

SENATE BILL 570

M5, C5, P2

4lr0763
CF HB 397

By: **Senator Hester**

Introduced and read first time: January 25, 2024

Assigned to: Education, Energy, and the Environment

A BILL ENTITLED

1 AN ACT concerning

2 **Public Utilities – Thermal Energy Network Systems – Authorization and**
3 **Establishment**
4 **(Working for Accessible Renewable Maryland Thermal Heat (WARMTH) Act)**

5 FOR the purpose of requiring each gas company to develop a plan for a pilot thermal energy
6 network system or systems on or before a certain date; requiring each gas company
7 to submit a certain proposal or proposals to the Public Service Commission for
8 approval on or before a certain date; authorizing a municipal corporation, county, or
9 community organization to submit neighborhoods to gas companies for consideration
10 as part of a pilot system; establishing requirements and authorizations for the
11 development and implementation of a proposal and thermal energy network system;
12 requiring the Commission to approve, approve with modifications, or reject each
13 proposal on or before a certain date; requiring the Commission, in consultation with
14 the Maryland Energy Administration and the Office of People’s Counsel, to make a
15 determination on whether to make a pilot system permanent after the completion of
16 the pilot system’s pilot period; establishing funding requirements for the
17 Administration to cover certain costs; requiring the Administration to coordinate
18 with the Department of Housing and Community Development to provide certain
19 services or funding; requiring the Maryland Environmental Service to issue certain
20 procurements for certain projects; establishing certain employment requirements for
21 certain projects; and generally relating to thermal energy network systems.

22 BY repealing and reenacting, without amendments,
23 Article – Public Utilities
24 Section 7–703(f)(1)
25 Annotated Code of Maryland
26 (2020 Replacement Volume and 2023 Supplement)

27 BY adding to
28 Article – Public Utilities
29 Section 7–1001 through 7–1006 to be under the new subtitle “Subtitle 10. Thermal

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Energy Network Systems”
Annotated Code of Maryland
(2020 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, without amendments,
Article – Environment
Section 1–701(a)(1), (7), and (8)
Annotated Code of Maryland
(2013 Replacement Volume and 2023 Supplement)

BY repealing and reenacting, without amendments,
Article – Housing and Community Development
Section 4–1801(a) and (c)
Annotated Code of Maryland
(2019 Replacement Volume and 2023 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Public Utilities

7–703.

(f) (1) (i) In this subsection the following words have the meanings indicated.

(ii) “Area median income” has the meaning stated in § 4–1801 of the Housing and Community Development Article.

(iii) “Low or moderate income housing” means housing that is affordable for a household with an aggregate annual income that is below 120% of the area median income.

SUBTITLE 10. THERMAL ENERGY NETWORK SYSTEMS.

7–1001.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) “ADMINISTRATION” MEANS THE MARYLAND ENERGY ADMINISTRATION.

(C) “BEHIND-THE-METER PROJECT” MEANS A PROJECT THAT INVOLVES A PHYSICAL, OPERATIONAL, OR BEHAVIORAL MODIFICATION ON THE CUSTOMER SIDE OF A UTILITY METER, INCLUDING REPLACEMENT OF APPLIANCES, RETROFITS, AND

1 PANEL UPGRADES.

2 (D) "COMMUNITY BENEFIT AGREEMENT" MEANS AN AGREEMENT
3 APPLICABLE TO THE CONSTRUCTION OF ANY THERMAL ENERGY NETWORK SYSTEM
4 AND ANY ACCOMPANYING RESIDENTIAL ELECTRIFICATION THAT:

5 (1) PROMOTES INCREASED OPPORTUNITIES FOR LOCAL BUSINESSES
6 AND SMALL, MINORITY, WOMEN-OWNED, AND VETERAN-OWNED BUSINESSES IN THE
7 CLEAN ENERGY INDUSTRY;

8 (2) ENSURES THE TIMELY, SAFE, AND EFFICIENT COMPLETION OF
9 THE PROJECT BY:

10 (I) FACILITATING A STEADY SUPPLY OF HIGHLY SKILLED
11 CRAFT WORKERS WHO SHALL BE PAID NOT LESS THAN THE PREVAILING WAGE RATE
12 DETERMINED BY THE COMMISSIONER OF LABOR AND INDUSTRY UNDER TITLE 17,
13 SUBTITLE 2 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; AND

14 (II) GUARANTEEING THAT THE CONSTRUCTION WORK
15 PERFORMED IN CONNECTION WITH THE PROJECT WILL BE SUBJECT TO AN
16 AGREEMENT THAT:

17 1. ESTABLISHES THE TERMS AND CONDITIONS OF
18 EMPLOYMENT AT THE CONSTRUCTION SITE OF THE PROJECT OR A PORTION OF THE
19 PROJECT;

