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BILL NO.: House Bill 1296
Electricity - Offshore Wind Projects - Alterations

COMMITTEE: Economic Matters Committee

HEARING DATE: February 29, 2024

SPONSOR: Delegates Wilson and Crosby

POSITION: Informational

The Office of People’s Counsel provides the following information on House Bill 1296 for the Committee’s consideration. HB 1296 requires the Public Service Commission (“PSC”) to open a 90-day proceeding to revise project sizes, schedules, or offshore wind renewable energy credit (“OREC”) pricing for previously approved Round 2 offshore wind (“OSW”) projects. The bill also allows Round 1 OSW projects to request an increase in the maximum number of ORECs sold under the project and modify project schedules, though it does not allow the OREC prices to change for Round 1 projects as it does for Round 2 projects.

HB 1296 retains the existing ratepayer protection provisions, meaning that the PSC may only approve a modified Round 1 or 2 OREC price schedule if the rate impact is less than the existing caps.¹ Thus, HB1296 should not result in an increased bill impact on residential ratepayers.

Additional analysis will be required to ensure the ratepayer protections are met, and OPC notes that it may be difficult to fully analyze the revised OREC schedules and rate impacts within the 90-day timeframe that HB 1296 currently proposes. In the original

¹ The existing caps are: all Round 1 projects combined must have a projected residential rate impact under \$1.50 a month in 2012 dollars, and all Round 2 projects combined must have a projected residential rate impact under \$0.88 per month in 2018 dollars. There are also rate impact caps for nonresidential customers.

Rounds 1 and 2, OPC was a party to the proceedings and presented analysis and testimony. The PSC contracted with an outside consulting firm to perform rate impact analyses, and it should do so again here to make sure the OREC schedule modifications meet the ratepayer protection provisions. It would be a significant challenge for OPC to ensure compliance with the ratepayer impact limits within the tight timeframe currently proposed. Further, the PSC may need to issue an RFP and award a contract for a rate impact consultant. The consultant would have to perform the necessary rate impact analysis, and the PSC would have to analyze the consultant's work as well as the analysis of the OSW company and any intervenors all within 90 days. OPC is concerned that it may not be feasible to conduct an adequate review of the rate impact estimates in 90 days.

Additionally, subsection (L)(2)(II) currently states that the provisions of HB 1296 only apply to Round 1 and 2 OSW projects that "possess ORECs as of June 1, 2024." As there is no active OSW power generation in Maryland yet, it is arguable that no ORECs currently exist for anyone to possess. This clause could be clarified to apply the provision to projects that are currently subject to a valid Commission order approving an OREC price schedule.