

# **PUBLIC SERVICE COMMISSION OF MARYLAND**

## **Promoting Offshore Wind Energy Resources Act of 2023 (POWER Act) Status Update Report**

Submitted to the Maryland General Assembly  
Annapolis, Maryland

Pursuant to the Promoting Offshore Wind Energy Resources Act  
of 2023

§7-704.3 of Public Utilities Article,  
Annotated Code of Maryland

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## I. Introduction

The Promoting Offshore Wind Energy Resources Act of 2023 (Senate Bill 781/House Bill 793)<sup>1</sup> (POWER Act) required the Public Service Commission (Commission) to request that PJM Interconnection (PJM) conduct an analysis of transmission system upgrade and expansion options for both onshore and offshore infrastructure. The legislation also required the Commission to report on the status of the analysis to the General Assembly.

In coordination with the Maryland Energy Administration (MEA), the Commission requested PJM to conduct the analysis required by the POWER Act. PJM agreed and has been working with the Commission and MEA to conduct the analysis. This report contains a summary of the work undertaken to date by the Commission, MEA, and PJM.

## II. History of OSW in Maryland

In 2013, the General Assembly passed the Maryland Offshore Wind Energy Act of 2013<sup>2</sup> establishing a carve-out for offshore wind energy under the State Renewable Portfolio Standard<sup>3</sup> (RPS) and an application and review process (Round 1) at the Commission for OSW projects seeking Offshore Wind Renewable Energy Credits (ORECs). The Commission established Case No. 9431 to review applications.<sup>4</sup> On May 11, 2017, the Commission issued Order No. 88192 approving US Wind, Inc. (US Wind) and Skipjack Offshore Energy, LLC (Skipjack) for ORECs. Table 1 illustrates the project capacities, ORECs awarded, ratepayer impacts, and MBE goals of the Round 1 projects.

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<sup>1</sup> Acts of Maryland 2023, Chapter 95 (Senate Bill 781).

<sup>2</sup> Acts of Maryland 2013, Chapter 3 (House Bill 226).

<sup>3</sup> See PUA §7-701 et seq.

<sup>4</sup> *In the Matter of the Applications of U.S. Wind, Inc. and Skipjack Offshore Energy, LLC for a Proposed Offshore Wind Energy Project(s) Pursuant to the Maryland Offshore Wind Energy Act of 2013.*

**Table 1 Round 1 Summary**

	Skipjack	US Wind
Project Capacity	120 MW	248 MW
ORECs (2012\$)	\$131.93	\$131.93
ORECs (#)	455,482	913,845
Total Residential Impacts	\$1.40 per month (combined Skipjack and US Wind)	
Total Non-Residential Impacts	1.4% annually (combined Skipjack and US Wind)	
MBE Goal	29%	15%

In 2019, the Maryland General Assembly passed the Clean Energy Jobs Act<sup>5</sup> which established an expanded offshore wind goal of 1,200 MW of capacity by 2030 (Round 2). In 2021, the Commission established Case No. 9666 to review Round 2 applications.<sup>6</sup> On December 17, 2021, the Commission issued Order No. 90011 approving US Wind and Skipjack for additional ORECs. Table 2 illustrates the project capacities, ORECs awarded, ratepayer impacts, and MBE goals of the Round 2 projects.

**Table 2 Round 2 Summary**

	Skipjack	US Wind
Project Capacity	846 MW	808.5 MW
ORECs (2012\$)	\$71.61	\$54.17
ORECs (#)	3,279,207	2,513,752
Total Residential Impacts	\$0.88 per month (combined Skipjack and US Wind)	
Total Non-Residential Impacts	0.9% annually (combined Skipjack and US Wind)	
MBE Goal	29%	15%

Following the grant by the Commission of ORECs during the Round 2 solicitation in 2020, both OSW project developers subsequently filed notices with the Commission which delayed by several years the estimated commercial operation date (COD) of both OSW projects awarded in Round 1. On February 25, 2021, Skipjack reported a new COD for its revised OSW project schedule as being the second quarter of 2026, and on April 13, 2022, US Wind reported an

<sup>5</sup> Acts of Maryland 2019, Chapter 757 (Senate Bill 516).