20 2. GUARANTEES AGAINST STRIKES, LOCKOUTS, AND
21 SIMILAR DISRUPTIONS;

22 3. ENSURES THAT ALL WORK ON THE PROJECT FULLY
23 CONFORMS TO ALL RELEVANT STATE AND FEDERAL LAWS, RULES, AND
24 REGULATIONS;

25 4. CREATES MUTUALLY BINDING PROCEDURES FOR
26 RESOLVING LABOR DISPUTES ARISING DURING THE TERM OF THE PROJECT;

27 5. SETS FORTH OTHER MECHANISMS FOR
28 LABOR-MANAGEMENT COOPERATION ON MATTERS OF MUTUAL INTEREST AND
29 CONCERN, INCLUDING PRODUCTIVITY, QUALITY OF WORK, SAFETY, AND HEALTH;
30 AND

31 6. BINDS ALL CONTRACTORS AND SUBCONTRACTORS TO
32 THE TERMS OF THE AGREEMENT THROUGH THE INCLUSION OF APPROPRIATE

1 PROVISIONS IN ALL RELEVANT SOLICITATION AND CONTRACT DOCUMENTS;

2 (3) PROMOTES SAFE COMPLETION OF THE PROJECT BY ENSURING
3 THAT AT LEAST 80% OF THE CRAFT WORKERS ON THE PROJECT HAVE COMPLETED
4 AN OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION 10-HOUR COURSE;

5 (4) PROMOTES CAREER TRAINING OPPORTUNITIES IN THE
6 MANUFACTURING, MAINTENANCE, AND CONSTRUCTION INDUSTRIES FOR LOCAL
7 RESIDENTS, VETERANS, WOMEN, MINORITIES, AND FORMERLY INCARCERATED
8 INDIVIDUALS;

9 (5) INCLUDES PROVISIONS FOR LOCAL HIRING AND THE HIRING OF
10 HISTORICALLY DISADVANTAGED GROUPS;

11 (6) REFLECTS A 21ST-CENTURY LABOR-MANAGEMENT APPROACH BY
12 DEVELOPERS AND SUPPLIERS BASED ON COOPERATION, HARMONY, AND
13 PARTNERSHIP THAT PROACTIVELY SEEKS TO ENSURE THAT WORKERS CAN FREELY
14 CHOOSE TO BOTH ORGANIZE AND COLLECTIVELY BARGAIN;

15 (7) USES LOCALLY, SUSTAINABLY, AND DOMESTICALLY
16 MANUFACTURED CONSTRUCTION MATERIALS AND COMPONENTS TO THE EXTENT
17 PRACTICABLE;

18 (8) PROMOTES THE USE OF SKILLED LOCAL LABOR, PARTICULARLY
19 WITH REGARD TO THE CONSTRUCTION AND MANUFACTURING COMPONENTS OF THE
20 PROJECT, USING METHODS INCLUDING OUTREACH, HIRING, OR REFERRAL
21 METHODS THAT ARE AFFILIATED WITH REGISTERED APPRENTICESHIP PROGRAMS
22 UNDER TITLE 11, SUBTITLE 4 OF THE LABOR AND EMPLOYMENT ARTICLE; AND

23 (9) AUTHORIZES THE MARYLAND DEPARTMENT OF LABOR AND THE
24 COMMISSION TO CONSIDER, REVIEW, AND ENFORCE A PUBLIC SERVICE COMPANY'S
25 COMPLIANCE WITH ANY COMMUNITY BENEFIT AGREEMENT.

26 (E) "FRONT-OF-METER PROJECT" MEANS A PROJECT THAT IMPACTS THE
27 UTILITY SIDE OF A METER.

28 (F) "GEOTHERMAL BOREHOLE" MEANS A GEOTHERMAL SHAFT DRILLED
29 INTO THE EARTH FOR USE IN A SYSTEM THAT USES THE THERMAL PROPERTIES OF
30 THE EARTH OR GROUNDWATER TO HEAT OR COOL BUILDINGS.

31 (G) "LEARNING FROM THE GROUND UP" MEANS THE LEARNING FROM THE
32 GROUND UP RESEARCH TEAM FORMED BY THE HOME ENERGY EFFICIENCY TEAM.

(H) “LOW OR MODERATE INCOME HOUSING” HAS THE MEANING STATED IN § 7-703(F)(1)(III) OF THIS TITLE.

(I) “PILOT SYSTEM” MEANS A PILOT THERMAL ENERGY NETWORK SYSTEM DEVELOPED BY A GAS COMPANY TO REPLACE GAS INFRASTRUCTURE WITH A THERMAL ENERGY NETWORK SYSTEM.

(J) “PJM CAPACITY MARKET” MEANS THE CAPACITY MARKET OF PJM INTERCONNECTION, LLC OR ANY SUCCESSOR ORGANIZATION THAT SERVICES THE PJM REGION.

