

# HOUSE BILL 1296

M5, C5

4lr3198  
CF SB 1161

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By: **Delegates Wilson and Crosby**

Introduced and read first time: February 9, 2024

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 1, 2024

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Electricity – Offshore Wind Projects – Alterations**

3 FOR the purpose of requiring the Public Service Commission to open a certain proceeding  
4 to evaluate certain offshore wind projects; authorizing certain offshore wind projects  
5 to submit certain revised plans for project schedules, sizes, or pricing, including  
6 offshore wind renewable energy credit pricing and, under certain circumstances, to  
7 seek approval from the Commission to increase the maximum amount of offshore  
8 wind renewable energy credits sold under a certain order, subject to certain  
9 limitations; requiring the Commission to approve, conditionally approve, or deny  
10 certain applications within a certain period of time; requiring the Commission to  
11 develop and report to the General Assembly on a certain plan; altering the  
12 Department of General Services’ requirements and processes for the procurement of  
13 offshore wind energy; and generally relating to offshore wind projects.

14 BY repealing and reenacting, without amendments,

15 Article – Public Utilities

16 Section 7–701(a), (b), (f), (g), (k), (p), and (p–1) ~~and~~, 7–704.1(a), (c)(6)(ii), (g), (h), and  
17 (i), and 7–704.4(d)

18 Annotated Code of Maryland

19 (2020 Replacement Volume and 2023 Supplement)

20 BY adding to

21 Article – Public Utilities

22 Section 7–704.1(l) and (m)

23 Annotated Code of Maryland

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



(2020 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, with amendments,

Article – Public Utilities

Section 7–704.4(b)(1) and (e)

Annotated Code of Maryland

(2020 Replacement Volume and 2023 Supplement)

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

**Article – Public Utilities**

7–701.

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

(b) “Administration” means the Maryland Energy Administration.

(f) “Offshore wind energy” means energy generated by a qualified offshore wind project.

(g) “Offshore wind renewable energy credit” or “OREC” means a renewable energy credit equal to the generation attributes of 1 megawatt–hour of electricity that is derived from offshore wind energy.

(k) “Qualified offshore wind project” means a wind turbine electricity generation facility, including the associated transmission–related interconnection facilities and equipment, that:

(1) is located:

(i) on the outer continental shelf of the Atlantic Ocean in an area that the United States Department of the Interior designates for leasing; and

(ii) more than 10 miles off the coast of the State for a project selected under § 7–704.4 of this subtitle or approved under § 7–704.1 of this subtitle after June 1, 2023; and

(2) interconnects to the PJM Interconnection grid:

(i) at a point located on the Delmarva Peninsula; or

(ii) through an offshore wind transmission project selected under § 7–704.3 of this subtitle.

(p) “Round 1 offshore wind project” means a qualified offshore wind project that:

1 (1) is between 10 and 30 miles off the coast of the State; and

2 (2) the Commission approved under § 7–704.1 of this subtitle before July  
3 1, 2017.

4 (p–1) “Round 2 offshore wind project” means a qualified offshore wind project that:

5 (1) is not less than 10 miles off the coast of the State; and

6 (2) the Commission approves under § 7–704.1 of this subtitle on or after  
7 July 1, 2017.

8 7–704.1.

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

10 (i) the State has a goal of reaching 8,500 megawatts of offshore wind  
11 energy capacity by 2031, including Round 1 offshore wind projects, Round 2 offshore wind  
12 projects, and any other procurement efforts;

13 (ii) the General Assembly anticipates the issuance of sufficient wind  
14 energy leases in the central Atlantic region to satisfy the goal stated in item (i) of this  
15 paragraph;

16 (iii) the development of offshore wind energy is important to the  
17 economic well–being of the State and the nation;

18 (iv) offshore wind can provide clean energy at the scale needed to  
19 help achieve the State’s economy–wide net–zero greenhouse gas emissions reduction  
20 targets established in Chapter 38 of the Acts of the General Assembly of 2022;

21 (v) it is in the public interest of the State to facilitate the  
22 construction of at least 1,200 megawatts of Round 2 offshore wind projects in order to:

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

25 2. promote the development of renewable energy sources  
26 that increase the nation’s independence from foreign sources of fossil fuels;

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

29 4. provide a long–term hedge against volatile prices of fossil  
30 fuels; and

1 (vi) it is in the public interest of the State to maximize the  
2 opportunities for obtaining and using federal funds for offshore wind and related  
3 transmission projects through the inclusion of specified labor standards and goals, domestic  
4 content requirements, and other provisions to align State law with provisions of the federal  
5 Infrastructure Investment and Jobs Act of 2021 and the federal Inflation Reduction Act of  
6 2022.

