

HOUSE BILL 940

C5

6lr2072
CF SB 596

By: **Delegate Charkoudian**

Introduced and read first time: February 5, 2026

Assigned to: Environment and Transportation

A BILL ENTITLED

1 AN ACT concerning

2 **Large Load Customers – Electric System Interconnection and Demand**
3 **Response Program**

4 FOR the purpose of exempting certain large load customers from requirements to obtain a
5 certificate of public convenience and necessity; requiring the Public Service
6 Commission to establish a certain process for large load customers to interconnect to
7 the electric system; establishing requirements for a large load customer to
8 interconnect to the electric system and contract for service; authorizing certain large
9 load customers to receive certain prioritization; requiring the Commission to
10 establish a Demand Response Program for large load customers; requiring the
11 Maryland Energy Administration to study and report to the General Assembly on
12 certain information regarding surplus interconnection potential; and generally
13 relating to large load electricity customers.

14 BY adding to
15 Article – Public Utilities
16 Section 7–219.1 and 7–1008
17 Annotated Code of Maryland
18 (2025 Replacement Volume and 2025 Supplement)

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

21 **Article – Public Utilities**

22 **7–219.1.**

23 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
24 **INDICATED.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(2) “LARGE LOAD CUSTOMER” MEANS A COMMERCIAL OR INDUSTRIAL CUSTOMER FOR RETAIL ELECTRIC SERVICE THAT:

(I) HAS OR IS PROJECTED TO HAVE AN AGGREGATE MONTHLY DEMAND OF AT LEAST 25 MEGAWATTS; AND

(II) HAS OR IS PROJECTED TO HAVE A LOAD FACTOR OF MORE THAN 80%.

(3) “SURPLUS INTERCONNECTION” MEANS THE AMOUNT OF INTERCONNECTION CAPACITY AVAILABLE AT AN EXISTING INTERCONNECTION POINT THAT IS NOT CURRENTLY BEING UTILIZED BY EXISTING GENERATION FACILITIES.

(B) A LARGE LOAD CUSTOMER THAT PURCHASES INTERCONNECTION CAPACITY FROM INTERCONNECTION POINTS WITH SURPLUS INTERCONNECTION POTENTIAL IS EXEMPT FROM REQUIREMENTS TO OBTAIN A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY UNDER § 7-207 OF THIS SUBTITLE FOR THAT LOCATION.

(C) (1) THE COMMISSION SHALL ESTABLISH AN INTERCONNECTION PROCESS FOR LARGE LOAD CUSTOMERS.

(2) THE PROCESS REQUIRED UNDER THIS SUBSECTION:

(I) SHALL INCLUDE:

1. A STANDARD TIMELINE; AND

2. AN EXPEDITED TIMELINE FOR LARGE LOAD CUSTOMERS THAT PROVIDE INTERCONNECTION CAPACITY FOR 100% OF THEIR LOAD; AND

(II) MAY NOT IMPACT THE TIMEFRAME OR ABILITY OF CUSTOMERS THAT ARE NOT LARGE LOAD CUSTOMERS TO INTERCONNECT TO THE ELECTRIC SYSTEM.

(3) NOTHING IN THIS SUBSECTION SHALL BE CONSTRUED TO LIMIT THE REQUIREMENTS UNDER § 4-212 OF THIS ARTICLE.

(D) (1) A LARGE LOAD CUSTOMER MAY NOT INTERCONNECT TO THE ELECTRIC SYSTEM UNLESS THE CUSTOMER PROVIDES INTERCONNECTION CAPACITY FOR 25% OF THE CUSTOMER’S LOAD THROUGH:

1 (I) BEHIND-THE-METER ENERGY STORAGE FACILITIES;

2 (II) PURCHASING CAPACITY WITH NEWLY INTERCONNECTED
3 ENERGY STORAGE FACILITIES WITHIN THE LOAD ZONE OR LOCAL DELIVERY AREA;

4 (III) PURCHASING CAPACITY WITH NEW CARBON-FREE ASSETS
5 IN THE LOAD ZONE OR LOCAL DELIVERY AREA; OR

6 (IV) DEMAND RESPONSE.

7 (2) A LARGE LOAD CUSTOMER THAT PROVIDES CAPACITY FOR 100%
8 OF THE CUSTOMER'S LOAD THROUGH ANY OF THE METHODS SPECIFIED IN
9 PARAGRAPH (1) OF THIS SUBSECTION AND PAYS THE PREVAILING WAGE RATE
10 SHALL BE PRIORITIZED FOR:

11 (I) LOAD STUDIES;

12 (II) INTERCONNECTION; AND

13 (III) PERMITTING.

14 (3) ANY CAPACITY THAT A LARGE LOAD CUSTOMER PURCHASES
15 THROUGH THE USE OF SURPLUS INTERCONNECTION SHALL OFFSET THE CAPACITY
16 PROVIDED THROUGH THE METHODS SPECIFIED IN PARAGRAPH (1) OF THIS
17 SUBSECTION.

18 (E) (1) BEFORE SIGNING A CONTRACT FOR SERVICE, A LARGE LOAD
19 CUSTOMER SHALL:

20 (I) SUBMIT A REQUEST FOR A LOAD STUDY TO DETERMINE THE
21 NECESSARY CONTRACT CAPACITY FOR THE LARGE LOAD CUSTOMER; AND

22 (II) PAY:

23 1. A FEE IN AN AMOUNT TO BE SET BY THE COMMISSION
24 BUT NOT LESS THAN \$ 1,000 PER MEGAWATT OF LOAD TO BE SERVED; AND

25 2. ANY OTHER APPLICABLE FEES ASSOCIATED WITH THE
26 STUDY.