<sup>6</sup> *Skipjack Offshore Energy, LLC and US Wind, Inc.'s Offshore Wind Applications under the Clean Energy Jobs Act of 2019.*

updated COD of its OSW project schedule of December 2026.<sup>7</sup> On January 25, 2024, Skipjack withdrew from both OREC orders and no longer has awarded ORECs with the state.<sup>8</sup>

In addition to the POWER Act,<sup>9</sup> the General Assembly has also passed Senate Bill 526 in 2022 and House Bill 1296 in 2024. Senate Bill 526<sup>10</sup> altered the offshore wind energy component of the Renewable Portfolio Standard to apply to the distribution portion of a customer's electricity bill instead of the supply portion. House Bill 1296<sup>11</sup> requires the Commission to open a revised Round 2 proceeding and submit a plan to the General Assembly with recommendations on how to meet the State's OSW goals.

### **III. Consultation with Other States**

Public Utilities Article (PUA) §7-704.3(B)(2)(I) requires the Commission to consult with other states served by PJM Interconnection to evaluate regional transmission cooperation that could help achieve the State's renewable energy and offshore wind energy goals with greater efficiency. Accordingly, Commission staff reached out to state agencies in New Jersey and Delaware that work on offshore wind.

Commission staff met with members of the New Jersey Board of Public Utilities (NJ BPU) on two occasions, May 19, 2023, and August 24, 2023. At the first meeting, Commission staff presented an overview of the POWER Act to NJ BPU staff. Both parties agreed to meet again to discuss best practices learned from NJ BPU's experience with the State Agreement Approach (SAA) and potential collaboration in the future.

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<sup>7</sup> Maillog Nos. 240177 and 233931. The OSW project applications approved in the 2020 Round 2 application period under the Clean Energy Jobs Act have CODs of 2026.

<sup>8</sup> Maillog No. 307274.

<sup>9</sup> The POWER Act also created a 8,500 MW goal for the State and a power purchase agreement process for OSW with the Department of General Services.

<sup>10</sup> Acts of Maryland 2022, Chapter 578 (Senate Bill 526).

<sup>11</sup> Acts of Maryland 2024, Chapter 431 (House Bill 1296).

At the second meeting, both parties discussed the Northeast States Offshore Wind Transmission Collaborative (Collaborative). MEA currently participates in the Collaborative on behalf of Maryland. NJ BPU staff presented their experience with their first SAA and explained where they were in the process of their second SAA. They also provided lessons learned from their first SAA. NJ BPU expressed interest in collaborating with Maryland via their second SAA. While Commission staff expressed similar interest, it was determined that there was a timing issue between where NJ BPU was in the timeline for their process in comparison to where Maryland was in its process.

Commission staff met with Delaware Public Service Commission staff on January 11, 2024. Delaware PSC staff provided an overview of their statutory requirements on OSW. Commission staff provided a history of OSW in Maryland and an overview of the POWER Act. Delaware PSC staff expressed interest in collaborating with Maryland. While Commission staff expressed similar interest, it was determined that there was a timing issue between where Maryland was in the timeline for the POWER Act process in comparison to where Delaware is in its process. On May 22, 2024, Commission staff met with Delaware PSC staff to discuss the status of SB 265, a bill before the Delaware legislature defining a process for soliciting the purchase of at least 800 MW of OSW. Commission staff expressed interest in understanding how the bill could affect or support Maryland's ongoing POWER Act efforts. Delaware PSC staff indicated that the bill was still being considered by their state's lawmakers.