(K) “THERMAL ENERGY NETWORK SYSTEM” MEANS A SYSTEM:

(1) OF CLOSED LOOP UNDERGROUND PIPING INFRASTRUCTURE, INCLUDING GEOTHERMAL BOREHOLES, LEADING UP TO A UTILITY METER FOR THE CONVEYANCE OR STORAGE OF RENEWABLE, NONGREENHOUSE GAS-EMITTING THERMAL ENERGY; AND

(2) THAT CREATES A NETWORK OF CUSTOMERS WITH THERMAL ENERGY FOR HEATING AND COOLING THROUGH NONCOMBUSTING ELECTRIC HEAT PUMPS.

7-1002.

(A) (1) ON OR BEFORE OCTOBER 1, 2024, EACH GAS COMPANY SHALL:

(I) BEGIN TO DEVELOP A PLAN FOR A PILOT SYSTEM OR SYSTEMS; AND

(II) FILE NOTICE WITH THE COMMISSION THAT THE COMPANY HAS BEGUN PLAN DEVELOPMENT.

(2) IN DEVELOPING A PLAN FOR A PILOT SYSTEM, A GAS COMPANY SHALL COORDINATE WITH COMMUNITY GROUPS, LOCAL GOVERNMENTS, ANY CERTIFIED REPRESENTATIVES OF THE EMPLOYEES OF THE GAS COMPANY, THE COMMISSION, THE ADMINISTRATION, AND ANY OTHER GROUPS THE GAS COMPANY CONSIDERS NECESSARY TO ALLOW FOR DIVERSE DESIGN AMONG PILOT SYSTEMS.

(3) EACH GAS COMPANY SHALL INCLUDE IN THE NOTICE FILED UNDER PARAGRAPH (1) OF THIS SUBSECTION:

(I) DETAILS OF ANY COORDINATION WITH COMMUNITY GROUPS, LOCAL GOVERNMENTS, CERTIFIED REPRESENTATIVES OF THE

1 EMPLOYEES OF THE GAS COMPANY, THE COMMISSION, THE ADMINISTRATION, AND
2 ANY OTHER GROUPS THE GAS COMPANY CONSIDERS NECESSARY TO ALLOW FOR
3 DIVERSE DESIGN AMONG PILOT SYSTEMS; AND

4 (II) ANY LETTERS OF SUPPORT FROM INTERESTED GROUPS.

5 (B) (1) ON OR BEFORE JULY 1, 2025, EACH GAS COMPANY SHALL SUBMIT
6 EITHER ONE OR TWO PROPOSALS FOR A PILOT SYSTEM TO THE COMMISSION FOR
7 APPROVAL.

8 (2) A PROPOSAL FOR A PILOT SYSTEM SHALL ENSURE THAT AT LEAST
9 80% OF ITS CUSTOMERS ARE FROM LOW OR MODERATE INCOME HOUSING.

10 (3) A CUSTOMER MAY CHOOSE TO OPT OUT OF A PILOT SYSTEM
11 BEFORE THE PROPOSAL FOR THE PILOT SYSTEM IS SUBMITTED.

12 (4) EACH PROPOSAL FOR A PILOT SYSTEM SHALL DEMONSTRATE
13 THAT THE GAS COMPANY HAS SOUGHT ACCESS TO ANY AVAILABLE FEDERAL
14 FUNDING IN THE FORM OF A MATCH, GRANT, LOAN, OR TAX CREDIT, INCLUDING
15 THOSE ESTABLISHED UNDER THE ENERGY INFRASTRUCTURE REINVESTMENT
16 CATEGORY OF THE TITLE 17 CLEAN ENERGY FINANCING PROGRAM AND THE
17 GREENHOUSE GAS REDUCTION FUND UNDER THE FEDERAL INFLATION
18 REDUCTION ACT OF 2022.

19 (5) EACH GAS COMPANY IS RESPONSIBLE FOR ENSURING THAT EACH
20 PROPOSAL SUBMITTED BY THE GAS COMPANY COMPLIES WITH ALL APPLICABLE
21 FEDERAL STATUTES, REGULATIONS, AND GUIDANCE RELATING TO ANY FEDERAL
22 FUNDING.

