



SIERRA CLUB

MARYLAND CHAPTER

P.O. Box 278
Riverdale, MD 20738

Committee: Education, Energy, and the Environment

Testimony on: SB 947 – Maryland Co-Location Energy Innovation and Reliability Act

Position: Unfavorable

Hearing Date: March 6, 2025

The Maryland Chapter recommends an unfavorable report on SB 947, Maryland Co-Location Energy Innovation and Reliability Act. This bill would require the Public Service Commission (PSC) 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.

SB 947 Disregards Maryland's Clean Energy Goals

The Maryland Chapter is especially concerned that SB 947 would exempt co-located generating stations from the renewable energy portfolio standard (RPS) and state laws and regulations related to retail electric customers or electricity suppliers. This would appear intended to exempt co-located generating facilities from aligning with RGGI and the State's climate goals as well.

Unabated, data centers' energy use poses tremendous ramifications for Maryland's ability to meet its statutory mandates under the Climate Solutions Now Act – which requires a 60% reduction in greenhouse gas emissions by 2031 and net-zero carbon emissions by 2045 – while also threatening Governor Moore's goal of ensuring 100% clean energy generation by 2035. About a dozen new data centers have been proposed that, if all constructed, would use on the order of 5 to 7 gigawatts GW of power around the clock. This growth would represent 20-30 times as much power as is currently used by data centers in Maryland.¹ In the face of this growth, electricity use by data centers must be part of the solution to meeting our broader goals, not considered separate. **Generating facilities, even if they do not interconnect with the electric transmission or distribution systems, should be subject to existing State emissions goals and the RPS obligations.**

Based on proposals around the country, co-located generating facilities, as described in the bill, are largely proposed as new gas-fired power plants. The loose guidelines in the bill would provide an incentive for data centers to be served by new gas, essentially skirting Maryland's energy system regulations.

Any regulations adopted by the PSC related to the construction of a generating station co-located with a data center should also ensure robust public engagement, and an adequate level of review from relevant agencies – including the PSC, Maryland Department of the Environment (MDE), and the Maryland Department of Natural Resources (DNR) – to fully assess, and if necessary

¹ While systematic collated data is not readily available from the State, the best estimates that we know of – based on data collected by the Maryland Legislative Coalition Climate Justice Wing – indicate that Maryland has about two dozen commercial data centers that currently use about 235 megawatts (MW) of power.

mitigate, the impact of the generating facility on the economy, environment, and surrounding communities.

Concerns Around Back-Up Generation

The Chapter is also concerned about the lack of clarity in the bill regarding back-up power sources for a data center with a co-located generating station that is not connected to the distribution or transmission system.

Even a data center co-located with its own power generation could, in practice, still have a grid connection for additional power back-up when the generating stations go down for planned and unplanned maintenance, allowing the facility to stay online. If this is the case, these co-located facilities would still have impacts on ratepayers – including the costs of building out transmission lines – and the grid, and should only be considered with adequate planning and review.

Additionally, while use of battery storage or green hydrogen (hydrogen gas produced by clean renewable sources) is a possibility, if on-site backup power is supplied by diesel generators, the air pollution impacts from periodic testing can be significant. Emergency diesel generators tend to have high rates of air pollution, including particulates and nitrogen oxides. Moreover, in addition to periodic testing of hundreds of generators at each center, if a large data center's generators need to operate for weeks or more after a major power disruption, the greenhouse gas and regional air quality impacts could be substantial and comparable to or greater than a large fossil-fueled electric generating plant.²

Conclusion

We strongly encourage the Committee to prioritize further data center study and energy resource planning before passing legislation directing the PSC to develop and adopt regulations to implement specific policies related to the construction of co-located generating stations.

For these reasons, we urge an unfavorable report on SB 947.

Mariah Shriner
Climate Campaign Representative
Mariah.Shriner@MDSierra.org

Josh Tulkin
Chapter Director
Josh.Tulkin@MDSierra.org

² Sierra Club Prince George's County Group, Testimony to the Prince George's County Council on CB-52-2024: Subdivision Regulations: Exemptions for Qualified Data Centers, November 14, 2024.