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PUBLIC SERVICE COMMISSION

March 6, 2024

Chair Brian J. Feldman
Education, Energy, and the Environment Committee
2 West, Miller Office Building
Annapolis, MD 21401

RE: SB 814 – Favorable with Amendments - Public Utilities - Definition of Qualified Offshore Wind Project - Alteration

Dear Chair Feldman and Committee Members:

Recognizing that the development of offshore wind energy is important to the economic well-being of the State, the Maryland General Assembly passed the Maryland Offshore Wind Energy Act of 2013. This Act established the first round of offshore wind procurement for Maryland along with the payment mechanism, offshore wind renewable energy credits (ORECs), for offshore wind projects under the Renewable Portfolio Standard (RPS). The General Assembly passed the Clean Energy Jobs Act of 2019 which established the second round of offshore wind procurement and the Promoting Offshore Wind Energy Resources Act (Power Act) in 2023 which requires the Maryland Public Service Commission (Commission) to open a procurement for offshore wind transmission solutions. SB 814 changes the interconnection requirements in the definition of a qualified offshore wind project.

The Commission oversees the procurement of offshore wind projects, approves projects for ORECs, and related transmission projects. With Skipjack withdrawing from its OREC awards on January 25, 2024, the projects currently approved with OREC awards are US Wind's Round 1 and Round 2 projects for a total of 1,056.5 MW of capacity. The Commission supports the changes made in SB 814 with one amendment. As drafted, the qualified offshore wind projects are required to interconnect to the PJM (Maryland's regional transmission operator) grid through an offshore wind transmission project selected by the Commission under the POWER Act. The Commission is concerned about the potential impacts to projects currently approved for OREC awards. The Commission is required to make a determination on transmission solution(s) by December 1, 2027. It will then take time to construct what is approved under the POWER Act. If currently approved generation projects are required to use these solutions, it could cause significant delays to their construction. Accordingly, the Commission proposes the following amendment:

(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 § 10 7–704.3 of this subtitle **if available at the time of construction**.

The Commission asks that you consider these comments when reviewing SB 814 and requests a favorable vote. Please direct any questions you may have to Christina Ochoa, Director of Legislative Affairs, at christina.ochoa1@maryland.gov.

Sincerely,

A handwritten signature in cursive script that reads "Frederick H. Hoover".

Frederick H. Hoover, Chair
Maryland Public Service Commission