

OSW_SB 814_Written Testimony_CCAN.pdf

Uploaded by: Ernesto Villasenor

Position: FAV

Committee: Energy, Education, and the Environment
Testimony: Public Utilities - Definition of Qualified Offshore Wind Project -
Alteration (SB 814)
Position: Favorable
Hearing Date: March 7, 2024

Ernesto Villasenor, Jr., J.D
Chesapeake Climate Action Network Action Fund

On behalf of the Chesapeake Climate Action Network Action Fund, we urge a favorable report on Senate Bill 814. This legislation is a crucial step forward in advancing Maryland's offshore wind energy industry and achieving the ambitious targets set forth in the Promoting Offshore Wind Energy Resources (POWER) Act.

The POWER Act established a bold target of 8.5 gigawatts of offshore wind power by 2031, positioning Maryland as a national leader in offshore wind energy development. Senate Bill 814 builds upon this momentum by ensuring that Maryland can strategically position itself to fully unlock the potential of this industry.

Currently, Maryland's offshore wind procurement process is constrained by limitations that restrict eligibility to projects solely making landfall in the Delmarva Peninsula or those utilizing a yet-to-be-developed shared transmission system. This narrow scope stifles the full potential of Maryland's offshore wind industry. Senate Bill 814 takes decisive action to rectify this issue by broadening eligibility criteria to include projects interconnecting within the PJM and permitting developers to negotiate virtual power purchase agreements with Maryland utilities.

By expanding the pool of eligible projects, Senate Bill 814 fosters a more competitive environment, driving down prices and maximizing economic benefits for the state. This increased competition not only enhances the affordability of offshore wind energy but also stimulates innovation and accelerates technological advancements within the industry.

In alignment with the ambitious targets set by the POWER Act, Senate Bill 814 is pivotal in realizing Maryland's offshore wind energy goals. The POWER Act mandates the issuance of a competitive offshore wind solicitation by July 31, 2024, requiring a robust and diverse supply of projects. By allowing more eligible bidders and promoting greater competition, Senate Bill 814 ensures that Maryland selects the most cost-effective and efficient projects to meet its renewable energy targets.



The legislation will not make changes to ratepayer protections and preserve Maryland's current projects, including those awarded in Rounds 1 and 2 of Offshore Renewable Energy Credit (OREC) allocations. If projects participate in Maryland solicitations from alternate points of interconnection within PJM, they will be subject to the same Request for Proposals (RFP) criteria regarding local content and workforce requirements as those connecting to the Delmarva peninsula.

In conclusion, Senate Bill 814 represents a vital opportunity for Maryland to accelerate its transition to clean, renewable offshore wind energy. By expanding eligibility criteria and fostering competition, this legislation will drive down costs, create economic opportunities, and solidify Maryland's position as a leader in offshore wind development. We urge the committee to support this important initiative for the benefit of our state's economy, environment, and future generations.

CONTACT
Ernesto Villaseñor, Jr., JD | Policy Manager
Chesapeake Climate Action Network Action Fund
ernesto@chesapeakeclimate.org
310-465-6943



SB814_FAV_KEN KIMMELL (AVANGRID).pdf

Uploaded by: Kenneth Kimmell

Position: FAV

SB814 – Favorable – Ken Kimmell of Avangrid

Ken Kimmell, Chief Development Officer, Avangrid, 125 High Street, Boston, MA 02110

I am testifying in favor of SB814:

Avangrid is one of the largest renewable energy companies in the country, and is proud to be building the nation's first utility-scale offshore wind farm, Vineyard Wind 1 (800 MW of clean energy).

We applaud Maryland's vision and ambition and would like to help the state meet its 8.5 GW goal. Avangrid is looking carefully at the upcoming Central Atlantic lease auction.

We also have a highly productive lease area off the Virginia/North Carolina coast, known as Kitty Hawk Wind, with high wind speeds and relatively shallow water depth. We purchased this lease area in 2017 for **\$9 million** and it has the potential to generate 2.5 to 3.5 GW of clean energy.

We would welcome selling some of Kitty Hawk Wind's capacity to Maryland, but we cannot install a cable from the lease area to Maryland or the Delmarva Peninsula due to Department of Defense restrictions.

Under current law, we are not allowed to land in Virginia and sell power to Maryland.

If the law were amended, we could land in Virginia and bid to sell power to Maryland. We have similar arrangements in New England, and they work.

