



Wes Moore | Governor
Aruna Miller | Lt. Governor
Kevin A. Anderson | Secretary of Commerce
Signe Pringle | Deputy Secretary of Commerce

DATE: February 22, 2024
BILL NO: Senate Bill 474
BILL TITLE: Certificate of Public Convenience and Necessity and Related Approvals – Definition of Generating Station (Critical Infrastructure Streamlining Act of 2024)
COMMITTEE: Senate Education, Energy, and the Environment
POSITION: Support

The Maryland Department of Commerce (Commerce) supports Senate Bill 474 - Certificate of Public Convenience and Necessity and Related Approvals – Definition of Generating Station (Critical Infrastructure Streamlining Act of 2024).

Bill Summary:

Senate Bill 474 alters and expands the definition of “generating station” for the purpose of exempting certain generating facilities from the requirement to obtain a certificate of public convenience and necessity or other related approvals.

Background:

This legislation ensures clarity for infrastructure facilities in the State that wish to install backup generators. Facilities not connected to the State’s power grid which will be primarily used to produce electricity in the event of a power outage would not be required to obtain a Certificate of Public Convenience and Necessity (CPCN) from the Public Service Commission (PSC). In November 2023 the PSC denied a request to build generators intended as a backup power source for a data center project in Frederick County, resulting in the cancellation of the project. Had these alterations been in effect a CPCN would not have been needed.

Rationale:

Senate Bill 474 will clarify current law as it relates to the approval for backup generators which are necessary for maintaining the operations of certain industries, including data centers. Maryland has made progress in recent years to improve its competitive position in this industry, and this bill is necessary to ensure the State’s regulatory climate does not result in the cancelation of additional data center projects. Data centers are large economic drivers for states. According to Sage Policy Group, data centers generate more secondary economic impacts than nearly any other industry. Their study of the total Quantum Frederick project found it would bring an estimated investment of approximately \$30 billion over a 15-year period. Once operational the project was estimated to support 1,700 jobs located at the facility, and an additional 8,000 jobs supported directly or indirectly across the State¹. Maryland needs to be well positioned to attract these high paying jobs and additional economic impacts to the State and Senate Bill 474 will ensure future projects are successful.

¹ <https://mdtechcouncil.com/wp-content/uploads/2023/10/Sage-MDTC-Data-Center-Impact-Report.pdf>

While the genesis for this legislation may have been largely based on a specific situation involving a planned data center, data centers are not the only businesses or the only industry that will benefit from this change. Healthcare, transportation, and telecommunications are all examples of industries that will benefit from certainty around their ability to obtain backup power sources in the event of a power outage.

Commerce respectfully requests a favorable report on Senate Bill 474.