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Committee: Education, Energy, and the Environment
Testimony on: SB781 “Offshore Wind Energy – State Goals and Procurement (Promoting Offshore Wind Energy Resources Act)”
Position: Support
Hearing Date: March 7, 2023

The Maryland Chapter of the Sierra Club urges a favorable report on SB781.

This bill will implement a series of measures to substantially increase Maryland’s electricity generation from offshore wind (OSW). The bill will establish an OSW target of 8.5 gigawatts (GW) by 2031, establish a process to create the electricity transmission capacity needed to bring this electricity to users across the State, and allow the State to enter into long-term power purchase agreements to annually procure between 1 GW and 8 GW of electricity from Maryland OSW projects. The bill further specifies that new OSW generation and transmission projects will be subject to community benefit agreements.

A Substantial OSW Expansion

Currently, Maryland is committed to developing over 2 GW of OSW, including a first round of 368 megawatts and a second round of 1,654.5 megawatts.¹ These projects will create new jobs and new industries, and will help with revitalization of the Baltimore port and surrounding neighborhoods. Other Atlantic Coast states, however, are making large commitments to OSW development, including Massachusetts, New Jersey, New York, and Connecticut, which may impact the extent to which Maryland will economically benefit from the projects that are currently underway or planned, particularly if Maryland lags in moving forward and industrial capacity is established elsewhere.

Creating a new overall OSW goal of 8.5 GW by 2031 will provide important support for achieving the State’s targets of reducing greenhouse gas (GHG) emissions by 60% (compared to the 2006 level) by 2031 and achieving net-zero emissions by 2045. Generating clean electricity (electricity free of GHG emissions) from offshore wind, solar energy, and other sources is essential since the combustion-based electricity sector, the combustion-based transportation sector, and combustion in buildings (from gas furnaces and appliances) are major sources of GHG emissions in Maryland. Climate change mitigation requires clean electricity, and electrifying the transportation and building sectors using that clean electricity.

Generating a substantially larger amount of OSW electricity also will have beneficial health effects. For example, Maryland’s asthma rate is 25% higher than the national average, and Baltimore City’s rate is three times the national average. Air pollution from cars and trucks is a substantial cause.

The OSW expansion, together with the transmission projects discussed below, will have beneficial economic effects as well. These include additional good-paying jobs in industries and businesses that

¹ Maryland Energy Administration, “Maryland Offshore Wind Overview” (June 2022), https://www.boem.gov/sites/default/files/documents/renewable-energy/state-activities/Maryland%20Offshore%20Wind%20Overview_MEA%20Presentation.pdf.

build and service OSW turbines, revitalization of union jobs in the steel industry and other construction and service domains, and potentially billions of dollars of reduced energy costs for Marylanders.

In this regard, the bill seeks to ensure that the economic benefits are undergirded by principles of equity, justice, and inclusion, principles that should be at the center of environmental initiatives. Specifically, the new OSW generation and transmission projects will include community benefit agreements, just as existing OSW generating projects (those that will develop over 2 GW of electricity) are subject to these agreements. The bill retains existing statutory provisions that, among other things, provide that community benefit agreements support local and small businesses, and businesses owned by minorities, women, and veterans; and require that skilled craft workers be paid the prevailing wage rate (or higher). The bill adds that community benefit agreements further must “proactively seek[] to ensure that workers can freely choose to both organize and collectively bargain”; and should prioritize use of “domestic iron, steel, and manufactured goods.”

The federal Bureau of Ocean Energy Management (BOEM) currently is developing maps for where additional wind energy turbines may be built off the Maryland shores, which may set the parameters for Maryland’s offshore wind initiatives for many years. By specifying that Maryland is committed to building 8.5 GW of wind energy, this bill will support efforts to convince BOEM to designate large lease areas for Maryland OSW development.

Creating an OSW Transmission System

Key to enlarging Maryland’s OSW capacity is constructing the transmission system needed to bring this electricity onshore and feed it into the existing electricity grid. The bill will establish a step-by-step, well organized, and well thought-out process for accomplishing this.

The process will begin with the Public Service Commission (PSC) conducting an options analysis, with a report to the General Assembly on or by July 1 of next year. The PSC then will issue a request for one or more competitive solicitations for offshore transmission facilities, and onshore upgrades and expansions, and, by July 1, 2026, will select qualified proposal(s). The bill specifies a variety of selection criteria to be used by the PSC to maximize the capabilities and efficiencies of the new transmission systems, and limit costs. These include (among others): consideration of the results of the PSC’s options analysis; integrating multiple OSW projects; allowing future transmission lines to connect in a meshed manner and to share landing points; cooperation with and cost-sharing with other states; and potential federal funding.

Conclusion

Maryland’s existing OSW projects have begun the essential effort to tap Maryland’s substantial OSW energy resources. SB781 will take important next steps in this effort, and we therefore urge a favorable report on this bill.

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