February 20, 2024

To: Members, Maryland House Economic Matters Committee

Members Mayland Senate Committee on Education, Energy, and the Environment

IN RE: Expression of Support for Critical Infrastructure Streamlining Act of 2024 (SB 0474 and HB 0579).

The Engine Technology Forum ("ETF") is a national not-for-profit educational association headquartered in Frederick MD. We represent manufacturers of internal combustion engines and equipment, emissions component suppliers and fuel producers of petroleum and renewable fuels. More information is available at www.enginetechforum.org

Established in 2000 initially as the Diesel Technology Forum, we have a long history of working with a wide range of government including this body, and other stakeholders seeking solutions to reduce emissions from and improve the environment on matters regarding power generation, industrial and agricultural equipment and goods movement and transportation.

As it turns out, the motivation for the above-captioned legislation that would reclassify backup generators for data center applications in Maryland occurs in our own Frederick County local community where our offices are located. This is the matter regarding the Quantum Loophole data center campus and generator permitting issues surrounding Aligned Data Centers.

Members of the Engine Technology Forum are leading global manufacturers of electric power generation systems including backup diesel generators. A full listing of members is available on our website www.enginetechforum.org/members.

We are strongly in support of SB 474 and HB 0579 that would amend existing state law regarding the classification of certain power generators as generating stations and therefore eliminate the need for receiving a Certificate of Public Convenience and Necessity (CPCN) from the Public Service Commission.

While we do not have any specific interest or relationship with the specific projects and business noted above, we do have an interest as a constituent from Frederick County and an entity in ensuring that there is accurate information provided with regard to diesel back-up generators in these settings.

Watching the situation with Aligned Data Centers play out over the last several months, and particularly the Maryland Public Service Commission's determinations and comments regarding diesel generators last fall, reinforced that there is a lack of understanding about diesel backup power systems in these applications.

Diesel generators are the gold standard for providing reliable back up electric power generation for a wide variety of applications. This is due to their superior load carrying capacity, ability to deliver high quality electrical power, rapid response time, affordability, wide access to fuel, self-contained fuel storage and an expansive network of servicing and support.

There are hundreds, if not thousands of applications with installed backup generators across Maryland today at hospitals, communications centers, college campuses, fire stations, manufacturing facilities, public utilities and water and wastewater treatment plants to name a few. These units are spec ’ed to meet building and life safety codes and other requirements unique to the facility and applications.

As part of general operating procedures, the units are typically regularly activated and “exercised” for 1 hour each week to ensure system readiness in the event of an outage. EPA rules at 40 CFR 60.4211 allow for the use of emergency generators for maintenance checks and readiness testing for up to 100h per year.

Various types of diesel generators are available and can be utilized for different applications and as such can have different emissions performance levels. The exact specification (power delivery, fuel storage capacity, emissions profile, etc. ) units for data centers like other installations are determined by engineering and design standards, code requirements, power needs of the facility, local environmental and other permitting requirements.

While petroleum diesel fuel is the standard fuel for back up diesel generators, the units are also approved by all manufacturers to utilize 100 percent renewable diesel fuel, also known as HVO (hydrogenated vegetable oil). This fuel is a highly refined drop-in hydrocarbon that is a diesel fuel replacement. It is produced from the same feedstocks as biodiesel, such as waste animal fats, soybean oil, used cooking oil and other sources. As such it has 50 to 85 percent lower greenhouse gas and other emissions compared to conventional petroleum. While widely available in California and some parts of the pacific northwest today, suppliers are starting to bring some supplies of renewable diesel to the east coast, though in limited quantities, for bulk users.

Our highly connected digital world today relies increasingly on data centers to store and process a vast amount of information that drives our banking, education, health care, communications and many other systems and networks. Backup generators are like an insurance policy; you hope you never need them, but you have them to protect your assets and quality of life. Momentary losses of grid power can seem like a minor inconvenience, but they can have lasting economic and other consequences for all those affected. This is why reliable backup power systems and diesel generators are such a critical part of data center operations.

Through passage of SB 474 and HB 0579, we can ensure that data center applicants in Maryland will have the ability to utilize whatever power systems their facilities require, in accordance with local permitting and other requirements, rather than be subject to mischaracterization of the power systems as generating stations and subject to Public Service Commission regulation.

Thank you for consideration of these comments, and we are happy to answer any questions.

Allen Schaeffer

Executive Director

aschaeffer@enginetechforum.org