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

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

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

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

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

19 (4) The Commission shall provide additional application periods  
20 beginning, respectively:

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

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

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

27 (5) In its discretion, the Commission may provide for additional application  
28 periods that meet the requirements of this section.

29 (c) An application shall include:

30 (6) a commitment to:

31 (ii) deposit at least \$6,000,000, in the manner required under  
32 subsection (h) of this section, into the Maryland Offshore Wind Business Development  
33 Fund established under § 9-20C-03 of the State Government Article;

1 (g) (1) An order the Commission issues approving a proposed offshore wind  
2 project shall:

3 (i) specify the OREC price schedule, which may not authorize an  
4 OREC price greater than, for a Round 1 offshore wind project, \$190 per megawatt-hour in  
5 2012 dollars;

6 (ii) specify the duration of the OREC pricing schedule, not to exceed  
7 20 years;

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

10 (iv) provide that:

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

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

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

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

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

25 (i) compliance by applicants with the minority business enterprise  
26 participation goals under subsection (e)(4) of this section; and

27 (ii) with respect to the community benefit agreement under  
28 subsection (f)(1) of this section:

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

31 2. the success of efforts to promote career training  
32 opportunities in the manufacturing, maintenance, and construction industries for local  
33 residents, veterans, women, and minorities; and

1 3. compliance with the minority workforce goal under  
2 subsection (f)(1)(i)5 of this section.

3 (h) For Round 2 offshore wind project applications, the Commission shall approve  
4 OREC orders representing a minimum of 400 megawatts of nameplate capacity proposed  
5 during each application period unless:

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

8 (2) the cumulative net ratepayer impact exceeds the maximums provided  
9 in subsection (f)(1)(ii)2 of this section.

10 (i) (1) Within 60 days after the Commission approves the application of a  
11 proposed offshore wind project, the qualified offshore wind project shall deposit \$2,000,000  
12 into the Maryland Offshore Wind Business Development Fund established under §  
13 9–20C–03 of the State Government Article.

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

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

20 **(L) (1) IN THIS SUBSECTION, “REVISED ROUND 2 OFFSHORE WIND  
21 PROJECT” MEANS A ROUND 2 OFFSHORE WIND PROJECT THAT HAS FILED AN  
22 APPLICATION WITH THE COMMISSION FOR REVISED PROJECT SCHEDULES, SIZES,  
23 OR PRICING, INCLUDING OREC PRICING, UNDER THIS SUBSECTION.**

24 **(2) THIS SUBSECTION APPLIES TO ROUND 1 OFFSHORE WIND  
25 PROJECTS AND ROUND 2 OFFSHORE WIND PROJECTS THAT:**

26 **(I) ARE TO BE LOCATED IN A WIND ENERGY AREA AUTHORIZED  
27 BY THE BUREAU OF OCEAN ENERGY MANAGEMENT; AND**

28 **(II) POSSESS ORECS, OR ARE SUBJECT TO A COMMISSION  
29 ORDER APPROVING AN OREC PRICE SCHEDULE, AS OF JUNE 1, 2024.**

30 **(3) (I) ON JUNE 1, 2024, THE COMMISSION SHALL OPEN A  
31 REVISED ROUND 2 OFFSHORE WIND PROJECT PROCEEDING THAT IS LIMITED TO  
32 EVALUATING REVISED PROJECT SCHEDULES, SIZES, OR PRICING, INCLUDING  
33 OREC PRICING, FOR A PREVIOUSLY APPROVED ROUND 2 OFFSHORE WIND  
34 PROJECT.**

1           **(II) ANY PREVIOUSLY APPROVED ROUND 2 OFFSHORE WIND**  
2 **PROJECT MAY SUBMIT A REVISED PLAN FOR THE PROJECT BY FILING AN**  
3 **APPLICATION WITH THE COMMISSION.**

4           **(III) AN APPLICATION FOR A REVISED ROUND 2 OFFSHORE WIND**  
5 **PROJECT SHALL BE LIMITED TO ADDRESSING REVISED PROJECT SCHEDULES, SIZES,**  
6 **OR PRICING, INCLUDING OREC PRICING.**