#### **IV. Work with PJM**

The Commission, PJM, and MEA began holding joint meetings in October 2023 and have been meeting monthly since the beginning of 2024. The Power Plant Research Program (PPRP) of the Maryland Department of Natural Resources joined the discussions in May 2024. The focus of the meetings has been scoping the inputs and assumptions in the models that will conduct the transmission analysis. It is anticipated that the models will be ready to generate the analysis by early 2025. The Commission appreciates the collaboration between the state

agencies and PJM and looks forward to continuing progress on the transmission analysis. Below is a general summary of the meetings held as of the end of May. A meeting is planned for June 27, 2024, and the monthly schedule will continue for the rest of the year.

### **October 26, 2023**

The Commission hosted the first meeting in Baltimore with PJM and MEA. The discussion focused on the following:

1. The POWER Act and other OSW statutory requirements.
2. The potential timeline for both the transmission analysis and the transmission application process.
3. The expectations of all entities involved in the analysis and transmission application process.
4. How PJM proposed to be involved in both processes.
5. Initial selection criteria for the transmission analysis.
6. How other states could potentially become involved.
7. The New Jersey process and lessons learned.
8. Other PJM transmission planning activities.

### **December 12, 2023**

This virtual meeting involved PJM, MEA, and the Commission. The discussion focused on the following:

1. Options for proceeding with the analysis and subsequent transmission application process.
  - a. Reviewed the current status of PJM's interconnection queue.
  - b. Reviewed the State Agreement Approach.
  - c. Reviewed PJM's Long-Term Regional Transmission Planning (LTRTP).
2. Analysis assumptions including onshore landing points and potential generating capabilities.
3. Timing of the analysis and expected deliverables.

### **January 25, 2024**

This virtual meeting involved PJM, MEA, and the Commission. The discussion focused on the following:

1. Approved a draft timeline (subject to potential schedule adjustments).
2. Outlined goals for the 2024 calendar year.
  - a. Select points of interconnection for analysis.
  - b. Finalize the scope of the analysis.
3. Assigned follow-up assignments ahead of the next meeting.
  - a. Finalize non-disclosure agreements for non-Commission personnel.
  - b. Consider possible points of interconnection using PJM's engineering judgement and confirm areas where transmission is less likely to be built for other reasons based on the state agencies' input.

### **February 22, 2024**

This virtual meeting involved PJM, MEA, and the Commission. The discussion focused on the following:

1. Discussed the impacts of Skipjack's withdrawal from its OREC awards.
2. Discussed House Bill 1296.
3. Reviewed the objectives of the transmission analysis.
4. Continued discussion on points of interconnection.

### **March 28, 2024**

This virtual meeting involved PJM, MEA, and the Commission. The discussion focused on the following:

1. Continued discussion on points of interconnection.
2. Discussed the OSW LTRTP study being conducted by PJM.
3. Discussed the OSW Transmission Study: Phase 1 conducted by PJM and released in 2021.



### **May 2, 2024**

This virtual meeting involved PJM, MEA, and the Commission. PPRP joined for the first time. The discussion focused on the following:

1. Discussed Calvert Cliffs Nuclear Power Plant as a possible point of interconnection.
2. Reviewed the U.S. Department of the Interior's newly released five-year OSW leasing schedule.
3. Reviewed the update on PJM's proposed LTRTP framework.
4. PPRP's engagement with OSW efforts with PJM.

### **May 23, 2024**

This virtual meeting involved PJM, MEA, PPRP, and the Commission. The discussion focused on the following:

1. Reviewed PJM's progress in improving its generator interconnection queue process.
2. Discussed the status of PJM's LTRTP study.
3. Discussed the recently issued Federal Energy Regulatory Commission (FERC) Order No. 1920 addressing long-term transmission planning and cost allocation as an avenue for developing OSW transmission.
4. Discussed expectations in the POWER Act regarding the project solicitation phase for defining transmission solutions.

## **V. Conclusion**

The Commission appreciates the opportunity to provide the General Assembly with a status update on analysis required by the POWER Act. The state agencies and PJM will continue to work towards finalizing the analysis prior to the opening of the transmission project application period in 2025. The Commission will also continue to work with other states to identify future opportunities to collaborate on offshore wind issues.