

March 7, 2024

SUPPORT SB 814 - Electricity - Offshore Wind Projects – Qualified Offshore Wind Project

Senate Education, Energy, and the Environment Committee

Mr Chair and Members of the Committee,

The undersigned groups are writing in support of SB 814 and request a favorable report on this important bill, with the clarifying amendments being offered by the sponsor. With the passage of the POWER Act last year, Maryland set one of the most ambitious offshore wind goals in the US and will play a leading role in growing and scaling this industry. To truly unlock its full potential, however, Maryland can take strategic action to ensure it is putting itself in the most competitive position possible. Currently, only projects that make landfall in the Delmarva peninsula or utilize a shared transmission system, which is yet to be developed, are eligible to compete in the state's offshore wind procurement process. This limits the number of projects that can serve Maryland now and in the future and inhibits the state's achievement of its renewable energy goals.

SB 814 would amend the POWER Act to remove this restriction and allow projects to be considered in Maryland that interconnect into the regional PJM grid. Flexible and forward-thinking transmission solutions are critical to the future of the offshore wind industry. The current requirement is overly prescriptive and out of sync with the present state of offshore wind transmission planning, which is increasingly regionally focused, especially considering the congestion and grid constraints on the Delmarva peninsula. If passed, SB 814 would provide a path to market in Maryland for additional offshore wind projects that will help the state reach its statutory 8.5 GW offshore wind goal.

The timing of the 2024 session is important for this issue, and the passage of SB 814. The upcoming Central Atlantic lease sale, expected this summer (totaling 3-6 GW), will alone not be sufficient for Maryland to achieve its 8.5 GW goal, as those lease areas and projects may connect and be contracted to other states in the region. Developers may also struggle to bring projects online before 2031 due to long permitting timelines and any necessary upgrades to the existing transmission grid on the Delmarva peninsula. Opening additional points of interconnection could allow for Central Atlantic leases and other projects in the region to connect to PJM, increasing competition which can drive down costs. Several gigawatts of power exist from regional projects in development near New Jersey, Delaware, and Virginia that could provide capacity to Maryland supplementing the limited capacity of the Central Atlantic leases.

Regional interconnection is not a new concept. Maryland can follow other states' examples, which have a flexible approach to interconnection for offshore wind projects. For example, Massachusetts, Connecticut, and Rhode Island – all states within the ISO-New England (ISO-NE) electric system – have all issued solicitations over the last several years, taking advantage of flexibility in interconnection into the regional grid and allow projects to serve the grid where it's most economically and geographically feasible.

The bill does not make any changes to ratepayer protections and/or disrupt Maryland's plans for its existing projects and the Round 1 and Round 2 OREC's already awarded. Projects that

participate in a Maryland solicitation from another point of interconnection in PJM can be subject to the same RFP requirements about local content and workforce requirements as projects connecting into the Delmarva peninsula. By taking an agnostic approach to where projects make landfall, the states have maximized the number of projects bidding into their procurements, while still securing local economic benefits beyond the host communities of cable landfalls and interconnection facilities.

SB 814 is about breaking down barriers to and accelerating offshore wind development. This bill can help Maryland bring online critical wind power that will help it meet its climate goals sooner. The undersigned groups are writing in support of SB 814 and request a favorable report on this important bill.

Signed,

Audubon Mid-Atlantic

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Chesapeake Climate Action Network Action Fund

Climate Law & Policy Project

Land & Liberty Coalition of Maryland

Maryland League of Conservation Voters

Maryland Legislative Coalition Climate Justice Wing

Oceantic Network

Strum Contracting Company Inc.