
Maryland Senate Education, Energy & Environment Committee
Miller Senate Office Building
11 Bladen St.
Annapolis, MD 21401

March 4th, 2024

RE: Concerns with SB 861

Dear Chair Feldman, Vice Chair Kagan, and members of the committee,

On behalf of Rowan Digital Infrastructure (Rowan), thank you for the opportunity provide our perspective regarding SB 861 and its potential impacts to our recently approved project in Frederick County. As a data center developer with a conditionally approved project in the state, we feel we have unique insights to offer on the well-intended regulations this bill proposes.

Rowan was established in November 2020 to support hyperscale data center users in meeting their development needs sustainably. We are actively developing multiple, strategically located sites across the U.S. to host next-generation, mission critical, hyperscale data centers.

On January 10, 2024, Rowan received unanimous Planning Commission approval for our 777,000 SF data center project in Frederick County, which will bolster statewide economic activity by \$125 million each year. This will directly generate \$7 million in annual tax revenues for Frederick County and an additional \$14 million for the State of Maryland.¹

SB 861 proposes mandates for specific energy usage requirements on certain industries, particularly the digital infrastructure sector. We believe this bill could have significant, unintended consequences on our state's economy and the critical infrastructure that supports it – and therefore, offer the following concerns that we encourage you to take into consideration when evaluating the bill.

First and foremost, the digital infrastructure industry is leading the way in clean energy adoption globally. Despite the substantial energy requirements of these facilities, there is a clear trend towards utilizing renewable energy sources – indeed, our project in Frederick County will be supported by 100% renewable energy. Hyperscale data center operators, such as Meta, Amazon Web Services, Google, and Microsoft, have made significant public commitments to renewable energy and voluntarily enter into Power Purchase Agreements to procure renewable energy demonstrating their commitment to sustainability without the need for statutory mandates. This is a testament to the collaborative efforts between industry stakeholders, local utilities, and local governments.

It's crucial to recognize that the Legislature in 2020 approved the Sales & Use Tax Incentive Program for data center development, acknowledging the capital-intensive nature of critical infrastructure equipment and the necessity of such an economic development program to attract data center investment to the state. Implementing unnecessary energy mandates only a few years after adopting

¹ Maryland Tech Council (Jan 2024), <https://mdtechcouncil.com/wp-content/uploads/2024/01/Rowan-Frederick-Economic-Impact-Study.pdf>

this program sends a counterproductive signal to the market and undermines the trust and stability necessary for long-term investment in our state.

Moreover, as critical infrastructure, hyperscale data centers play a vital role in national security, education, healthcare, and various essential services. Mandating specific energy requirements risks jeopardizing the reliability and security of these facilities, which are relied upon by Marylanders every day. While clean energy is a priority, mandating its usage without considering the complex operational needs of these facilities could have unintended consequences.

Finally, singling out specific industries for energy mandates sets a concerning precedent and raises questions of equity and fairness. Other high-energy-use sectors are not included in this legislation, creating an imbalance in regulatory burden. It is essential to avoid targeting individual industries and instead focus on collaborative efforts to promote sustainable practices across all sectors. Rowan is certainly hoping to do so in the digital infrastructure industry.

For these reasons, we would encourage this committee to reconsider SB 861 and instead prioritize collaborative approaches to promote renewable energy adoption while supporting the growth and security of our digital infrastructure industry here in Maryland. Thank you for considering our perspective on this important issue.

Sincerely,

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