23 (6) EACH PROPOSAL SHALL ADDRESS:

24 (I) HOW THE PILOT SYSTEM WILL DEVELOP USEFUL
25 INFORMATION FOR THE ADOPTION OF REGULATIONS GOVERNING THERMAL
26 ENERGY NETWORK SYSTEMS;

27 (II) HOW THE PILOT SYSTEM FURTHERS GREENHOUSE GAS
28 EMISSIONS REDUCTION GOALS;

29 (III) HOW THE PILOT SYSTEM ADVANCES FINANCIAL AND
30 TECHNICAL APPROACHES TO EQUITABLE AND AFFORDABLE BUILDING
31 ELECTRIFICATION;

32 (IV) HOW THE PILOT SYSTEM CREATES BENEFITS TO ITS

1 CUSTOMERS, EMPLOYEES, AND SOCIETY AT LARGE, INCLUDING PUBLIC HEALTH
2 BENEFITS, QUALITY JOB RETENTION OR CREATION, RELIABILITY, AND INCREASED
3 AFFORDABILITY OF RENEWABLE THERMAL ENERGY OPTIONS;

4 (V) HOW THE PILOT SYSTEM CONTRIBUTES TO AVOIDING COSTS
5 TO ELECTRIC DISTRIBUTION AND TRANSMISSION SYSTEMS THAT WOULD
6 OTHERWISE BE REQUIRED FOR ELECTRIFICATION BY COMPARING THE PROPOSED
7 SYSTEM TO THE COST OF ELECTRIFICATION USING THE MOST WIDELY
8 COMMERCIALY AVAILABLE AIR-SOURCE HEAT PUMPS;

9 (VI) HOW THE PILOT SYSTEM CONTRIBUTES TO AVOIDING COSTS
10 RELATED TO GAS PIPE REPLACEMENT;

11 (VII) THE EXTENT TO WHICH THE PROPOSAL GIVES PRIORITY TO
12 UNDERSERVED OR OVERBURDENED COMMUNITIES AS DEFINED IN § 1-701(A) OF
13 THE ENVIRONMENT ARTICLE;

14 (VIII) THE PILOT SYSTEM'S ABILITY TO BID DEMAND REDUCTION
15 INTO THE PJM CAPACITY MARKET;

16 (IX) NEIGHBORHOODS AT THE END POINT OF A GAS SYSTEM
17 WHERE A FULL TRANSITION FROM GAS SYSTEMS TO ELECTRIFICATION COULD BE
18 FACILITATED WITHIN THE PILOT PERIOD OR WITHIN 5 YEARS AFTER THE PILOT
19 PERIOD CONCLUDES;

20 (X) SAFETY;

21 (XI) RELIABILITY;

22 (XII) ENVIRONMENTAL ACCEPTABILITY OF THE FLUID
23 TECHNOLOGY EMPLOYED;

24 (XIII) OPERATIONS;

25 (XIV) MAINTENANCE;

26 (XV) CUSTOMER COMPLAINT RESOLUTION;

27 (XVI) EMERGENCY RESPONSE;

28 (XVII) POINTS OF INTERCONNECTION BETWEEN THE GAS
29 COMPANY AND HOMEOWNER FOR ANY FLUID TRANSFER;

(XVIII) TECHNOLOGY TO BE USED TO SHUT OFF FLUID FLOW TO CUSTOMERS;

(XIX) CUSTOMER SERVICE TERMINATION IN THE EVENT OF BILL NONPAYMENT;

(XX) LIFE EXPECTANCY OF THE GEOTHERMAL SYSTEM; AND

(XXI) ANY OTHER REQUIREMENTS AS DETERMINED BY THE COMMISSION.

(7) EACH PROPOSAL SHALL INCLUDE:

(I) A PROPOSED RATE STRUCTURE FOR THE PILOT SYSTEM THAT ENSURES THAT ANY CUSTOMER PARTICIPATING IN THE PILOT SYSTEM DOES NOT PAY MORE FOR UTILITIES THAN IF THE CUSTOMER HAD NOT PARTICIPATED; AND

(II) A PROPOSED SET OF MEASUREMENTS OF ENERGY UNITS AND ACCOUNTING STANDARDS.

(8) (I) A MUNICIPAL CORPORATION, COUNTY, OR COMMUNITY ORGANIZATION MAY SUBMIT NEIGHBORHOODS TO GAS COMPANIES FOR CONSIDERATION AS PART OF A PILOT SYSTEM.

(II) A MUNICIPAL CORPORATION, COUNTY, OR COMMUNITY ORGANIZATION THAT SUBMITS A NEIGHBORHOOD TO A GAS COMPANY FOR CONSIDERATION AS PART OF A PILOT SYSTEM UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL SUBMIT A COPY OF ITS PROPOSAL TO THE COMMISSION.

(C) (1) ON OR BEFORE DECEMBER 31, 2025, THE COMMISSION MAY APPROVE, APPROVE WITH MODIFICATIONS, OR REJECT A PROPOSAL.

(2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, IF THE COMMISSION DETERMINES THAT A PROPOSAL IS IN THE PUBLIC INTEREST, THE COMMISSION SHALL APPROVE THE PROPOSAL.

