

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader - Revised

House Bill 1082 (Delegate R. Long)
Environment and Transportation

Large Load Customers - Data Centers and Rate Schedule Requirements

This bill alters the definition of “large load customer” – for purposes of required rate schedules for such customers – to include any data center, regardless of electricity demand or load factor. The bill also modifies an existing rate schedule exemption for specified large load customers who do not expand load by more than 25 megawatts above existing contract capacity to exclude data centers. The bill extends the deadline, from September 1, 2026, to January 1, 2027, for investor-owned electric companies and electric cooperatives to file for approval of specific large load rate schedules with the Public Service Commission (PSC). It also extends the deadline, from June 1, 2026, to October 1, 2026, for PSC to adopt related regulations. **The bill takes effect June 1, 2026.**

Fiscal Summary

State Effect: PSC and the Office of People’s Counsel can implement the bill’s requirements using existing budgeted resources. No effect on revenues. The potential effect on electricity rates is discussed in the Additional Comments below.

Local Effect: Local government expenditures for municipal electric utilities may increase, as discussed below. The potential effect on electricity rates is discussed in the Additional Comments below. No effect on revenues.

Small Business Effect: Potential meaningful. The potential effect on electricity rates is discussed in the Additional Comments below.

Analysis

Current Law:

Public Service Commission

PSC must supervise and regulate public service companies, which include electric companies, subject to its jurisdiction to (1) ensure their operation in the interest of the public and (2) promote adequate, economical, and efficient delivery of utility services in the State without unjust discrimination. In doing so, PSC must consider the public safety, the economy of the State, the maintenance of fair and stable labor standards for affected workers, the conservation of natural resources, the preservation of environmental quality, the achievement of the State's climate commitments for reducing greenhouse gas emissions, and the protection of a public service company's infrastructure against cybersecurity threats. PSC must also enforce compliance with legal requirements by public service companies.

Public Service Company Rates

A public service company must charge just and reasonable rates for the regulated services that it renders. Generally, PSC has the power to set a just and reasonable rate of a public service company, as a maximum rate, minimum rate, or both. A "just and reasonable rate" means a rate that:

- does not violate any provision of the Public Utilities Article;
- fully considers and is consistent with the public good; and
- except for rates of a common carrier, will result in an operating income to the public service company that yields, after reasonable deduction for depreciation and other necessary and proper expenses and reserves, a reasonable return on the fair value of the public service company's property used and useful in providing service to the public.

Specific Rate Schedules for Large Load Customers

Timing and Applicability

Chapters 625 and 626 of 2025 defined "large load customer" to mean a commercial or industrial customer for retail electric service that has or is projected to have an aggregate monthly demand of at least 100 megawatts and a load factor of over 80%.

By September 1, 2026, each investor-owned electric company and each electric cooperative must submit to PSC for approval a specific rate schedule for large load customers that accomplishes the intent of the General Assembly that residential retail electric customers in the State should not bear the financial risks associated with large load customers interconnecting to the electric system serving the State. Each municipal electric utility that receives an application for retail electric service from a large load customer must also submit a specific rate schedule for approval.

Service under a specific rate schedule must be available to large load customers that will use, within the initial contract term, either (1) a monthly maximum demand of more than 100 megawatts at a single location or (2) an aggregated contract capacity in the electric company's service territory of more than 100 megawatts.

Generally, large load customers that qualify for the specific rate schedule after the effective date of the schedule must take service under that schedule and may not be allowed to take service under any other existing schedule. However, a specific rate schedule does not apply to the facility of an existing large load customer that has signed a service agreement before the effective date of the schedule if (1) the large load customer's existing load does not expand by more than 25 megawatts at that facility under the existing service agreement, or (2) the large load customer does not sign a new service agreement to expand the facility's load by more than 25 megawatts above the contract capacity of the existing service agreement.

Before signing a contract for service under the schedule, a large load customer must (1) submit a request for a load study to determine the necessary contract capacity for the customer and pay any applicable fees associated with the study; (2) designate a specific site where the customer's project will be constructed and served by the electric company (the customer must own or have exclusive right to use the land); and (3) meet any other requirements specified under the rate schedule.

Requirements for Approval by the Public Service Commission

In making a determination on whether to approve a specific rate schedule for large load customers, PSC must consider whether the rate schedule:

- requires a large load customer to cover the just and reasonable costs associated with any electric transmission or distribution system buildout required to (1) interconnect the customer to the electric system serving the State or (2) serve the customer;
- protects residential retail electric customers from the financial risks associated with large load customers through the use of (1) load ramp periods; (2) minimum billing demand for electric distribution and transmission service, as specified; (3) long-term

- contractual commitments and exit fees; (4) guarantee or collateral requirements; and (5) penalties and reimbursement requirements; and
- sufficiently ensures that the allocation of costs to large load customers under the schedule does not result in other customers unreasonably subsidizing the costs of large load customers.

Regulations

By June 1, 2026, PSC must adopt regulations to carry out the above requirements, which must (1) establish minimum notice requirements and deadlines related to load study requests and contract terminations and adjustments; (2) specify common forms of acceptable collateral to satisfy the requirements described above, if considered necessary by PSC; and (3) establish deadlines related to completion of load studies and payment of fees.

Local Expenditures: Pursuant to current law, municipal electric utilities must submit a large load customer schedule to PSC for approval upon receipt of an application for service; by expanding the definition of large load customer to include all data centers, regardless of electricity or load factor, affected municipal electric utilities likely need to submit additional rate schedules to PSC for approval under the bill. As a result, municipal electric utilities may incur additional administrative costs. The five municipal electric utilities are located in Berlin (Worcester County), Easton (Talbot County), Hagerstown (Washington County), Thurmont (Frederick County), and Williamsport (Washington County).

Small Business Effect: To the extent that small businesses own or operate data centers and thus qualify as large load customers under the bill, their electricity costs may increase as a result of being required to use a specific rate schedule.

Additional Comments: The extent to which the bill results in a decrease in electricity rates cannot be reliably estimated at this time. In any case, the State, local governments, and all businesses that are not considered large load customers, including small businesses, are affected by any decrease in rates that may result from the bill.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Public Service Commission; Office of People's Counsel;
Department of Legislative Services

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