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Letter of Information— Senate Bill 596- Large Load Customers - Electric System Interconnection and Demand Response Program.

Potomac Electric Power Company (Pepco), and Delmarva Power & Light Company (Delmarva Power) submit this letter of information on *Senate Bill 596- Large Load Customers - Electric System Interconnection and Demand Response Program*. Senate Bill 596 creates a new regulatory framework governing how large load customers are, defined as commercial or industrial users with 25 megawatts (MW) or more of monthly demand and load factors above 80%, interconnection to the electric system, including a process for an expedited interconnection for large load customers. *Senate Bill 596* also requires the Public Service Commission (PSC) to develop a voluntary demand response program for large load customers.

Pepco and Delmarva Power agree that Maryland needs a clear and durable approach to managing rapid growth in large load customers—particularly where development is occurring at a scale that can meaningfully change how the grid is planned and operated. We support efforts that improve predictability and transparency while safeguarding reliability, affordability, and continued economic growth. At the same time, as drafted, *Senate Bill 596* would benefit from targeted revisions to make it workable in practice and aligned with existing planning frameworks.

The bill defines a large load customer as 25 megawatts or more with an 80% load factor. Pepco and Delmarva Power are concerned that this is set too low and could pull in customers that are not the type of exceptionally high impact loads the bill appears intended to address. A threshold closer to 100 megawatts at an 80% load factor is more consistent with the point at which load begins to drive significant system planning changes—transmission constraints, infrastructure timing, and broader resource adequacy impacts. If Maryland is creating a new regulatory structure, we recommend refining the definition, so it is narrowly tailored to the loads that truly require special processes and oversight.

Interconnection improvements should not come at the expense of grid integrity or other customers. We support creating clearer pathways for large-load interconnection. But any expedited process must be designed so that it does not delay or displace the study timelines and interconnection opportunities for other customers. Equally important: utilities need sufficient discretion to manage study sequencing, technical requirements, and schedules based on real system conditions, available engineering resources, and reliability needs.

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Large-load requests are technically complex and often iterative. A framework that is overly prescriptive can lead to bottlenecks, confusion, and unintended reliability risks. The bill should also provide an alternative pathway for projects that cannot meet any fixed minimum requirements embedded in the expedited process, rather than relying on a rigid threshold that may not be feasible in all circumstances.

PJM alignment and demand response design must be clearer. Maryland operates within a regional grid, and large-load additions have consequences beyond a single service territory. PJM's planning and market structures play a critical role in evaluating impacts and identifying cost-effective reliability solutions. We recommend ensuring the bill does not unintentionally conflict with, bypass, or weaken the value of PJM's established interconnection and planning processes—especially the study work that identifies network needs and cost drivers. The bill should also clarify how the program is funded, what incentives are contemplated, and how cost causation is maintained so that costs are assigned appropriately.

Finally, the bill's load study fee language should be reconciled with the fact that utilities already conduct these studies and maintain deposits and fee structures that reflect the scope and complexity of the engineering work. Pepco and Delmarva Power recommend clarifying the bill to avoid overlapping or inconsistent requirements and to ensure that the costs of these technical analyses are recoverable and administered in a straightforward way. **Study fee requirements should reflect existing utility practices.**

With refinements—particularly to the definition of large load, the structure of the interconnection process, technology flexibility, PJM alignment, and fee clarity—Senate Bill 596 can better support responsible economic growth while protecting reliability and affordability for all Maryland customers.