



**The Maryland Department of the Environment
Secretary Serena McIlwain**

Senate Bill 474

***Certificate of Public Convenience and Necessity and Related Approvals – Definition of
Generating Station (Critical Infrastructure Streamlining Act of 2024)***

Position: Support
Committee: Education, Energy, and the Environment
Date: February 22, 2024
From: Leslie Knapp, Jr.

The Maryland Department of the Environment (MDE) **SUPPORTS** SB 474.

Bill Summary

Senate Bill 474 amends §§ 7-207, 7-207.2, and 7-208 of the Public Utilities Article to exclude “backup” generators larger than two megawatts (MW) from the definition of “generating station.” As such, persons constructing these generators would not need to obtain approval or a Certificate of Public Convenience and Necessity (“CPCN”) from the Public Service Commission (PSC).

SB 474 would exclude emergency backup generators from the definition of “generating station.” These regularly tested units provide on-site emergency backup power when primary electric service is disrupted and they are not connected to the electric grid. The bill also emphasizes MDE’s authority to issue a Permit to Construct for projects used for emergency power production. SB 474 removes the PSC from oversight in this regard and authorizes MDE in the determination of construction.

Position Rationale

The bill would remove regulatory barriers to the growth of Maryland’s technology infrastructure by streamlining the process for approval of industries that rely on backup power generators in case of power outages. The bill would simplify the process for facilities seeking approval for backup generators and aims to ensure the growth of 21st-century technology industries such as data centers in Maryland, and allows these changes to be done with efficiency, safety, and decarbonization priorities without any loss of environmental protections regarding air quality.

Facilities needing a large number of backup generators that cause federal Clean Air Act emission thresholds to be exceeded would need to meet certain federal pollution requirements regarding the

use of stringent low-emitting technology and the securing of emissions offsets. Public review requirements apply for sources that trigger these federal requirements.

Also, some facilities would need the collective package of emergency generators to be covered by an operating permit, once constructed. An operating permit ensures that emission sources, once constructed or installed, operate in compliance. This is done through the imposition of record-keeping, reporting, and monitoring requirements set out in the operating permit.

By streamlining the regulatory process, it provides certainty for companies seeking to invest in Maryland. These generating stations will continue to be subject to existing permitting processes by local governments and MDE, including air permits.

Accordingly, MDE asks for a **FAVORABLE** report for SB 474.