

OPPOSE
Education, Energy, and Environment
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Senate Bill 947 – Maryland Co-Location Energy Innovation and Reliability Act

Baltimore Gas and Electric Company (BGE) opposes *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.

Resource adequacy is a critical concern in Maryland. It's essential to have enough electricity generation capacity to meet peak demand and ensure reliable power delivery through sufficient transmission infrastructure. With limited in-state generation and the impending retirements of dispatchable generation, Maryland relies heavily on imported electricity to meet its energy needs. This dependency underscores the importance of maintaining a robust and reliable electric grid.

Senate Bill 947 intensifies existing challenges by allowing the construction of generating stations co-located with data centers that are not interconnected with the electric transmission or distribution system. BGE is not opposed to co-location if the customer who is directly connected to the generation facility pays their fair share to connect to the electric grid impacted by their electric consumption. Allowing them to co-locate and not pay for the impact their consumption creates will directly impact the rest of the ratepayers in Maryland as that increased demand will require additional energy on the grid to maintain a reliable electric grid. This bill allows data centers to build and operate independent generation stations, thereby avoiding mandated distribution fees. As Maryland strives to address resource adequacy challenges while prioritizing affordability, *Senate Bill 947* places even more strain on the electric grid. By allowing data centers to forego paying their fair share of system costs, it unfairly shifts the financial burden onto other Maryland ratepayers, who will have to make up the difference. Lastly, *Senate Bill 947* could potentially result in data centers being built outside of the PJM planning process for the regional grid, and if they require offsite power for the loss of their generation, this could further constrain and already congested regional transmission grid.

BGE remains committed to supporting Maryland's energy transition and the development of data centers in the State, and supports policies that keep affordability, resiliency, and reliability a priority. *Senate Bill 947* will cause higher energy bills for Maryland residents and reduced reliability and safety of the electrical grid.

For these reasons, BGE requests an unfavorable report.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.3 million electric customers and more than 700,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's largest energy delivery company.

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