(3) IN DETERMINING WHETHER TO APPROVE, APPROVE WITH MODIFICATIONS, OR REJECT A PROPOSAL, THE COMMISSION SHALL:

(I) CONSIDER THE PROJECTED COSTS AND BENEFITS OF THE PROJECTS PROPOSED FOR INCLUSION IN THE PILOT SYSTEM BY USING A TEST THAT INCLUDES:

1 1. SOCIETAL COSTS AND BENEFITS; AND

2 2. AVOIDED ENERGY AND INFRASTRUCTURE
3 INVESTMENTS;

4 (II) DETERMINE WHETHER THE PILOT SYSTEM IS IN THE PUBLIC
5 INTEREST AND IN THE INTEREST OF RATEPAYERS;

6 (III) DETERMINE HOW EACH PILOT SYSTEM'S PERFORMANCE
7 WILL BE EVALUATED DURING THE PILOT SYSTEM'S DURATION; AND

8 (IV) ENSURE THAT EACH PILOT SYSTEM:

9 1. HAS A PROVISION FOR CUSTOMERS WHO MAY WISH TO
10 OPT OUT DURING THE COURSE OF THE PILOT PERIOD; AND

11 2. DETAILS RATEPAYER IMPACTS FOR PILOT SYSTEM
12 PARTICIPANTS AND ALL CUSTOMERS IN THE GAS COMPANY'S SERVICE TERRITORY.

13 (4) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
14 PARAGRAPH, EACH GAS COMPANY SHALL COMPLETE CONSTRUCTION OF A PILOT
15 SYSTEM WITHIN 1 YEAR AFTER THE COMMISSION APPROVES THE SYSTEM.

16 (II) THE COMMISSION MAY EXTEND THE DEADLINE UNDER
17 SUBPARAGRAPH (I) OF THIS PARAGRAPH FOR GOOD CAUSE SHOWN.

18 (5) IF THE COMMISSION APPROVES A PROPOSAL WITH
19 MODIFICATIONS, THE COMMISSION SHALL GIVE THE GAS COMPANY A REASONABLE
20 AMOUNT OF TIME TO MAKE THE NECESSARY MODIFICATIONS.

21 (6) ON COMPLETION OF A PILOT SYSTEM, THE GAS COMPANY SHALL
22 FILE WITH THE COMMISSION FOR EVALUATION ANY INFORMATION RELEVANT TO
23 THE CRITERIA ESTABLISHED UNDER PARAGRAPH (3) OF THIS SUBSECTION.

24 (D) (1) EACH PILOT SYSTEM SHALL MEET THE REQUIREMENTS FOR
25 PILOT SYSTEMS UNDER THIS SUBTITLE FOR 2 YEARS AFTER THE PILOT SYSTEM IS
26 INITIATED.

27 (2) (I) ONCE THE 2-YEAR PERIOD UNDER PARAGRAPH (1) OF THIS
28 SUBSECTION HAS PASSED, THE COMMISSION, IN CONSULTATION WITH THE
29 ADMINISTRATION AND THE OFFICE OF PEOPLE'S COUNSEL, SHALL DETERMINE
30 WHETHER TO MAKE THE PILOT SYSTEM PERMANENT.

(II) A PILOT SYSTEM MADE PERMANENT UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL CONTINUE TO MEET THE REQUIREMENTS PLACED ON PILOT SYSTEMS UNDER THIS SUBTITLE.

(E) (1) EACH GAS COMPANY IMPLEMENTING A PILOT SYSTEM SHALL PARTICIPATE IN STANDARDIZED DATA COLLECTION COORDINATED BY THE COMMISSION.

(2) ANY STANDARDIZED DATA COLLECTED UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL:

(I) BE FILED WITH THE COMMISSION BY THE APPROPRIATE GAS COMPANY; AND

(II) INCLUDE DATA FROM THE LEARNING FROM THE GROUND UP AND ANY OTHER NATIONAL RESEARCH PROJECT FOR THE DEVELOPMENT OF THERMAL ENERGY NETWORK SYSTEMS THAT THE COMMISSION CONSIDERS APPROPRIATE.

(F) (1) THE ADMINISTRATION SHALL PROVIDE FUNDING IN THE FORM OF GRANTS TO COMMUNITY-BASED ORGANIZATIONS THAT PERFORM OUTREACH IN NEIGHBORHOODS TO INCREASE PARTICIPATION IN A PILOT SYSTEM AND COORDINATE THE IMPLEMENTATION OF AN APPROVED PILOT SYSTEM.

(2) THE ADMINISTRATION MAY PROVIDE UP TO \$1,000,000 IN FUNDING TO A COMMUNITY-BASED ORGANIZATION UNDER PARAGRAPH (1) OF THIS SUBSECTION.

(3) FUNDING UNDER THIS SUBSECTION MAY BE PROVIDED ONLY BEFORE OCTOBER 1, 2025.