27 (2) THE FEES REQUIRED UNDER PARAGRAPH (1)(II) OF THIS
28 SUBSECTION SHALL BE USED ONLY AS FOLLOWS:

(I) 50% OF THE FEES COLLECTED SHALL BE USED FOR THE ELECTRIC UNIVERSAL SERVICE PROGRAM ESTABLISHED UNDER § 7-512.1 OF THIS TITLE; AND

(II) 50% OF THE FEES COLLECTED SHALL BE USED FOR THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT'S EMPOWER MARYLAND LIMITED INCOME ENERGY EFFICIENCY PROGRAM.

7-1008.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) "LARGE LOAD CUSTOMER" HAS THE MEANING STATED IN § 7-219.1 OF THIS TITLE.

(3) "PROGRAM" MEANS THE DEMAND RESPONSE PROGRAM.

(B) THE COMMISSION SHALL ESTABLISH A DEMAND RESPONSE PROGRAM FOR LARGE LOAD CUSTOMERS.

(C) THE COMMISSION SHALL OFFER EACH LARGE LOAD CUSTOMER THAT PARTICIPATES IN THE PROGRAM THE OPTION OF CONTRACTING FOR:

(1) 6 NONCONSECUTIVE 4-HOUR PERIODS OF LOAD MANAGEMENT OR DEMAND-SIDE MANAGEMENT TIME SLOTS PER CALENDAR YEAR; OR

(2) 10 NONCONSECUTIVE 10-HOUR PERIODS OF LOAD MANAGEMENT OR DEMAND-SIDE MANAGEMENT TIME SLOTS PER CALENDAR YEAR.

(D) THE COMMISSION SHALL:

(1) DEVELOP A CLEAR COMPENSATION STRUCTURE OR FINANCIAL INCENTIVES FOR PROGRAM PARTICIPATION;

(2) ESTABLISH A CLEARLY DEFINED PENALTY SYSTEM FOR NONPERFORMANCE DURING ANY FORCE MAJEURE EVENTS BY A PARTICIPATING LARGE LOAD CUSTOMER;

(3) ESTABLISH A DISPUTE RESOLUTION PROCESS; AND

1 **(4) ESTABLISH MULTIPLE NOTIFICATION AND COMMUNICATION**
2 **CHANNELS FOR PARTICIPATING LARGE LOAD CUSTOMERS.**

3 **(E) EACH ELECTRIC COMPANY SHALL PROVIDE PARTICIPATING LARGE**
4 **LOAD CUSTOMERS:**

5 **(1) 24 HOURS OF ADVANCE NOTICE OF POTENTIAL DEMAND**
6 **RESPONSE PERIODS; AND**

7 **(2) 30 MINUTES OF NOTICE BEFORE EACH DEMAND RESPONSE**
8 **PERIOD.**

9 **(F) THE COMMISSION SHALL ADOPT REGULATIONS THAT:**

10 **(1) PROHIBIT BEHIND-THE-METER ENERGY STORAGE FACILITIES**
11 **FROM BEING INCLUDED IN A PARTICIPATING LARGE LOAD CUSTOMER'S LOAD;**

12 **(2) DEVELOP GUIDELINES AND LIMITATIONS FOR CHARGING**
13 **BEHIND-THE-METER ENERGY STORAGE FACILITIES DURING CERTAIN PEAK**
14 **DEMAND, AS DETERMINED BY THE COMMISSION; AND**

15 **(3) ESTABLISH A METHOD FOR MEASURING A PARTICIPATING LARGE**
16 **LOAD CUSTOMER'S DEMAND RESPONSE PERFORMANCE IN ACCORDANCE WITH**
17 **SUBSECTION (G) OF THIS SECTION.**

18 **(G) IN MEASURING A PARTICIPATING LARGE LOAD CUSTOMER'S DEMAND**
19 **RESPONSE PERFORMANCE, THE COMMISSION SHALL FACTOR IN:**

20 **(1) NEW VIRTUAL POWER PLANT AGGREGATION OPTIONS**
21 **DEVELOPED BY ELECTRIC COMPANIES;**

22 **(2) FRONT-OF-METER ENERGY STORAGE FACILITIES; AND**

23 **(3) NONWIRE ALTERNATIVES, INCLUDING GRID ENHANCING**
24 **TECHNOLOGIES, THAT FEED ELECTRICITY BACK TO THE ELECTRIC SYSTEM.**

25 **(H) A PARTICIPATING LARGE LOAD CUSTOMER CONSTRUCTING A**
26 **BEHIND-THE-METER ENERGY STORAGE FACILITY UNDER THE PROGRAM IS EXEMPT**
27 **FROM THE REQUIREMENTS TO:**

28 **(1) OBTAIN A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**
29 **UNDER § 7-207 OF THIS TITLE; OR**

(2) OBTAIN COMMISSION APPROVAL UNDER § 7-207.1 OF THIS TITLE.

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) On or before December 31, 2026, the Maryland Energy Administration shall complete a study of each electricity supplier with generating facilities located in the State to determine the surplus interconnection potential at each interconnection point.

(b) (1) The Administration shall report a summary of the results of the study to the General Assembly, in accordance with § 2-1257 of the State Government Article, including the total surplus interconnection potential available in the State.

(2) The summary:

(i) shall describe the total surplus interconnection potential available in the State; but

(ii) may not itemize the surplus interconnection potential by electric company or interconnection point.

(c) The Administration shall share the results of the study with data center developers in order to encourage the use of surplus interconnection.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2026.