOODS TO THE GREATEST EXTENT PRACTICABLE BY**
19 **DISCLOSING CONTRACTED SUPPLIERS;**

20 8. **USES LOCALLY AND DOMESTICALLY MANUFACTURED**
21 **CONSTRUCTION MATERIALS AND COMPONENTS; AND**

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

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

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

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

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

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

10 C. the price specified in the proposed OREC price schedule
11 does not exceed \$190 per megawatt–hour in 2012 dollars; and

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

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

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

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

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

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

32 **[(f)] (G)** (1) An order the Commission issues approving a proposed offshore
33 wind project shall:

34 (i) specify the OREC price schedule, which may not authorize an
35 OREC price greater than, for a Round 1 offshore wind project, \$190 per megawatt–hour in
36 2012 dollars;

1 (ii) specify the duration of the OREC pricing schedule, not to exceed
2 20 years;

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

5 (iv) provide that:

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

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

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

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

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

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

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

23 1. the availability and use of opportunities for local
24 businesses and small, minority, women–owned, and veteran–owned businesses;

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

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

30 [(g)] **(H)** For Round 2 offshore wind project applications, the Commission shall
31 approve OREC orders representing a minimum of 400 megawatts of nameplate capacity
32 proposed during each application period unless:

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

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

5 **[(h)] (I)** (1) Within 60 days after the Commission approves the application of
6 a proposed offshore wind project, the qualified offshore wind project shall deposit
7 \$2,000,000 into the Maryland Offshore Wind Business Development Fund established
8 under § 9–20C–03 of the State Government Article.

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

12 (3) Within 2 years 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 **[(i)] (J)** (1) The findings and evidence relied on by the General Assembly for
16 the continuation of the Minority Business Enterprise Program under Title 14, Subtitle 3 of
17 the State Finance and Procurement Article are incorporated in this subsection.

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

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

27 (ii) To the extent practicable, the goals and procedures specified in
28 subparagraph (i) of this paragraph shall be based on the requirements of Title 14, Subtitle
29 3 of the State Finance and Procurement Article and the regulations implementing that
30 subtitle.

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

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

1 **7-704.3.**

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

7 (B) (1) (I) TO MEET THE GOAL ESTABLISHED UNDER SUBSECTION (A)
8 OF THIS SECTION, THE COMMISSION, IN CONSULTATION WITH THE MARYLAND
9 ENERGY ADMINISTRATION AND PJM INTERCONNECTION, SHALL CONDUCT AN
10 ANALYSIS OF TRANSMISSION SYSTEM EXPANSION OPTIONS.

11 (II) IN CONDUCTING THE ANALYSIS REQUIRED UNDER
12 SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE COMMISSION MAY ALSO CONSULT
13 WITH OWNERS OF TRANSMISSION FACILITIES IN THE STATE.

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

16 (I) FURTHER THE COMMISSION'S ANALYSIS; OR

17 (II) ASSIST WITH THE SOLICITATION OF PROPOSALS FOR
18 OFFSHORE WIND TRANSMISSION PROJECTS.

19 (3) ON OR BEFORE JULY 1, 2024, THE COMMISSION SHALL SUBMIT
20 ITS COMPLETED ANALYSIS TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH §
21 2-1257 OF THE STATE GOVERNMENT ARTICLE.

22 (C) (1) ON OR BEFORE DECEMBER 1, 2024, THE COMMISSION SHALL
23 ISSUE ONE OR MORE COMPETITIVE SOLICITATIONS FOR PROPOSALS FOR OPEN
24 ACCESS OFFSHORE WIND TRANSMISSION FACILITIES AND NECESSARY ONSHORE
25 TRANSMISSION UPGRADES AND EXPANSIONS.

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

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

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 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 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 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;**

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:**

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 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.

1 **(G) THE COMMISSION MAY 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;**

10 **(3) ACHIEVE THE STATE'S OFFSHORE WIND 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) 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 JULY 1, 2026, SELECT A**
21 **PROPOSAL OR PROPOSALS.**

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 APPROVED 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.**

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 APPROVED UNDER THIS SECTION BY 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; 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 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.**

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 ISSUE AN INVITATION FOR BIDS AND MAY ENTER**
6 **INTO AT LEAST ONE CONTRACT FOR A POWER PURCHASE AGREEMENT TO PROCURE**
7 **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**
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.**

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

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.**

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 **CREDIT-WORTHY 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.**

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.