(4) FUNDING UNDER THIS SUBSECTION MAY BE PROVIDED FROM THE STRATEGIC ENERGY INVESTMENT FUND ESTABLISHED UNDER § 9-20B-05 OF THE STATE GOVERNMENT ARTICLE.

(G) (1) A GAS COMPANY MAY REQUEST APPROVAL FROM THE COMMISSION TO TRACK THE COSTS OF DEVELOPING A PROPOSAL UNDER THIS SECTION.

(2) A REQUEST UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL INCLUDE A PROPOSED DEVELOPMENT PLAN AND BUDGET.

1 **(3) THE COMMISSION SHALL APPROVE A REQUEST UNDER**
2 **PARAGRAPH (1) OF THIS SUBSECTION ON FINDING THAT THE PROPOSED PLAN AND**
3 **COSTS ARE REASONABLE AND IN THE PUBLIC INTEREST.**

4 **(4) AT A GAS COMPANY'S NEXT RATE CASE PROCEEDING FOLLOWING**
5 **THE APPROVAL OF A REQUEST UNDER THIS SUBSECTION, THE COMMISSION SHALL**
6 **AUTHORIZE RECOVERY OF PRUDENTLY INCURRED COSTS ASSOCIATED WITH**
7 **DEVELOPING THE PROPOSAL AND ANY CARRYING COSTS THAT THE COMMISSION**
8 **DETERMINES ARE APPROPRIATE.**

9 **7-1003.**

10 **(A) (1) THE ADMINISTRATION SHALL COORDINATE FUNDING SOURCES,**
11 **INCLUDING ALL AVAILABLE FEDERAL FUNDING, PHILANTHROPIC FUNDING,**
12 **FUNDING AVAILABLE UNDER THE EMPOWER MARYLAND PROGRAM, AND**
13 **STRATEGIC ENERGY INVESTMENT FUND FUNDING ALLOCATED TO ENERGY**
14 **EFFICIENCY, TO COVER THE COSTS FOR ALL BEHIND-THE-METER PROJECTS,**
15 **INCLUDING FULL ELECTRIFICATION AND WEATHERIZATION, ASSOCIATED WITH A**
16 **THERMAL ENERGY NETWORK SYSTEM SO THAT ANY AFFECTED RESIDENTIAL**
17 **CUSTOMERS ARE NOT REQUIRED TO PAY FOR CONNECTION TO THE THERMAL**
18 **ENERGY NETWORK SYSTEM OR ANY APPLIANCE REPLACEMENTS REQUIRED FOR**
19 **ELECTRIFICATION.**

20 **(2) UNLESS PRECLUDED BY FEDERAL LAW, REGULATION, OR**
21 **PROGRAM REQUIREMENT GUIDELINES, THE ADMINISTRATION SHALL RESERVE**
22 **\$12,000,000 OF FEDERAL FUNDING FROM THE U.S. DEPARTMENT OF ENERGY TO**
23 **ENSURE ADEQUATE FUNDING FOR ANY APPLIANCES INSTALLED IN CONNECTION**
24 **WITH A PILOT SYSTEM.**

25 **(3) THE ADMINISTRATION SHALL COORDINATE WITH THE**
26 **DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT TO PROVIDE**
27 **SERVICES OR FUNDING FOR WEATHERIZATION FOR ALL LOW OR MODERATE INCOME**
28 **HOUSING WITHIN THE PILOT SYSTEM'S AREA.**

29 **(4) IN PROVIDING FUNDING MADE AVAILABLE UNDER THE FEDERAL**
30 **INFLATION REDUCTION ACT OF 2022 FOR BEHIND-THE-METER PROJECTS, THE**
31 **ADMINISTRATION SHALL GIVE PRIORITY TO LOW AND MODERATE INCOME HOUSING.**

32 **(B) THE MARYLAND ENVIRONMENTAL SERVICE:**

33 **(1) SHALL ISSUE PROCUREMENTS FOR BEHIND-THE-METER**
34 **PROJECTS RELATING TO ANY APPLIANCE OR PANEL REPLACEMENTS OR UPGRADES**
35 **NECESSARY TO CONNECT TO A THERMAL ENERGY NETWORK SYSTEM AND OPERATE**

1 WITHOUT GAS;

2 (2) SHALL PROVIDE A PROCUREMENT SUBMISSION WINDOW OF NOT
3 LESS THAN 90 DAYS;

4 (3) SHALL AWARD CONTRACTS IN A TIMELY MANNER; AND

5 (4) MAY ENTER INTO A CONTRACT OR CONTRACTS FOR THE
6 PROCUREMENT.

7 (C) THE ADMINISTRATION AND THE MARYLAND ENVIRONMENTAL
8 SERVICE SHALL COORDINATE WITH GAS COMPANIES TO ENSURE THAT
9 BEHIND-THE-METER PROJECTS CONNECT TO THERMAL ENERGY NETWORK
10 SYSTEMS THAT SERVE CUSTOMERS.

