



March 6, 2025

112 West Street
Annapolis, MD 21401

Oppose – Senate Bill 947- Maryland Co-Location Energy Innovation and Reliability Act

Potomac Electric Power Company (Pepco) and Delmarva Power & Light Company (Delmarva Power) submit this letter of opposition on **Senate Bill 947-Maryland Co-Location Energy Innovation and Reliability Act**. Senate Bill 947 requires the Public Service Commission to adopt regulations related to the construction of a generating station that is co-located with a data center but is not interconnected with the electric transmission system or electric distribution system.

Maryland is currently facing critical challenges in maintaining resource adequacy. Given the limited local generation within Maryland and the pending retirements of dispatchable generation, our state is heavily reliant on energy imports from the PJM Interconnection. The loss of existing generation resources, without adequate replacement, could create severe supply shortages resulting in higher costs for Maryland customers.

Senate Bill 947 would allow data centers to operate independent generating stations without connecting to the broader electric grid, thereby avoiding essential costs such as state-mandated distribution fees and Renewable Energy Portfolio Standard obligations. This exemption creates an unfair cost shift, forcing residential and business customers to shoulder a disproportionate share of infrastructure and energy transition expenses. At a time when Maryland is already grappling with resource adequacy and affordability challenges, Pepco and Delmarva Power are concerned Senate Bill 947 would exacerbate strain on the grid by allowing large energy consumers to bypass their fair share of system costs, further increasing electricity prices and undermining the reliability of the state's energy network.

Pepco and Delmarva Power are not opposed to co-location if the customer who is directly connected to the generation facility pays their fair share to construct or upgrade the distribution system that is impacted by their electric consumption. Allowing them to co-locate and not pay for the demand on the system their consumption creates will directly impact on the rest of the ratepayers in Maryland as that increased demand will have to be replaced to maintain a reliable electric distribution system. This bill allows data centers to build and operate independent generation stations, thereby avoiding mandated distribution fees.

Pepco and Delmarva Power strongly urge the Committee to oppose Senate Bill 947 due to its negative implications for Maryland's resource adequacy, system reliability, and affordability.

Pepco Holdings, the parent company of Pepco, an electric utility serving Washington, D.C., and suburban Maryland; Delmarva Power, an electric and gas utility serving Delaware and portions of the Delmarva Peninsula; and Atlantic City Electric, an electric utility serving southern New Jersey. Anthony and his team are responsible for guiding the company's delivery of reliable and excellent service to more than two million customers in the Mid-Atlantic. Pepco Holdings is a subsidiary of Exelon Corporation, one of the nation's leading energy services companies.

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