This amendment would give Maryland more choices, more paths forward to meet its goals, and, because our lease was so inexpensive, lower prices for ratepayers.

While we would land in Virginia, significant economic and supply chain development could happen in Maryland.

Accelerating the clean energy transition



Avangrid is a leading sustainable energy company with 8 regulated electric and natural gas utilities, renewable generation assets in 24 states, and is a member of the Iberdrola Group.

A Member of the Iberdrola Group

Avangrid is a proud member of the Iberdrola Group, granting it access to a global network of development and construction expertise and supply chain leadership.

Iberdrola is a global leader in renewable energy development, with 42 GW in operation and a target of achieving 52 GW by 2025. The company is also a world leader in offshore wind development, with more than 1200 MW in operation and a global pipeline of 30 GW.

Avangrid is an Offshore Industry Leader in the U.S.

Avangrid is a national leader in offshore wind development, currently constructing Vineyard Wind 1 – the nation’s first large-scale offshore wind project.

Avangrid’s Vineyard Wind 1 is providing power to the New England grid, creating well-paying union jobs, and leading to an economic revitalization of cities like New Bedford, Massachusetts.

Once completed, it will provide 806 MW, enough power for 400,000 homes and businesses.

Financial and Operational Data

8.7 GW

Emissions-free installed capacity

91%

Emissions-free capacity

3rd

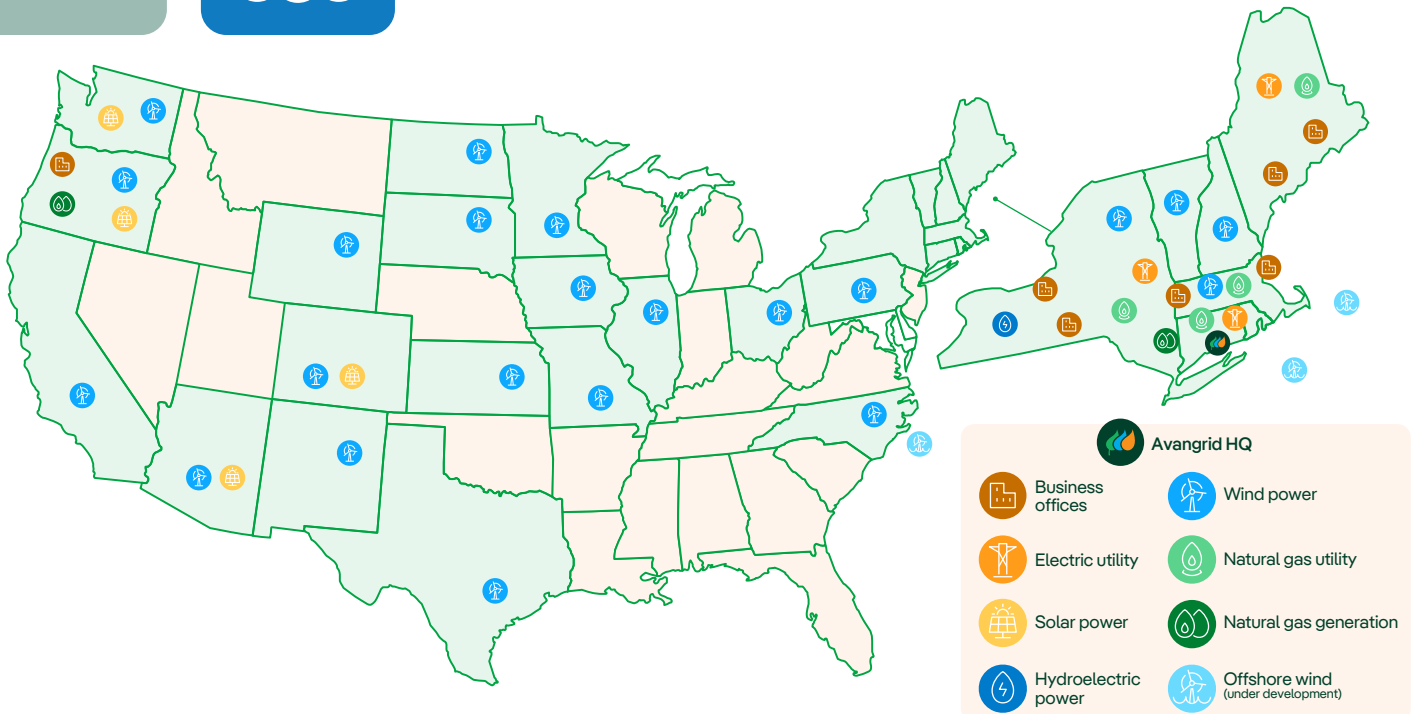
Largest onshore renewables generator in the U.S.

