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BILL NO.:	Senate Bill 0992 – Public Utilities - Large Load Customers - Registration and Demand Response Program
COMMITTEE:	Education, Energy, and the Environment
HEARING DATE:	March 12, 2026 (EEE)
SPONSOR:	Senators Hester, Feldman, Lewis Young, Sydnor, Love, Hettleman, Ready, and Folden
POSITION:	Favorable

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The Office of People's Counsel (OPC) respectfully offers the following comments in support of Senate Bill 0992, Public Utilities - Large Load Customers - Registration and Demand Response Program, which proposes protections against the anticipated costs resulting from adding large load customers like data centers to the grid. Specifically, SB 0992 would require added transparency that is needed to more accurately forecast data center load growth in Maryland and help to mitigate the impact of data center load growth on residential customers.

Large load customers like data centers have city-sized energy demands that can grow quickly. They are unprecedented in both scale and timing. For example, PJM projects that the Dominion zone in Virginia will add about as much new electric demand from data centers by 2030 as the total electric demand that Maryland has built up over more than a century.[1] The electric demands required to support data centers are driving up wholesale market supply costs for Maryland customers in three main areas:

[1] The entire load for Baltimore Gas & Electric (BGE) is roughly 6,500 megawatts. The new demand in Virginia as of spring 2025 was 10,000 megawatts. *See* Jeff Morgan, *MD could get hit with $800 million energy bill due to VA data center needs*, WMAR 2 News (April 30, 2025). PJM's most recent annual load forecast projects data center loads in the Dominion zone in Virginia (the eastern part of the state) to increase by 10,135 MW by 2030. 2026 PJM Load Forecast Report, Table B-9 (Jan. 14, 2026).

Capacity market costs: PJM operates a periodic capacity market auction under which power plant owners make advance commitments to provide power to meet reliability requirements. The power demands of data centers are driving substantial increases in the need for supply, driving up capacity market prices. According to the independent market monitor ("IMM") for PJM, data center load growth is "the primary reason for recent and expected capacity market conditions" within PJM, raising the price in the last three auctions by $23 billion.

***Transmission costs*:** The anticipated addition of massive new electric needs associated with the construction of data centers is driving a large expansion of PJM's transmission system. Maryland customers see transmission costs on the supply side of their bill. Between 2024 and 2026 alone, PJM has advanced almost $24 billion in new transmission infrastructure for regional upgrades primarily driven by data center growth, mainly in Northern Virginia and Pennsylvania.[2] Over $2 billion–plus billions more in recovery for the utility's return as the initial investments are recovered in future decades–will be paid by Maryland customers.[3] Marylanders also are paying tens of millions in local transmission projects for data centers.

***Energy market costs*:** Energy costs change hour-by-hour, which makes the impact of data centers harder to quantify, but data centers are most certainly driving higher energy costs for Maryland customers. An analysis by Bloomberg, for example, found that between 2020 and 2025 energy prices grew significantly more near "data center hot spots," including Baltimore, where they more than doubled. Energy prices comprise the largest part of wholesale costs that show up as part of the supply portion of a residential customer bill. (Wholesale costs include transmission and capacity costs as well.) Energy prices in PJM grew almost 50% from January 2025 to September 2025 compared to the same period last year.[4]

PJM's recently released 2026 forecast provides important context for where the anticipated load growth is projected to occur. According to that report—based in part on information from the utilities—PJM forecasts only modest load growth in Maryland

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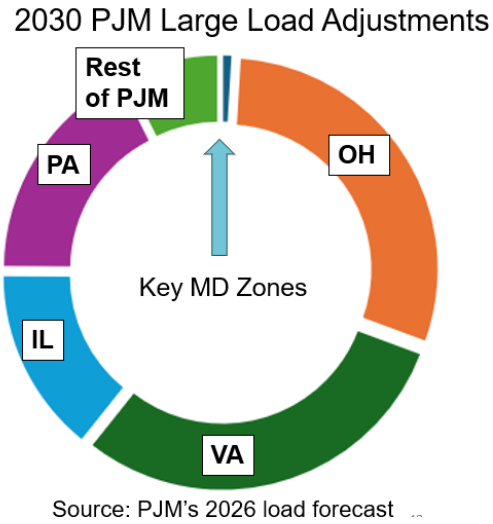
[2] RTEP 2023, Regional Transmission Expansion Plan, p. 1 (March 7, 2024); Transmission Expansion Advisory Committee (TEAC) Recommendations to the PJM Board, PJM Staff White Paper (Feb. 2025), p. 1; Transmission Expansion Advisory Committee (TEAC), Reliability Analysis Update, 2025 RTEP Cost Summary, p. 61 (Jan. 6, 2026); Transmission Expansion Advisory Committee (TEAC) Recommendations to the PJM Board (February 2026).

[3] *See e.g.,* Md. Off. of People's Couns., *Protest and Comments before Federal Energy Regulation Commission* Docket No. ER24-843 and Md. Off. of People's Counsel's press release: PJM proposal would unlawfully saddle Maryland customers with nearly $800 million for out-of-state data center growth, OPC tells federal regulators.

[4] Monitoring Analytics LLC, *Annual and monthly wholesale cost components data*, https://www.monitoringanalytics.com/data/pjm_cost.shtml.

through 2045. As this figure demonstrates, almost all of the projected growth in demand from data centers is occurring outside of Maryland.



