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Committee: Education, Energy and the Environment

Testimony on: SB992 - "Large Load Customers- Registration and Demand Response Program"

Position: Favorable with Amendments

Hearing Date: March 12, 2026

Overview

The Maryland Chapter of the Sierra Club urges a favorable report on SB922, and offers supportive amendments. This bill would improve transparency about data centers that may be developed in Maryland, strengthens eligibility requirements for a tax break related to data centers, and reduces data center-related strain on the grid. This bill constitutes an important step in the right direction toward limiting the impacts of data centers on the energy grid and Maryland ratepayers.

What the bill does

The bill as written would do the following:

- Require all data centers that wish to locate in the state to complete a large load registration to include impacts on transmission capacity and upgrades needed
- Strengthen the eligibility requirements to qualify for the data center sales and use and personal property tax incentives
- Create new requirements that data centers must bring their own power OR agree to purchase 100% clean energy within PJM's territory AND participate in the Demand Response (Data Center Clean Capacity) Program

Taken together, these measures would help address several key challenges that Maryland currently faces related to the development of data centers. It would increase transparency about proposed large loads and their potential grid impacts and thus facilitate more holistic planning across the state. It would also set in place some basic requirements that would limit data center impact to the grid, and help ensure that centers that receive tax breaks take appropriate steps to mitigate their impacts. Overall, this bill presents an important step in moving past the status quo treatment of data centers, which is largely reactive.

Amendments

The Sierra Club suggests that the Committee adopt all of the amendments proposed by the Maryland Coalition for Data Center Reform. Below, we have highlighted some of those amendments that we are particularly supportive of, and included several additional amendments:

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(8) Establish a Procedure to Allow the Commission to Access Any Information

Add that the Commission will share "general information" about the transmission planning analysis without releasing who the applicant is.

(E) ELIGIBLE FOR Eligible for the Tax Credit Program

- Add language that states that for any data center development that is qualified for or is currently using the previous tax incentive program, the development must meet the new requirements in order to renew the tax incentive once the current term expires.
- Add a date for when the benefit will end. For example, after the 10 year consecutive benefit period.

(1)(I) Provides Enough Behind-The-Meter Energy Generation

- Add language that all data centers cannot use fossil-based backup power to qualify as having enough behind-the-meter power.

(1)(II) Agrees to Purchase 100% Renewable Energy

- Change renewable energy to “clean energy”.
- Include language that states that generation must be from new (less than 2yr old) carbon-free sources to include geothermal, battery, solar, and wind located in PJM’s interconnection service territory. Or renewable, but excluding biogas and biomass

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(A)(3) Demand Response

- We want to ensure that this language includes and embraces the full bill language and requirements in SB596/HB940 to include the incentives for data centers that bring backup battery storage and carbon free to interconnect quickly, requirements that 25% of the capacity load is carbon free, and a community benefit fund for low-income households.
- We would recommend that the Demand Response section be improved by also allowing demand response program participation to include participation in PJM’s wholesale demand response programs, particularly the emergency demand response programs that participate in PJM’s capacity market.

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(G) (1) Virtual Power Plants

- Add language that includes other VPP operators to read “electric companies, data center VPPs, or other independent VPP operators”
- Revise the language of “shall factor in”to “shall factor in large load customer participation in”. Otherwise, it is unclear what “factor in” means. Why would the existence of a VPP run by a utility impact the performance of large load customers who do not participate.

Conclusion

SB992 presents a productive step forward in Maryland’s approach to managing the development of data centers within the State. It would increase transparency, facilitate planning, and set some basic guardrails for data centers interconnecting to the grid. In total, it presents a significant

improvement to Maryland's current approach to managing data centers. The Sierra Club recommends a favorable report and offers supportive amendments for the Committee's consideration.

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