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## PUBLIC SERVICE COMMISSION

Chair C.T. Wilson  
Economic Matters Committee  
230 House Office Building  
Annapolis, MD 21401

### RE: **HB 900 – Information – Electricity – Rate Schedule – Rate Schedule and Requirements**

Dear Chair Wilson and Committee Members:

The Maryland Public Service Commission (the “Commission”) provides this informational testimony for your consideration.

HB900 seeks to ensure that ratepayers do not bear the full financial risk associated with data center expansion by requiring utilities to secure long-term commitments, minimum service charges, collateral requirements, and other financial guarantees from data center customers. The PSC retains the ability to impose additional service conditions and waive collateral requirements for financially strong customers, allowing for case-by-case assessments. The proposed legislation will apply to all electric companies, including municipal electric companies as well as member-regulated cooperatives. The Commission can implement the proposed legislation with existing resources. The Commission provides the following information for legislative consideration to enhance the current bill language.

The Commission requests 6 – 12 additional months to implement HB900. § 4-212(b)(1) of HB900 requires that on or before July 1, 2026, each electric company shall submit to the Commission for approval a specific rate schedule for data center customers and mobile data center customers. The submission of tariffs by electric companies may be achievable by this date, however, § 4-212(e)(1) requires regulations be adopted on or before January 1, 2026. Adopting regulations on a complex topic will likely require the convening of a working group and then a rulemaking process to develop the proposed regulations. The regulation development process could take up to a year or more to accomplish, after which the utilities must develop and submit tariffs for Commission review and approval.

The balance HB900 is seeking is ratepayers’ protection versus data center development. HB900 will largely isolate customers from bearing the cost of electric system development associated with potentially risky or speculative data center development. In contrast some data center customers may find financial commitments, penalties, and collateral requirements excessive and inflexible

and thus choose not to locate in Maryland. The Commission notes that it currently retains the authority to establish tariffs. The legislature could consider providing the Commission general guidance to undertake proceedings to ensure certain higher level policy goals are being met, while maintaining Commission flexibility to account for customer requirements. Flexibility may allow the Commission to craft tariffs that balance ratepayer protection and data center development through its work group and ratemaking procedures.

§ 4-212(c)(5)(I) and (II) and § 4-212(c)(6) necessitate that the billing demand of the data center must be 90 percent of the load ramp contract capacity and the contract capacity. This provision could discourage demand-side management and efficiency investments. Many grid operators encourage large energy customers to participate in demand response programs, which allow them to reduce load during peak demand periods to enhance grid reliability. The 90% minimum could prevent data centers from curtailing load when it would otherwise benefit the grid and lower system costs. If this threshold is maintained the legislature could consider allowing data centers to fall below this threshold subject to certain avoided cost parameters that benefit the greater electric system being met.

The Public Service Commission appreciates the opportunity to provide this informational testimony for HB 900. Please contact Christina Ochoa, Director of Legislative Affairs at [christina.ochoa1@maryland.gov](mailto:christina.ochoa1@maryland.gov) if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Frederick H. Hoover".

Frederick H. Hoover, Chair  
Maryland Public Service Commission