

February 17, 2026

Members of the Maryland Senate Education, Energy, and the Environment Committee
Maryland State Senate
Annapolis, Maryland 21401

RE: Written Testimony in **SUPPORT** of Senate Bill 26 (Senator McCay) and House Bill 1190 (Del. Hinebaugh, Jr.) – Public Utilities - Off-Grid Electricity Providers - Exemption

Dear Chair and Members of the Committee:

I write in strong support of Senate Bill 26 and the corresponding House Bill 1190. These bills represent a commonsense, pro-growth amendment to Maryland's Public Utilities Article that will strengthen our state's competitive position for economic development, accelerate deployment of clean and reliable energy, and do so without imposing a single dollar of new costs on Maryland ratepayers.

Maryland's Economic Competitiveness Depends on Energy Access

Above all else, Maryland's ability to attract new businesses, create jobs, and grow its tax base is directly tied to access to affordable, reliable energy. Energy is the common denominator in every major site-selection decision. Companies considering Maryland weigh our energy costs and reliability against those of competing states - Pennsylvania, West Virginia, Virginia, North Carolina, Georgia, Texas, and others - and they do so rigorously.

Today, some of our most important prospects - data centers, advanced manufacturers, health care facilities, and critical infrastructure providers - require large and dependable power loads. When these large-load customers cannot get timely access to grid power due to interconnection queues, substation constraints, or transmission congestion, Maryland loses those investments to states that can deliver. Senate Bill 26 addresses this problem directly and simply.

What Senate Bill 26 Does — and What It Does Not Do

Senate Bill 26 creates a narrow, well-defined exemption for “off-grid electricity providers” - entities that own or operate electric generating facilities that: (1) do not interconnect with the State’s electric system; (2) do not cross state lines; and (3) are not located within or crossing any public roadway or right-of-way. These are purely private, behind-the-meter, islanded generation systems. The Bill exempts off-grid providers from general PSC regulations (rates, service standards, utility obligations, etc.) – but it does not exempt them from CPCN review when constructing the facility.

This amendment simply clarifies that if a facility does not use the grid, it should not be regulated as if it does.

The Public Service Commission's statutory jurisdiction is properly grounded in its role as regulator of the interconnected electric grid and the utilities that serve the public through it. A facility that is entirely islanded, that places no burden on shared infrastructure, and that serves only its host customer is fundamentally different in kind from a grid-connected generator.

Applying the full weight of PSC utility regulation to such a facility is not only unnecessary - it is a regulatory mismatch that deters private investment and delays energy deployment.

Critically, this bill does not eliminate environmental, safety, or zoning oversight. It does not exempt these facilities from applicable local, state, or federal environmental requirements. And it expressly preserves CPCN authority: if a facility that once qualified as an off-grid provider subsequently interconnects with the grid, it immediately becomes subject to full PSC jurisdiction. The safeguards remain in place precisely where they are needed.

Zero Cost to Ratepayers - Private Capital at Work

One of the most compelling attributes of behind-the-meter, islanded generation is its fiscal structure: the company building and operating the facility bears all costs. There is no new generation capacity for utilities to procure and pass through to customers. There is no new interconnection infrastructure. No new substations. No new transmission lines. The entire investment is private capital, deployed by the business or its energy partner, for the benefit of that business's operations.

Maryland ratepayers do not subsidize these projects - they are simply freed from the grid constraints that would otherwise delay or prevent the underlying economic activity from occurring in Maryland at all. This is precisely the kind of private investment that delivers public benefit without public cost.

The Technology Is Ready: Next-Generation Clean Power

Senate Bill 26 is not aspirational - it is timely. The enabling technologies for clean, reliable, islanded base-load power already exist and are being deployed at scale today. A prime example is Bloom Energy's solid oxide fuel cell platform, which is directly relevant to the large-load customers this bill is designed to serve.

Systems like Bloom's are achieving efficiencies and emissions profiles that are dramatically superior to the marginal grid. These new technologies offer significantly less CO₂ emissions; virtually zero NO_x and zero SO_x emissions, reduced pollutants most directly tied to respiratory health impacts in the communities where traditional generation facilities are located; lower to no water consumption; faster deployment than any other new large-scale generation technology; true on-site base-load capability with 24/7 power, precisely the reliability standard that data centers, healthcare and manufacturing facilities require.

Technologies like Bloom Energy's represent the future of distributed, clean, resilient energy - but only if Maryland's regulatory framework creates the certainty necessary for companies to commit the capital required to deploy these clean energy solutions. Senate Bill 26 provides that certainty.

Who Benefits

The beneficiaries of Senate Bill 26 are Maryland's most economically significant and fastest-growing sectors:

- Technology/Biotech/Life Science and Health Facilities - Including technology and cybersecurity, pharmaceutical, ambulatory surgery centers, specialty clinics, and other health infrastructure. These facilities require highly reliable power for research,

manufacturing, patient safety, and behind-the-meter solutions provide the resilience that grid-only power cannot always guarantee.

- Data Centers - Among the largest drivers of new economic investment in the region, our neighbor states have captured disproportionate share of data center investment in part due to greater flexibility in energy procurement. Maryland can compete, but only if it offers comparable certainty.
- Critical Infrastructure and Large Commercial Buildings — Large load facilities whose operations cannot be interrupted and whose energy demands are substantial enough to justify private generation investment.

Consistency with SB 596 and Maryland's Energy Policy Goals

This legislation is fully consistent with the intent of SB 596, which was designed to manage grid impacts from large loads. Off-grid, islanded facilities impose precisely zero impact on the grid, they require no grid upgrades, consume no grid capacity, and create no reliability risk for other customers. Senate Bill 26 does not undermine grid management efforts; it is the logical complement to them, channeling large loads toward private solutions that do not burden shared infrastructure.

Maryland has set ambitious clean energy and economic development goals. Senate Bill 26 serves both simultaneously, enabling faster deployment of cleaner private generation while removing a regulatory obstacle that was not intended to apply to facilities that never touch the public grid.

Summary of Key Points

- Islanded facilities impose zero cost and zero risk on Maryland ratepayers.
- The amendment does not weaken environmental, safety, or zoning laws.
- CPCN authority is fully preserved if a facility later interconnects with the grid.
- Provides regulatory certainty for major employers and critical infrastructure investments.
- Reduces regulatory uncertainty and enables faster project deployment.
- Supports energy resilience and reliability through private capital investment.
- Encourages cleaner, more efficient generation technologies to be deployed in Maryland.

For all of these reasons, I urge the Committee to give a favorable report to Senate Bill 26 and advance it for passage. This bill is good for Maryland businesses, good for Maryland workers, good for the environment, and good for ratepayers - and it reflects exactly the kind of thoughtful, targeted regulatory reform that will keep Maryland competitive for the next generation of economic investment.

Thank you for your consideration of this testimony.

Respectfully submitted,

Brian Sailer
Flywheel
16 Spa Creek Landing
Annapolis, MD 21403
Brian@flywheelgs.com