\$41 B

in assets with a presence in 24 states

26 GW

Renewables pipeline





The Kitty Hawk Wind project has the potential to deliver up to 3.5 GW of clean energy, enough to power 1 million homes.

Avangrid's Kitty Hawk Wind Project Is Uniquely Positioned to Support Maryland's Goals

Avangrid is developing the Kitty Hawk Wind project in federal waters off the coast of Virginia, with the potential to deliver up to 3.5 GW of clean energy, enough to power 1 million homes.

Kitty Hawk Wind offers significant advantages for Maryland.

- Avangrid secured its lease in 2017 for just \$9 million, or \$14 per acre. For comparison, the minimum bids for the Central Atlantic lease areas will be \$100 per acre, and recent auctions have resulted in an average price of \$5,200 per acre. The upcoming Central Atlantic auction will be exceptionally competitive and expensive.
- The Kitty Hawk Wind lease area is the most highly deconflicted area in BOEM's leasing history. Over 24 miles from shore, the project well beyond the distance that would make views of the project a source of controversy.
- The project is mature, with federal permitting underway. Kitty Hawk North is expected to receive approval of its Construction and Operations Plan next year.

Kitty Hawk Wind will make landfall in Virginia Beach, interconnecting into the PJM system. If provided an opportunity to bid, Avangrid could negotiate Power Purchase Agreements with Maryland utilities, ensuring that the power would serve the needs of homes and businesses across the state.



Maryland Economic Opportunities

Avangrid has already performed due diligence to identify several highly feasible opportunities to deliver this magnitude of economic benefit to the State. These opportunities include, but are not limited to, the use of Baltimore Ports, use of U.S. Steel manufacturing facilities and other local manufacturing, and development of project labor agreements with labor organizations.

Kitty Hawk Wind can bring transformative economic development opportunities to Maryland, generating thousands of jobs and hundreds of millions in local investment.

Renewable Energy Sign on Support for SB0814.pdf

Uploaded by: Rebecca Rehr

Position: FAV

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 ORECs 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

Ceres

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.

SB 814_Fav with amendments_PSC.pdf

Uploaded by: Frederick Hoover

Position: FWA

FREDERICK H. HOOVER, JR.
CHAIR

MICHAEL T. RICHARD
ANTHONY J. O'DONNELL
KUMAR P. BARVE
BONNIE A. SUCHMAN



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

Oceantic Support SB 814 2024 3 7.pdf

Uploaded by: Jen Brock

Position: FWA

March 7, 2024

Chair Feldman
Education, Energy, and Environment Committee

RE: Support with Amendment of SB 814

Dear Chair Feldman and Members of the Committee:

We respectfully urge support of legislation to ensure Maryland meets our goal of 8.5 GW of offshore wind power by 2031 established in the POWER Act of 2024. Specifically, passage of SB 814, which as we understand with sponsor amendments will remove the requirement that future offshore wind projects tie into the transmission grid on the Delmarva peninsula, to strategically position the State's businesses in the emerging national offshore wind industry. Thus, Oceantic supports this bill with the same protections in place that support robust, local economic development that are part of any offshore wind project proposal from which Maryland procures power generation.

Over 10 years ago, Maryland businesses founded the Business Network for Offshore Wind (our name until we recently rebranded to Oceantic Network) to help companies better understand the opportunities that would come with the development of offshore wind. More than a decade later, our work has grown and evolved to encompass the entire country and include the perspectives not only of companies up and down the supply chain, but of the public sector, research institutions, and our partners who have been with since the beginning, organized Labor. It is from this collective perspective that the Oceantic Network has always supported a policy of removing the requirement that offshore wind projects tie into the Delmarva peninsula to allow projects from Virginia, New Jersey, and North Carolina to participate in Maryland procurement models as they are still tied to Maryland's supplier base. We urge the legislature to maintain the state's opportunity to become a hub of offshore wind activity and keep the state's offshore wind industry on track by passing SB 814.

