



An Exelon Company

Position Statement

Oppose
Finance Committee
02/25/2020

SB 741 Certificate of Public Convenience and Necessity - Electric Facilities - Study and Procedures

Baltimore Gas and Electric Company (BGE) opposes *Senate Bill Utility Regulation – Consideration of Climate and Labor*, which would add requirements to the evaluations conducted and notifications made as part of the Certificate of Public Convenience and Necessity (CPCN) process, and would prohibit a local government from taking specified adverse actions related to CPCN projects. It would prohibit the Public Service Commission (Commission) from requiring a CPCN applicant for a generating station to apply for or receive specified local zoning approvals and may likewise not deny a CPCN for the same reasons.

While this legislation is well intentioned, it attempts to add an unnecessary layer onto an already robust and comprehensive Certificate of Public Convenience and Necessity process that considers the physical, environmental, aesthetic and noise impacts for the siting of transmission lines and generating stations.

The electric transmission system is analogous to the interstate highway system. Its purpose is to move electricity efficiently, to eliminate congestion or traffic jams and ensure electricity is delivered to where customers need it. BGE's transmission system consists of more than 6,000 structures that move high-voltage electricity from power sources to BGE substations where the voltage is managed and then moved along the distribution system until ultimately it is safely delivered to homes and businesses. Transmission of electricity is required to keep the lights on in Maryland.

Currently, state agencies already have the obligation to examine the impacts of CPCN projects. The CPCN regulatory process is designed to consider the physical, environmental, aesthetic and noise impacts of a transmission line project. These construction impacts are currently considered by the Commission as part of the thorough process for reviewing an application for a CPCN. The Commission has an opportunity to require an applicant to mitigate and properly manage any adverse construction impacts through the issuance of licensing conditions that attach to a grant of a CPCN. A CPCN process is a comprehensive regulatory process, involving many state agencies, including the Power Plant Research Program, the Department of Planning, the Department of Natural Resource and the Maryland Department of the Environment, as well as input from the impacted local governing body or bodies, landowners, and the public.

Additionally, construction environmental and health impacts are largely mitigated through the regulatory permitting requirements for a project. Permit conditions require the company to manage:

particulate matter from construction activity and air pollution, such as dusting from construction activity. It restricts any cause of discharge into the atmosphere any odors or vapors that may be a nuisance.

Because it is a truly comprehensive information gathering process, the CPCN process typically takes roughly 18 months to complete.

It is the Commission's statutory obligation to determine whether a CPCN is in the best interest of Maryland and the reliability of the electric system. Specifically, the Commission must consider, among other items:

1. The recommendation of the governing body of each county or municipal corporation in which any portion of the construction of the overhead transmission line is proposed to be built; and
2. The effect of the overhead transmission line on:
 - a. the stability and reliability of the electric system;
 - b. economics;
 - c. esthetics;
 - d. historic sites;
 - e. aviation safety;
 - f. air and water pollution; and
 - g. the need to meet existing and future demand for electric service

BGE believes that the current scope of environmental considerations sufficiently provides guidance to the Commission, state agencies and local governments when considering CPCN applications. For these reasons, BGE respectfully request that the Committee vote unfavorable on this legislation.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.2 million electric customers and more than 655,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's leading competitive energy provider.