BILL NUMBER: **Senate Bill 116**
                                     Data Center Impact Analysis and Report

COMMITTEE: **Economic Matters Committee**

HEARING DATE: **March 25, 2025**

SPONSORS: **Senators Lewis Young and Ready**

POSITION: **Favorable**

Chair C.T Wilson, Vice-Chair Brian Crosby and Members of the Committee,

The *Data Center Impact Analysis and Report Act* is necessary to provide our elected officials and state agencies with accurate information to make prudent decisions. The agencies that would conduct the study have proven they can provide informed and practical recommendations. The time frame of 25 months for producing the report is reasonable and not an undue burden on the data center industry and its associates. Finally, the small cost for the research by the University of Maryland of Maryland School of Business is an investment that will pay dividends in orders of magnitude in savings from costly mistakes due to lack of information.

I strongly support the bill as initially passed by the House but recognize that our budget shortfall necessitates trimming. It also makes sense to consolidate power questions raised in several bills into one bill that looks at Maryland's power needs and how to respond. There is no avoiding the fact that Maryland would not have a power crisis were it not for data centers. When PJM conducted its forecasts in 2022 it determined that Maryland would have sufficient power into 2032. After conducting sensitivity studies on data center demand, at the request of utilities Dominion and First Energy, PJM immediately pronounced the region in an energy crisis. PJM's short term solution was approval of 5 billion dollars in infrastructure projects.

Passage of SB 116 is necessary even with removing an evaluation of the energy demands from the bill. Provisions remain that are necessary for protecting our current quality of life: determining the detriment to the environment, namely air and water quality, the ability of the

state to meet its bay restoration requirements and the technology available to data centers to mitigate their destructive impact.

The "selling point" of data centers is the financial advantage they bring to the state. At this point, this is not a fact, but a hope. An economic assessment by the University of Maryland School of Business of the costs and benefits of data centers specific to Maryland would help guide legislators and the public to determine how much of a "data center ally" Maryland wishes to become. The cost to ratepayers for providing the necessary power infrastructure is also unknown, except that we know the rates will go up. It is essential that this bill receive a Favorable report if for no other reason than to determine the economic facts.

As a professional electric power engineer, I ask for a Favorable report on SB 116. I have a Master of Engineering in Electric Power from Rensselaer Polytechnic Institute, performed contingency analysis as a transmission planner for Con Edison of New York and worked nearly 10 years for the Federal Energy Regulatory Commission in the Office of Electric Reliability investigating blackouts and prescribing mitigation to bring utilities in compliance with the NERC mandatory reliability standards.

There is no divorcing power issues from data center buildout. Therefore, if the Maryland Energy Administration and any analysis of data center power demand is to be removed from SB 116 it is essential that energy planning for data centers or that energy forecasts for data centers be explicitly included in SB909/HB1037 Energy Resource Adequacy and Planning Act.

As every politician now knows, Maryland generates 11,000 megawatts, which only satisfies 60% of the state's power demand. How will the state supply the power needs of an emerging hyperscale data center industry in Maryland, considering that this state already has a power deficit? Hyperscale data centers consume as much power and water as a small city.

The first hyperscale data center in Maryland, Quantum Frederick is projected to require as much as 2000 megawatts at full build out, per TPG, the site's current owner.[1] The power

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[1] "The campus is part of the wider data center park owned by TPG Real Estate being built on the site of a former aluminum plant. The company is developing a 2,100-acre, 2GW data center park for other developers to build data centers in. Quantum Loophole was previously involved in the project until TPG had the company removed." https://www.datacenterdynamics.com/en/news/rowan-secures-975-million-financing-for-maryland-data-center-campus/

demands of using AI are ten times that of a traditional Google search so this number is but an estimate. Note that the proposed PSEG Maryland Piedmont Reliability Project transmission line will only carry 1000 megawatts. This means one hyperscale data center would require two or three such transmission lines if the site is not near a large generating facility.

I am deeply concerned that in a rush to satisfy a new industry full of financial promises Maryland officials risk making decisions that will stress the electric grid to the point of instability.

Most of what has been broadcast about hyperscale data centers comes from industry press releases and studies paid for by industry lobbyists. At present the state does not have an accurate account of how many data centers exist, how many are projected, and what the cumulative power demand will be. The only information so far has been gathered by citizen advocates.[2] This is not an acceptable way for the state to make such momentous decisions.

Please return a Favorable report to SB 116.

Thank you,

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[2] Climate Justice Wing, an environmental advocacy group created this tracking. CJW worked with Office of Peoples Council to verify numbers through web searches and news articles. CJW has located ~24 commercial data centers using ~ 235MW of power. Currently, there are 11 new data centers proposed which will use approximately 5-7GW of power or 25 times as much power of what is currently used by data centers. Also, there are non-commercial data centers in MD, i.e. NIH, NSA and private companies selling web services. The Governor just announced a data center at UMD.
https://vcu.maps.arcgis.com/apps/mapviewer/index.html?webmap=bdde5f36ea574365b59826e2ba1c3c6f