

**Committees:** Education, Energy and the Environment  
**Testimony on:** SB861- Public Utilities – High-Energy-Use Facilities –  
Greenhouse Gas Emissions Reductions  
**Submitting:** Deborah A. Cohn  
**Position:** Favorable  
**Hearing Date:** March 7, 2024

Dear Chair Feldman and Members of the Committee:

Thank you for considering this testimony in support of SB861.

**Problem:** Maryland has committed to reducing greenhouse gas emissions (GHGs) to 60% of 2006 levels by 2031 and transitioning to a net-zero economy by 2045. Yet as Maryland’s Climate Pollution Reduction Plan showed, these are challenging goals.

High energy use facilities, whether providing electronic data processing or hosting services ([data centers](#)), or [cryptocurrency mining](#) and related operations, or [cultivating cannabis](#), make achieving Maryland’s GHG reduction goals and maintaining grid reliability much more difficult. According to [The Economist](#), the International Energy Agency has estimated that “data centers account for between 1.5% and 2% of global electricity consumption, roughly the same as the entire British economy [and that electricity consumption] is expected to rise to 4% by 2030.” RMI, a consultancy, estimates U.S. [cryptocurrency activity](#) is responsible for emitting “from 25 to 50 million tons of CO<sub>2</sub> each year, on par with the annual emissions from diesel fuel used by U.S. railroads.” The [National Conference of State Legislatures](#) (NCSL) characterizes electricity consumption of cannabis grow houses as “staggering when compared to business and residential use.” It indicated that in 2015, “the average electricity consumption of a 5,000-square-foot indoor facility in Boulder County was 41,808 kilowatt-hours per month, while an average household in the county used about 630 kilowatthours.”

Still, Maryland needs to build its economy. The Maryland Comptroller’s [State of the Economy report](#) showed that despite many positive economic indicators, “Maryland’s economic growth effectively stalled in 2017 and...has been stagnant ever since. “From between the fourth quarter of 2016 to the first quarter of 2023, Maryland’s Gross Domestic Product (GDP)...has grown 1.6%, compared with 13.9% for the entire U.S. during the same period.” Maryland must do better. Indeed, high energy use facilities, particularly technology hubs that support safe and reliable storage of data, may support significant economic growth in Maryland. And Governor Moore has already prioritized growth of this industry in Maryland.

As Maryland welcomes new energy intensive industries, however, we must be mindful to ensure that their development in Maryland is consistent with our meeting our goals to protect environmental resources and reduce GHG emissions. SB861 addresses how Maryland can welcome these industries without undermining our GHG reduction goals.

**Solution:** SB861 would require a person that owns, operates, or controls (“person in charge”) a high energy use facility (facility) to ensure that greenhouse gas (GHG) emissions associated with

the electricity used by the facility are reduced from their baseline emissions levels by specified percentages. The reduction targets would start in 2027 (60% reduction), and require zero GHG emissions by 2040. The bill would cover data center, cryptocurrency and cannabis cultivating facilities with a base load of at least 10MW. The high use energy facilities would need to achieve these targets without relying on carbon offsets or renewable energy credits. In other words, they would need to reduce their fossil-fuel based energy consumption and enter into power purchase agreements or other contracts for supplying emission-free electricity to the facility.

SB861 would require the Public Service Commission to verify reports submitted by the person in charge to ensure that the facility is making adequate progress toward achieving the GHG reduction goals. And SB861 imposes certain penalties for non-compliance.

This bill does not address the impact of increased demand on electricity prices or that high energy use facilities may complicate and perhaps increase the cost of the State's ability to compete for offshore wind and meet its solar carve-out goals under the Renewable Portfolio Standards. Those and other ramifications of welcoming high use energy facilities will need to be addressed elsewhere.

But SB861 is certainly a good beginning and for that reason, I urge the Committee to issue a **FAVORABLE** report for SB861.

Thank you.

Deborah A. Cohn