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112 West Street
Annapolis, MD 21401

Support with Amendments – House Bill 900 - Electricity - Data Centers - Rate Schedule and Requirements

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) support with amendments **House Bill 900 - Public Utilities – Electricity - Data Centers - Rate Schedule and Requirements**. The bill requires each electric company to submit to the Public Service Commission (PSC) for approval a specific rate schedule for certain data centers and mobile data centers by July 1, 2026. Generally, those data center customers must take service under that schedule and may not be allowed to take service under any other existing schedule. The bill does not preclude an electric company from placing any other terms or conditions of service on a customer in addition to the conditions required under a specific rate schedule or the associated contract.

Pepco and Delmarva Power recognize the economic possibilities data centers can bring to the communities we serve, and we also believe the United States needs to be a leader in artificial intelligence. However, the energy demands of these customers must be met in a way that is fair to all customers. Pepco and Delmarva Power are committed to working with data centers and other large customers to meet their service needs, no matter where they are located.

Pepco and Delmarva Power support proposing a new rate schedule intended for large users, such as data centers, but recommend maintaining continuity with classification being based on kW usage. Pepco and Delmarva Power recommend maintaining continuity with the Company's current classifications and allowing flexibility for all Maryland utilities given their differing existing tariffs. The bill could be amended to state large energy users exceeding a certain expected load demand would fall under the new rate schedule, pending approval from the PSC.

House Bill 900 specifies specific financial obligations of the data center that would be initiated during the new business application process. Pepco and Delmarva Power support the requirements specified in the bill, however, there are some technical amendments that we ask the committee to consider. One of the provisions in the legislation requires that project contracts cannot have load ramps that exceed four years. Given the size and scale of data center projects, they often have load ramps beyond four years, so amending this duration to a minimum of five years may be more realistic.

The bill also requires the data center to reimburse the electric company for 100% of the buildout costs if the project is cancelled or delayed more than 12 months before the target date. Pepco and Delmarva Power respectfully request an amendment to specify that the electric company is fully able to use risk-mitigation tactics, such as Construction In Aid of Construction (CIAC) payments or deposits, as these requirements are in place today to offset the need for Pepco and Delmarva Power to fully finance buildout costs. Pepco and Delmarva Power also are concerned about the ability of existing large load customers to add less than 2,500 kilowatts and avoid the appropriate rate schedule and ultimately the appropriate measures to protect other customers.

Pepco and Delmarva Power appreciate the bill sponsor's proactive approach to managing the increasing energy demands associated with the state's growing data center industry, aiming to balance economic development with the interests of all electricity consumers. Pepco and Delmarva Power support with amendments House Bill 900 and are committed to collaborating with the bill sponsor and stakeholders on amendments.

Pepco Holdings, the parent company of Pepco, an electric utility serving Washington, D.C., and suburban Maryland; Delmarva Power, an electric and gas utility serving Delaware and portions of the Delmarva Peninsula; and Atlantic City Electric, an electric utility serving southern New Jersey. Anthony and his team are responsible for guiding the company's delivery of reliable and excellent service to more than two million customers in the Mid-Atlantic. Pepco Holdings is a subsidiary of Exelon Corporation, one of the nation's leading energy services companies.

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