11 7-1004.

12 (A) FOR ANY FRONT-OF-METER PROJECTS RELATED TO THE
13 CONSTRUCTION OF ANY THERMAL ENERGY NETWORK SYSTEM UNDER THIS
14 SUBTITLE, AN ELECTRIC COMPANY, A GAS COMPANY, OR A WATER COMPANY SHALL:

15 (1) WORK WITH EMPLOYEES ALREADY UNDER CONTRACT WITH THE
16 COMPANY; OR

17 (2) USE QUALIFIED CONTRACTORS THAT ABIDE BY A COMMUNITY
18 BENEFIT AGREEMENT.

19 (B) AN ELECTRIC COMPANY, A GAS COMPANY, OR A WATER COMPANY SHALL
20 GIVE ITS EMPLOYEE BARGAINING UNIT AN OPPORTUNITY TO WORK ON ANY
21 FRONT-OF-METER PROJECTS RELATED TO THE CONSTRUCTION OF ANY THERMAL
22 ENERGY NETWORK SYSTEM.

23 (C) ANY RESIDENTIAL ELECTRIFICATION OR EFFICIENCY CONTRACTS
24 PROCURED BY THE MARYLAND ENVIRONMENTAL SERVICE SHALL BE SUBJECT TO A
25 COMMUNITY BENEFIT AGREEMENT.

26 (D) (1) AN ELECTRIC COMPANY, A GAS COMPANY, OR A WATER COMPANY
27 OPERATING A THERMAL ENERGY NETWORK SYSTEM SHALL PROVIDE ITS EMPLOYEE
28 BARGAINING UNIT AN OPPORTUNITY TO PROVIDE MAINTENANCE AND OPERATIONS
29 FOR ANY THERMAL ENERGY NETWORK SYSTEM.

30 (2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, AN
31 ELECTRIC COMPANY, A GAS COMPANY, OR A WATER COMPANY MAY CONTRACT ANY

1 WORK UNDER THIS SUBTITLE NOT CONDUCTED BY THE COMPANY'S EMPLOYEE
2 BARGAINING UNIT TO A QUALIFIED CONTRACTOR.

3 (II) AN ELECTRIC COMPANY, A GAS COMPANY, OR A WATER
4 COMPANY SHALL REQUIRE A CONTRACTOR OR SUBCONTRACTOR ON A PROJECT
5 UNDER THIS SUBTITLE TO:

6 1. PAY THE AREA PREVAILING WAGE, INCLUDING WAGES
7 AND FRINGE BENEFITS;

8 2. OFFER HEALTH CARE AND RETIREMENT BENEFITS TO
9 THE EMPLOYEES WORKING ON THE PROJECT;

10 3. PARTICIPATE IN AN APPRENTICESHIP PROGRAM
11 REGISTERED WITH THE STATE OR THE U.S. DEPARTMENT OF LABOR;

12 4. ESTABLISH AND EXECUTE A PLAN FOR OUTREACH,
13 RECRUITMENT, AND RETENTION OF STATE RESIDENTS TO PERFORM WORK ON THE
14 PROJECT, WITH AN ASPIRATIONAL GOAL OF 25% OF TOTAL WORK HOURS
15 PERFORMED BY MARYLAND RESIDENTS, INCLUDING RESIDENTS WHO ARE:

16 A. RETURNING CITIZENS;

17 B. WOMEN;

18 C. MINORITY INDIVIDUALS; OR

19 D. VETERANS;

20 5. HAVE BEEN IN COMPLIANCE WITH FEDERAL, STATE,
21 AND LOCAL WAGE AND HOUR LAWS FOR THE PREVIOUS 3 YEARS;

22 6. BE SUBJECT TO ALL STATE REPORTING AND
23 COMPLIANCE REQUIREMENTS; AND

24 7. MAINTAIN ALL APPROPRIATE LICENSES IN GOOD
25 STANDING.

26 (E) (1) THE FINDINGS AND EVIDENCE RELIED ON BY THE GENERAL
27 ASSEMBLY FOR THE CONTINUATION OF THE MINORITY BUSINESS ENTERPRISE
28 PROGRAM UNDER TITLE 14, SUBTITLE 3 OF THE STATE FINANCE AND
29 PROCUREMENT ARTICLE ARE INCORPORATED IN THIS SUBSECTION.