If Maryland customers are not responsible for the monumental projections of increased energy demand, then Maryland customers should not bear the costs necessary to meet that rising demand. This principle of "cost causation" is a fundamental tenet of public utility regulation and core to the legal standard that utility rates be "just and reasonable."[5]

SB 0992 would help protect existing Maryland customers from the potentially huge costs associated with data centers in four important ways. *First*, SB 0992 would require "large load customers"—defined in the bill as any commercial or industrial customer with a monthly aggregate demand of at least 25 megawatts (MWs) and a load factor exceeding 80%[6]—to register with the Public Service Commission (PSC). As part of the proposed registration process, a large load customer would be required to disclose to the PSC information about anticipated energy and water usage and "substantially similar" applications for interconnection in other areas; demonstrate site control; and provide a financial commitment for the development of transmission infrastructure that is needed to serve the large load customer. SB 0992 would also require a large load customer to provide the regional grid operator, PJM Interconnection LLC, with information similarly necessary to improve forecasting of data center load growth. *Second*, SB 0992 would require that large load customers bear the brunt of any curtailment ordered by PJM by requiring an electric company that serves one or more large load customers to pass through to those customers—and not other existing customers—any order to curtail electricity usage. *Third*, SB 0992 would require large load customers to pay for new capacity that must be procured as a result of the interconnection of large load customers. *Fourth*, SB 0992 would incentivize data centers to participate in a demand response program established by the PSC by conditioning receipt of an existing sales and use tax exemption for qualifying data centers[7] on

[5] Md. Code Ann., Pub. Util. Art. (PUA) § 4-201 ("[A] public service company shall charge just and reasonable rates for the regulated services that it renders.").
[6] The definitions of "load factor" and "aggregate demand" are not yet final under Maryland law and are currently under discussion before the Public Service Commission in Public Conference 72. Additionally, the threshold of "large load customer" in Public Utilities Article (PUA) § 4-212(a)(3)(i) is 100 MW—significantly higher than the 25 MW threshold in this bill—and would likely only capture the largest data centers. OPC supports reducing that threshold to 25 MW—as separately proposed in HB 1532—to match the definition of "large load customer" in this bill.
[7] *See* Md. Code Ann., Tax Gen. Art. § 11-239.

participation. Demand-response participation is key to ensure real-time supply and demand balancing to accommodate large loads, maintain grid integrity, and protect other customers.

OPC understands that the sponsors are working on amendments to further protect existing customers from potential risks associated with PJM capacity markets and the anticipated "backstop auction" for capacity to meet the demand of data center load. OPC recommends two specific amendments, which we have suggested to the sponsors.

The first is to amend section (f)(1)(iii) to include a requirement that a new large load customer take on a financial commitment to pay for capacity resources procured in any PJM market as a result of the new load being used to create the PJM forecast. The bill has a provision, 7-321 (f)(1)(2), that addresses a PJM procurement of new capacity resources because of the new large load customer. The proposed amendment would address PJM procurement of capacity for new large load customers in PJM's routine capacity markets. If the new large load comes online as scheduled, then the amendment would not put an additional burden on the large load customer. But if the new large load customer does not come online as expected, the customers in the zone where the new large load customer was planned would otherwise be responsible for the additional capacity procured because of the new customer. The financial commitment required by this amendment would protect other customers from those higher costs.

The second amendment addresses utility reporting of new large load customers to PJM, which is used in PJM's load forecast and is the basis for PJM's routine capacity markets and the backstop procurement called for by the White House and the Governors of the PJM states, including Governor Moore.[8] Once utilities report projected new load from large load customers and PJM accepts that projection, the additional load is included with the load of existing customers to create the demand component of the market. Under current PJM rules, all customers in the zone where the new load is projected will be responsible for the capacity procured for that zone. If the new large load customer does not come online, the rest of the customers in the zone will be responsible for paying for the capacity procured for the zone, including the capacity procured for the new large load customer who did not come online.

In response to the White House and PJM Governors request, PJM is planning to conduct a "backstop" capacity auction in September of this year. This will add an additional obligation on customers to the obligations they already have under PJM's usual capacity auction. While PJM has not made an official proposal on how much

[8] Statement of Principles Regarding PJM (January 16, 2026).

capacity the backstop auction will procure and how the costs and risks of the procurement will be allocated, the documents published by PJM staff indicate that the procurement will likely be based on a PJM forecast of additional data center load and that the costs will be allocated to PJM zones based, in some manner, on the forecast of data center load in that zone.[9] The 2026 PJM Load Forecast includes projections of new large load customer demand growth in the Baltimore Gas and Electric, Potomac Electric Power Company, and Allegheny Power Systems (which includes Potomac Edison) zones starting in small amounts and ramping up until the mid-2030s.[10] These projections are based on information provided to PJM by local utilities. Based on PJM stakeholder discussions, in the process leading up to the backstop procurement this September, there may be an opportunity for either the local utilities or the Public Service Commission to request changes to the large load forecasts. The second amendment would require that local utilities *only* report potential large load additions to PJM if the new large load customer has a financial commitment in place to pay for any capacity procured because of its demand whether or not the new large load customer actually comes online. This requirement would protect existing customers from paying additional capacity costs for new large load customers who do not come online as forecasted.

OPC appreciates the opportunity to work with sponsors on these amendments to ensure residential customers do not end up paying costs associated with data center specific procurements.

Recommendation: OPC requests a favorable Committee report on SB 0992 with the anticipated sponsor amendments described above.

[9] Reliability Backstop Procurement Stakeholder Survey Summary & Status Update, PJM Reliability Backstop Procurement Workshop (Mar. 5, 2026).
[10] 2026 PJM Load Forecast Report, Table B-9 (Jan. 14, 2026).