7           **(IV) 1. ON RECEIPT OF AN APPLICATION FOR APPROVAL OF**  
8 **A REVISED ROUND 2 OFFSHORE WIND PROJECT, THE COMMISSION SHALL CONDUCT**  
9 **AN EXPEDITED REVIEW OF THE APPLICATION.**

10           **2. UNLESS EXTENDED BY MUTUAL CONSENT OF THE**  
11 **PARTIES, THE COMMISSION SHALL APPROVE, CONDITIONALLY APPROVE, OR DENY**  
12 **AN APPLICATION WITHIN 90 DAYS AFTER THE APPLICATION IS FILED AND FOUND BY**  
13 **THE COMMISSION TO BE ADMINISTRATIVELY COMPLETE.**

14           **(V) 1. EXCEPT AS PROVIDED IN SUBSUBPARAGRAPHS 2 AND**  
15 **3 OF THIS SUBPARAGRAPH, AN APPLICATION FOR A REVISED ROUND 2 OFFSHORE**  
16 **WIND PROJECT SHALL BE SUBJECT TO ALL CRITERIA SET FORTH IN THIS SECTION**  
17 **FOR ROUND 2 OFFSHORE WIND PROJECTS.**

18           **2. AN APPLICATION FOR A REVISED ROUND 2**  
19 **OFFSHORE WIND PROJECT IS NOT SUBJECT TO THE REQUIREMENTS OF**  
20 **SUBSECTIONS (C)(6)(II) AND (I) OF THIS SECTION.**

21           **3. IF IN A REVISED ROUND 2 OFFSHORE WIND PROJECT**  
22 **PROCEEDING THE COMMISSION REVIEWS MULTIPLE REASONABLE PROPOSALS**  
23 **MEETING THE REQUIREMENTS OF THIS SECTION FOR ROUND 2 OFFSHORE WIND**  
24 **PROJECTS, THE COMMISSION SHALL ISSUE ORDERS APPROVING THE REVISED**  
25 **ROUND 2 OFFSHORE WIND PROJECTS NECESSARY TO FACILITATE AS MUCH ENERGY**  
26 **CAPACITY AS IS CONSISTENT WITH THE ROUND 2 OFFSHORE WIND PROJECT**  
27 **RATEPAYER PROTECTIONS UNDER THIS SECTION, INCLUDING AT LEAST 800**  
28 **MEGAWATTS OF CAPACITY FROM REVISED ROUND 2 OFFSHORE WIND PROJECTS, IF**  
29 **PRACTICABLE, EVEN IF THE REVISED ROUND 2 OFFSHORE WIND PROJECT**  
30 **APPLICATIONS MAY RESULT IN LOWER TOTAL ENERGY CAPACITY AWARDED THAN**  
31 **WAS PREVIOUSLY AWARDED TO THE REVISED ROUND 2 OFFSHORE WIND PROJECT**  
32 **IN ITS PREVIOUSLY APPROVED ROUND 2 OFFSHORE WIND PROJECT APPLICATION.**

33           **4. WHEN EVALUATING AN APPLICATION FOR A REVISED**  
34 **ROUND 2 OFFSHORE WIND PROJECT, THE COMMISSION SHALL, TO THE EXTENT**  
35 **PRACTICABLE, EXTEND PRIOR OR EXISTING PROCEEDINGS FOR APPLICANTS THAT**  
36 **HAVE A PREVIOUSLY APPROVED ORDER FOR A ROUND 2 OFFSHORE WIND PROJECT.**

1           **(4) (I) IN ORDER TO MAXIMIZE THE AMOUNT OF RENEWABLE**  
2 **ENERGY GENERATED BY A ROUND 1 OFFSHORE WIND PROJECT, ANY ROUND 1**  
3 **OFFSHORE WIND PROJECT MAY SEEK APPROVAL FROM THE COMMISSION TO AMEND**  
4 **ITS PREVIOUSLY APPROVED ROUND 1 OFFSHORE WIND PROJECT ORDER TO:**

5                   **1. INCREASE THE MAXIMUM AMOUNT OF ORECS SOLD**  
6 **UNDER THE PREVIOUS ORDER, CONSISTENT WITH THE ROUND 1 OFFSHORE WIND**  
7 **PROJECT RATEPAYER PROTECTIONS UNDER THIS SECTION; AND**