The U.S. offshore wind market has been hit hard by global economic factors that are delaying or cancelling projects around the world. Maryland projects have not been immune. But the industry is finding a way to advance – states like New York, New Jersey and Virginia acted boldly to keep their local projects and markets on track and to protect their investments in manufacturing and ports - Maryland must take inspiration from our neighboring states to keep our climate goals in reach and to maintain the state's manufacturing strategic advantage by working with industry to develop solutions and help reset current markets. We believe new legislation and programmatic improvements can build a stronger, smarter, more resilient and flexible market, helping to insulate the industry from future macro-economic shocks.



As you know from discussion of the need for passing the POWER Act in 2024, Maryland's transmission grid needs to be studied to determine the best way to prepare for the transmission upgrades needed for Maryland's clean energy goals. Specifically, limiting interconnection to the Delmarva peninsula was a point of concern raised by energy experts who envision the area as capable of supporting only a fraction of Maryland's total demand. Additionally, as the Bureau of Ocean Energy Management, BOEM, prepares for another lease auction in the Central Atlantic Wind Area later this year, Maryland must take advantage of the limited acreage available for development in a region where state demand for offshore wind power exceeds supply. Securing new projects can foster investment from global and national developers to help buttress efforts to realize offshore wind investments in facilities like Sparrows Point Steel—fabricating over 100 monopiles annually by over 500 Union Steelworkers – as well attract new manufacturing investments that can contribute to Maryland-focused offshore wind projects and dozens of other projects now in development on the East Coast.



Offshore wind is already creating jobs here in the state of Maryland. Oceantic's OSW Market Dashboard, our intelligence tool on all current and pending U.S. offshore wind energy projects, already identified over 80 contracts from 48 companies doing business in offshore wind in Maryland and in our region. Companies like Baltimore City based Strum Contracting, one of our Board members, are already training and certifying workers in welding and ready to hire more. Another Oceantic member company, Riggs Distler, which was founded in Maryland, is now setting up major manufacturing operations in Albany, Providence, and southern Jersey after briefly supporting job creation in Baltimore. Ensuring the state can reach its 8.5 GW target will foster new investments and job creations in Maryland, employing workers with living wage or union jobs.

Thus, we respectfully request support of SB814 with sponsor amendments and thank Senator Washington for her leadership.

Sincerely,

A handwritten signature in black ink that reads "Jen Brock".

Jen Brock
Chief of Staff
Oceantic Network
Jen.Brock@Oceantic.org
410-812-1503

SB0814 - LOI.pdf

Uploaded by: Landon Fahrig

Position: INFO



Maryland Energy Administration

TO: Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy, and the Environment Committee
FROM: MEA
SUBJECT: SB 814 - Public Utilities - Definition of Qualified Offshore Wind Project - Alteration
DATE: March 7, 2024

MEA Position: LETTER OF INFORMATION

This bill would, inadvertently, limit the definition of a “qualified offshore wind project” to only include those that interconnect to the PJM Interconnection grid through a project selected through a Maryland Public Service Commission offshore wind solicitation.

MEA proposes to broaden (rather than limit) the definition of a qualified offshore wind project to encompass any interconnection point to the PJM Interconnection grid. **With the understanding that the intent of the legislation is to broaden the allowance for interconnection for qualified offshore wind projects, MEA is generally very supportive of this Act.** For this purpose, MEA would offer an amendment at the conclusion of this testimony.

As amended, this is a positive bill, providing increased flexibility for future offshore wind projects in Maryland. The original offshore wind legislation from 2013 requires offshore wind projects to interconnect on the Delmarva Peninsula. This geographic restriction for offshore wind transmission interconnection reduces the ability of developers to choose the best potential interconnection location for their project. Grid interconnection restrictions increase project feasibility risk by potentially requiring high cost mitigation strategies to overcome the restrictions or because the dedicated interconnection points may not be accessible.

Boosting offshore wind is critical to achieving the state’s clean energy and climate reduction objectives, and permitting greater options for interconnection would provide offshore wind developers with more geographic flexibility for their projects. This added flexibility may improve development prospects for offshore wind projects that need to manage interconnecting to a part of PJM that is already witnessing transmission congestion. MEA notes that additional interconnection flexibility should not be

read to undermine labor and supply chain commitments which are integral to the state's offshore wind strategy.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Landon Fahrig, Legislative Liaison, directly (landon.fahrig@maryland.gov, 410.931.1537).

AMENDMENT NO. 1

On page 2, in line 7, after "grid" insert "or".