

PUBLIC SERVICE COMMISSION OF MARYLAND

Offshore Wind Awardee Minority Business Enterprise and Community Benefit Agreement Compliance Report 2022

Submitted to the Maryland General Assembly
Annapolis, Maryland
In compliance with §7-704.1 of Public Utilities Article,
Annotated Code of Maryland

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I. Introduction

The Clean Energy Jobs Act of 2019 (Senate Bill 516/House Bill 1158) created a second application period (Round 2) for offshore wind (OSW) renewable energy credits (ORECs) in Maryland. The legislation also required the Maryland Public Service Commission (Commission) to report on the compliance of the awardees with the minority business enterprise (MBE) goals and community benefit agreement (CBA) requirements of OREC awards. Specifically, §7-704.1 of the Public Utilities Article (PUA) requires the Commission to report to the Governor, Senate Finance Committee, and House Economic Matters Committee on:

- (i) compliance by applicants with the minority business enterprise participation goals under subsection (d)(4) of this section; and
- (ii) with respect to the community benefit agreement under subsection (e)(1) of this section:
 1. the availability and use of opportunities for local businesses and small, minority, women-owned, and veteran-owned businesses;
 2. the success of efforts to promote career training opportunities in the construction industry for local residents, veterans, women, and minorities; and
 3. compliance with the minority workforce goal under subsection (e)(1)(i)5 of this section.

As a condition of the Commission's orders approving ORECs for OSW projects discussed in more detail below, awardees are required to file semi-annual compliance reports on their MBE goals and to notify the Commission within 30 days of executing their CBAs. This report contains the information reported through May 2022 for both current awardees.^{1,2}

¹ Maillog No. 240642

II. History of OSW in Maryland

In 2013, the General Assembly passed the Offshore Wind Energy Act establishing a carve-out for offshore wind energy under the Renewable Portfolio Standard (RPS) and an application and review process (Round 1) at the Commission for OSW projects seeking ORECs. The Commission established Case No. 9431 to review applications. 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.

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%

The Commission established Case No. 9666 pursuant to the Clean Energy Jobs Act of 2019, which established Round 2 for OREC applications. 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%

² Maillog No. 240639

III. MBE Goals

As conditions of Order 88192 and Order 90011, both awardees are required to file semi-annual MBE compliance reports with the Commission. Included in the semi-annual reports are status updates on the various statutorily required MBE requirements and goals for US Wind and Skipjack. The requirements are largely the same for both Round 1 and Round 2. The most up-to-date information the Commission has received from the companies is summarized below.

a. MBE MOUs

Both awardees were required to sign memoranda of understanding (MOUs) with the Commission related to opportunities for MBE participation, minority investors, and workforce diversity within 90 days of Order 88192 and Order 90011. US Wind and Skipjack signed and filed MOUs with the Commission on August 14, 2017.³ The MOUs signed during Round 1 satisfy Round 2 requirements. In addition, Skipjack filed an addendum to its MOU for Round 2 with its Q2 2022 quarterly progress report.⁴ US Wind reports that it has identified three potential minority investors and will continue discussions into the next reporting period.

b. MBE Plans

Skipjack and US Wind were required to coordinate with the Governor's Office of Small, Minority & Women Business Affairs (GOSBA) and Office of the Attorney General (OAG) on MBE goals and plans within six months of Order 88192 and Order 90011. Both awardees were required to file the coordinated plans with the Commission.

Skipjack reports that it will follow the Round 1 MBE plan⁵ coordinated with GOSBA for its Round 2 project and filed updates in its Q2 2022 quarterly progress report accordingly.⁶ US Wind filed its Round 2 MBE plan on June 17, 2022.⁷

³ Maillog Nos. 216489 and 216490

⁴ Maillog No. 241402

⁵ Maillog No. 226110

⁶ Maillog No. 241402

⁷ Maillog No. 241145

c. MBE and Workforce Reporting

Order 88192 required both awardees to coordinate with the Director of the Commission's Consumer Affairs Division (CAD) to develop MBE reporting templates and workforce diversity reporting templates within 90 days of Order 88192 and use those templates in the semi-annual MBE reports. Order 90011 required US Wind and Skipjack to review the templates created for Round 1 with the Director of CAD and update if necessary for Round 2.

US Wind and Skipjack coordinated with CAD to develop templates during Round 1 and subsequently reviewed them with the Director of CAD to make appropriate changes for Round 2.

d. Implement MBE Goals

Both awardees are required to make serious, good faith efforts to implement their MBE goals as conditions of both Order 88192 and Order 90011. Order 90011 required both awardees to use best efforts to obtain MBE contractors and subcontractors to the extent practicable as supported by a disparity study.

As of the most recent semi-annual reports, both companies report progress towards achieving their MBE goals. US Wind requires their general contractors to support the company's MBE goals. US Wind has an MBE Program Compliance Manager and Outreach Team to assist contractors in meeting the company's MBE goals. The company reports three MBEs are currently providing services to US Wind and continued engagement with seven MBEs. US Wind reports meeting with a variety of state and local agencies and companies as part of its outreach efforts.

Skipjack uses a certified MBE to assist the company in achieving its MBE goals. The Company reports attending local MBE outreach events to meet with potential MBEs for its projects.

IV. CBA Implementation

CBA's were a new requirement for Round 2 awardees. Both companies are still working on finalizing their CBA's. They are required to notify the Commission within 30 days of executing their CBA's.

V. Conclusion

The Commission appreciates the opportunity to provide the General Assembly with a status update on the compliance of US Wind and Skipjack with the MBE goals and CBA requirements of the Round 1 and Round 2 OREC awards. The awardees are working towards meeting the State's goals and will continue providing updates to the Commission on a semi-annual basis.