1 **(2) TO THE EXTENT PRACTICABLE AND AUTHORIZED BY THE U. S.**
2 **CONSTITUTION, AN APPROVED PILOT SYSTEM APPLICANT AND THE MARYLAND**
3 **ENVIRONMENTAL SERVICE SHALL COMPLY WITH THE STATE'S MINORITY BUSINESS**
4 **ENTERPRISE PROGRAM.**

5 **(3) (I) WITHIN 6 MONTHS AFTER THE APPROVAL OF A PILOT**
6 **SYSTEM UNDER § 7-1002(C) OF THIS SUBTITLE, THE GOVERNOR'S OFFICE OF**
7 **SMALL, MINORITY, AND WOMEN BUSINESS AFFAIRS, IN CONSULTATION WITH THE**
8 **OFFICE OF THE ATTORNEY GENERAL AND THE GAS COMPANY OPERATING THE**
9 **APPROVED PILOT SYSTEM, SHALL ESTABLISH A CLEAR PLAN FOR SETTING**
10 **REASONABLE AND APPROPRIATE MINORITY BUSINESS ENTERPRISE PARTICIPATION**
11 **GOALS AND PROCEDURES FOR THE PILOT SYSTEM.**

12 **(II) TO THE EXTENT PRACTICABLE, THE GOALS AND**
13 **PROCEDURES SPECIFIED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL BE**
14 **BASED ON THE REQUIREMENTS OF TITLE 14, SUBTITLE 7 OF THE STATE FINANCE**
15 **AND PROCUREMENT ARTICLE AND THE REGULATIONS IMPLEMENTING THAT**
16 **SUBTITLE.**

17 **(4) (I) A GAS COMPANY OPERATING A PILOT SYSTEM AND THE**
18 **MARYLAND ENVIRONMENTAL SERVICE SHALL SUBMIT AN ANNUAL REPORT ON**
19 **MINORITY ENTERPRISE PARTICIPATION TO THE COMMISSION.**

20 **(II) THE COMMISSION SHALL PROVIDE ANY REPORTS**
21 **RECEIVED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH TO THE GENERAL**
22 **ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE.**

23 **7-1005.**

24 **(A) AN ELECTRIC COMPANY, A GAS COMPANY, OR A WATER COMPANY MAY**
25 **OWN, MANAGE, AND RECOVER COSTS ASSOCIATED WITH A THERMAL ENERGY**
26 **NETWORK SYSTEM SUBJECT TO THE APPROVAL OF THE COMMISSION.**

27 **(B) AN ELECTRIC COMPANY, A GAS COMPANY, OR A WATER COMPANY MAY**
28 **DRILL A GEOTHERMAL BOREHOLE IN A PUBLIC UTILITY RIGHT-OF-WAY WHERE**
29 **FEASIBLE TO MEET THE REQUIREMENTS OF THIS SUBTITLE.**

30 **7-1006.**

31 **THE COMMISSION MAY RETAIN INDEPENDENT CONSULTANTS AND EXPERTS**
32 **TO:**

33 **(1) ASSIST THE COMMISSION WITH ITS EVALUATION OF PILOT**

1 SYSTEM APPLICATIONS UNDER § 7-1002(C) OF THIS SUBTITLE; AND

2 (2) SUPPORT THE COMMISSION IN THE COMPLETION OF ANY
3 REQUIREMENTS UNDER THIS SUBTITLE.

4 Article – Environment

5 1-701.

6 (a) (1) In this section the following words have the meanings indicated.

7 (7) “Overburdened community” means any census tract for which three or
8 more of the following environmental health indicators are above the 75th percentile
9 statewide:

- 10 (i) Particulate matter (PM) 2.5;
- 11 (ii) Ozone;
- 12 (iii) National Air Toxics Assessment (NATA) diesel PM;
- 13 (iv) NATA cancer risk;
- 14 (v) NATA respiratory hazard index;
- 15 (vi) Traffic proximity;
- 16 (vii) Lead paint indicator;
- 17 (viii) National Priorities List Superfund site proximity;
- 18 (ix) Risk Management Plan facility proximity;
- 19 (x) Hazardous waste proximity;
- 20 (xi) Wastewater discharge indicator;
- 21 (xii) Proximity to a Concentrated Animal Feeding Operation (CAFO);
- 22 (xiii) Percent of the population lacking broadband coverage;
- 23 (xiv) Asthma emergency room discharges;
- 24 (xv) Myocardial infarction discharges;
- 25 (xvi) Low-birth-weight infants;

(xvii) Proximity to emitting power plants;

(xviii) Proximity to a Toxic Release Inventory (TRI) facility;

(xix) Proximity to a brownfields site;

(xx) Proximity to mining operations; and

(xxi) Proximity to a hazardous waste landfill.

(8) “Underserved community” means any census tract in which, according to the most recent U.S. Census Bureau Survey:

(i) At least 25% of the residents qualify as low-income;

(ii) At least 50% of the residents identify as nonwhite; or

(iii) At least 15% of the residents have limited English proficiency.

Article – Housing and Community Development

4–1801.

(a) In this subtitle the following words have the meanings indicated.

(c) “Area median income” means the median household income for the area adjusted for household size as published and annually updated by the United States Department of Housing and Urban Development.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2024.