8                   **2. MODIFY ITS PROJECT SCHEDULE.**

9           **(II) THE COMMISSION MAY APPROVE A REQUEST FOR AN**  
10 **INCREASED AMOUNT OF ORECS SOLD UNDER A PREVIOUSLY APPROVED ROUND 1**  
11 **OFFSHORE WIND PROJECT ORDER ON A SHOWING THAT:**

12                   **1. THE UNIT PRICING OF THE ADDITIONAL ORECS DOES**  
13 **NOT EXCEED THE PRICING UNDER THE PREVIOUSLY APPROVED ROUND 1**  
14 **OFFSHORE WIND PROJECT ORDER; AND**

15                   **2. THE ROUND 1 OFFSHORE WIND PROJECT IS IN**  
16 **COMPLIANCE WITH THE RATEPAYER PROTECTION PROVISIONS REQUIRED FOR**  
17 **ROUND 1 OFFSHORE WIND PROJECTS, TAKING INTO CONSIDERATION CHANGES IN**  
18 **ECONOMIC CONDITIONS SINCE THE ORIGINAL ROUND 1 OFFSHORE WIND PROJECT**  
19 **AWARDS.**

20           **(M) (1) THE COMMISSION, WITH THE ASSISTANCE OF THE**  
21 **ADMINISTRATION, THE DEPARTMENT OF THE ENVIRONMENT, THE DEPARTMENT**  
22 **OF NATURAL RESOURCES, AND OTHER INTERESTED STATE UNITS SHALL DEVELOP**  
23 **A PLAN FOR ACHIEVING A TOTAL OF 8,500 MEGAWATTS OF OFFSHORE WIND ENERGY**  
24 **CAPACITY BY 2031.**

25                   **(2) ON OR BEFORE JANUARY 1, 2025, THE COMMISSION SHALL**  
26 **SUBMIT A REPORT ON THE PLAN TO THE GENERAL ASSEMBLY, IN ACCORDANCE**  
27 **WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE.**

28 7-704.4.

29           (b) (1) The Department of General Services, in consultation with the Public  
30 Service Commission, shall issue a competitive sealed procurement solicitation and may  
31 enter into at least one contract for a power purchase agreement to procure [up to 5,000,000  
32 megawatt-hours annually of] offshore wind energy and associated renewable energy  
33 credits from one or more qualified offshore wind projects.

34           (d) The State shall:



1           (1)    issue a procurement for offshore wind energy on or before July 31, 2024;

2           (2)    provide a procurement submission process window of not less than 180  
3 days; and

4           (3)    award contracts in a timely manner.

5           (e)    (1)    **(I)**    Subject to **SUBPARAGRAPH (II) OF THIS** paragraph [(2) of this  
6 subsection], the State may enter into a contract or contracts for the procurement on or  
7 before September 1, 2025.

8                    **[(2)] (II)**    The State may modify the date established in **SUBPARAGRAPH**  
9 **(I) OF THIS** paragraph [(1) of this subsection] if an unforeseen circumstance adversely  
10 affects the procurement submission process.

11                   **(2) (I)**    **IF NO QUALIFIED OFFSHORE WIND PROJECTS ARE**  
12 **SUBMITTED DURING THE PROCUREMENT SUBMISSION PROCESS UNDER**  
13 **PARAGRAPH (1) OF THIS SUBSECTION, THE STATE:**

14                                **1.**    **MAY EVALUATE AND REVISE THE CONDITIONS OF THE**  
15 **OFFSHORE WIND ENERGY PROCUREMENT; AND**

16                                **2.**    **SHALL ISSUE A PROCUREMENT FOR OFFSHORE WIND**  
17 **ENERGY ON OR BEFORE DECEMBER 31, 2025.**

18                                **(II)**    **SUBJECT TO SUBPARAGRAPH (III) OF THIS PARAGRAPH,**  
19 **THE STATE MAY ENTER INTO A CONTRACT OR CONTRACTS FOR THE PROCUREMENT**  
20 **ON OR BEFORE MARCH 31, 2027.**

21                                **(III)**    **THE STATE MAY MODIFY THE DATE ESTABLISHED IN**  
22 **SUBPARAGRAPH (II) OF THIS PARAGRAPH IF AN UNFORESEEN CIRCUMSTANCE**  
23 **ADVERSELY AFFECTS THE PROCUREMENT SUBMISSION PROCESS.**

24           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June  
25 1, 2024.