

Testimony in SUPPORT of HB0900 - Electricity - Data Centers - Rate Schedule and Requirements

Economic Matters
February 20, 2025

Dear Chair Wilson and Members of the Committee,

We are writing to express our enthusiastic support for HB900 which puts common sense guardrails in place to protect rate payers from paying the build-out costs and higher electrical rates from a data center that underutilizes its power requests or terminates its contract.

One large data center can consume over 1,000 megawatts, and there are at least three of these hyperscale data centers approved at the county level in Maryland with an estimated demand of 5-7GW of power. The probable demand from the industry could potentially double the state's current energy demand, an unprecedented increase in energy demand. Although utilities regularly plan for the future through the Integrated Resource Plan process, the mind-boggling amounts of energy hyperscale data centers require are completely upending utilities' energy plans throughout Maryland and the PJM region.

Maryland is no stranger to large industrial energy users, but the intense energy needs of hyperscale data centers paired with their rapid development presents a new challenge for Maryland utilities and advocates.

It will cost [billions](#) to meet the infrastructure needs of hyperscale data centers, which could lead to skyrocketing energy costs for Marylanders. People across Maryland are already struggling to afford utility service.

Additionally, there are added uncertainties in the build out of this new industry. If data centers [close early](#), ratepayers could be stuck with massive increases to pick up these infrastructure costs. Another possibility is if a new paradigm for AI is created. For example, [DeepSeek](#), may reduce the power needs of AI data centers by 70%, which could leave ratepayers paying for the portion of the electrical system build-out that is never used. Future technological advances and efficiencies could have a similar effect.

Other states with more data center experience are [tackling this issue](#). In [Indiana](#), they have a legal settlement to protect ratepayers. It requires that data centers commit to a long-term agreement for at least 12 years, an exit fee, a minimum bill and reporting requirements. [Georgia's](#) Public Service Commission unanimously approved a rule will protect Georgia Power ratepayers from cost-shifting. Even further ratepayer protections are being proposed in [Georgia](#), [Virginia](#), [North Carolina](#) and [Ohio](#).

HB900 puts in protections for ratepayers by requiring that data centers:

1. Be financially responsible to pay the minimum service charges even if they choose to curtail, reduce, suspend, or terminate service;
2. Pay an exit fee if they decide to terminate the contract;
3. Submit a request for a load study to determine the necessary contract capacity and pay any applicable fees associated with the study;
4. Provide a guarantee or collateral that is equal to 50% of the total minimum charges for the full term of the contract calculated based on the electric company's rates in effect at the time the guarantee or collateral is provided; and
5. Reimburse the electric company for 100% of its buildout costs if they, (the data center company), cancel or delay the project by more than 12 months before the target date on which the electric company plans to begin providing electricity to the data center.

We respectfully request a FAVORABLE REPORT FOR HOUSE BILL 900. This bill represents a crucial step toward creating a more sustainable and economically vibrant Maryland as we continue to adapt to a rapidly evolving technological landscape.

The undersigned organizations and individuals

Endorsing Organizations

Maryland Legislative Coalition

HoCo Climate Action and as an individual

Indivisible HoCoMD Environmental Action

Climate Communications Coalition

Chesapeake Physicians for Social Responsibility

Common Cause Maryland

Beaverdam Creek Watershed Watch Group

Sugarloaf Alliance

Waterkeepers Chesapeake

Oceantic Network

Maryland Legislative Coalition – Climate Justice Wing

Maryland Energy Advocates Coalition

1199SEIU United Healthcare Workers East

Third Act Maryland

Beaverdam Creek Watershed Watch Group

Individual Signatures

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