



February 18, 2025

Maryland General Assembly
House Economic Matters Committee
230 Taylor House Office Building
Annapolis, MD 21401

**Re: HB 900, Electricity – Data Centers – Rate Schedule and Requirements
(Unfavorable)**

Chair Wilson and Members of the House Economic Matters Committee:

I am writing on behalf of the Data Center Coalition (DCC) to urge an unfavorable report of HB 900. DCC is the national membership association for the data center industry. Our members include leading data center owners and operators, as well as companies that lease large amounts of data center capacity.¹ Data centers provide the digital infrastructure that keeps us connected in our daily lives and supports many sectors of the 21st-century innovation economy – including artificial intelligence, financial services, advanced manufacturing, cybersecurity, healthcare, and other key industries.

DCC supports the intent behind HB 900, as the data center industry is committed to paying its full cost of service for electricity and ensuring residential ratepayers do not subsidize data center energy use. However, we urge the Committee not to advance this legislation and to instead allow the Maryland Public Service Commission (PSC) to proceed in fulfilling its regulatory role to ensure appropriate cost allocation through public proceedings that are evidence-based, transparent, carefully considered, and open to stakeholder participation. We also urge against any measures, legislative or regulatory, that single out a particular customer, industry, or end-use of electricity for differential and disparate rate treatment.

The Maryland PSC is best positioned to ensure appropriate cost allocation given the complex and highly technical nature of utility cost allocation and rate design and that the practicality and legality of any changes require detailed analysis to be fully understood. We believe the Maryland PSC has the regulatory responsibility and authority, expertise,

¹ Public testimony and written comments submitted by DCC do not necessarily reflect the views of each individual DCC member. A list of current DCC members is accessible at <https://www.datacentercoalition.org/members>.

experience and processes in place to ensure that cost allocation and rate design are fair and reasonable for all customers.

Additionally, in adherence with sound ratemaking principles, DCC urges against singling out a particular industry for differential rate treatments. Rate classes should ultimately be established based on load characteristics rather than the business in which the customer is engaged, as load characteristics are the fundamental elements for determining cost causation. The costs caused by a rate class are driven by its aggregate load shape, the volume of power it consumes, and the number of customers served, not the business or end-use that its power consumption supports.

No customer, industry, or class should be singled out for differential rate treatment unless such distinctions are backed by verifiable cost-based reasoning. Data centers are but one large end user of electric utilities and part of a larger portfolio of end users driving increased electricity demand. As noted by Lawrence Berkeley National Laboratory in the 2024 U.S. Data Center Energy Usage Report, “This surge in data center electricity demand...should be understood in the context of the much larger electricity demand that is expected to occur over the next few decades from a combination of electric vehicle adoption, onshoring of manufacturing, hydrogen utilization, and the electrification of industry and buildings.”² HB 900, unfortunately, would force utilities and the PSC to adopt an approach to ratemaking that deviates from best practices and overlooks the fact that data centers are not singularly responsible for increases in electricity demand.

Over the past several years, Maryland has advanced legislation seeking to establish a competitive market that provides the certainty and predictability required to grow data center jobs and long-term capital investment in the state. This legislation runs counter to those efforts and risks impairing Maryland’s data center market just as new projects and investment are starting to land in the state. We urge the Committee not to advance this legislation.

Thank you for your consideration.

Sincerely,

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² Lawrence Berkeley National Laboratory, 2024 U.S. Data Center Energy Usage Report, December 2024, <https://eta-publications.lbl.gov/sites/default/files/2024-12/lbnl-2024-united-states-data-center-energy-usage-report.pdf>.