Testimony for: **HB1532 – Utility RELIEF (Reducing Energy Load Inflation for Everyday Families) Act**
Committee: **Education, Energy and the Environment**
Organization Submitting: **Maryland Legislative Coalition Climate Justice Wing**
Person Submitting: **Laurie McGilvray - Co-Chair**
Hearing Date: **March 25, 2026**
Position: **UNFAVORABLE**

Dear Chair Feldman and Committee Members:

Thank you for allowing our testimony today on HB1532. The Maryland Legislative Coalition (MLC) Climate Justice Wing, a statewide coalition of 32 grassroots and professional organizations focused on climate justice, urges you to vote unfavorable on HB1532.

The stated purpose of HB1532 is to bring relief to ratepayers burdened by skyrocketing energy costs. Unfortunately, modest ratepayer relief in the bill is eclipsed by other policies that will increase energy costs in the future, make Maryland less energy secure, and undermine our climate goals. While HB1532 has some good provisions that will protect consumers (as detailed later in this testimony), we are deeply concerned that major provisions of HB1532 will move us backwards on climate and ratepayer protection. Rather than redouble our commitment to energy efficiency, the bill rolls back the EmPOWER goals - delaying efficiency gains and bill savings for 9 years. Rather than robustly supporting incentives for the cheapest, fastest source of new generation (i.e, solar), the bill provides no reliable incentive/market signal for long-term solar investment, but directs ratepayer monies to the most costly and slowest source of new generation, i.e., nuclear energy, which relatedly will keep fossil fuel generation online for longer. Rather requiring reporting and energy management for the largest source of load and rate growth (i.e., data centers), the bill simply asks data centers to "register" while still providing tax breaks with no strings attached. Rather than retaining the consumer protections enacted in 2024 in SB1, the bill provides a 10% premium for retail suppliers, at a cost to consumers. Therefore, we cannot support the bill unless the following changes are included.

EmPower

Weakening the EmPower Program to allow for a small amount of ratepayer relief in the near term is shortsighted and will ultimately increase costs for consumers. We oppose provisions to weaken the annual greenhouse gas reduction targets for the residential and commercial sectors (the DHCD low-income program is not affected). The 2.5% target originally scheduled to take effect in 2027 would not be restored until 2036 - a 9 year delay. The ratepayer "benefit" on bills will be mostly or entirely offset by higher prices. This is a direct result of capacity price increases, because more electricity use means higher fixed costs passed on to ratepayers. Additionally, we oppose the provision that allows utility companies to count solar generation, which is distinct from energy efficiency, toward EmPower goals. Counting solar as part of EmPower further erodes energy efficiency targets and subsequent savings. We support repealing gas utility companies' requirement to participate in EmPower which will reduce greenhouse gas emissions by encouraging beneficial electrification. We urge the legislature to preserve the

original EmPower targets to reduce energy usage, lower pollution and give meaningful long-term cost savings to ratepayers.

Nuclear Generation – We oppose the provisions that would subsidize nuclear energy to the detriment of ratepayers and allow a 15% cost overrun (effectively an invitation to overspend through subsidy) and urge you to strike them from the bill. Implementing a procurement structure for new nuclear generation will not bring new generation to Maryland for years if not decades, and sets the stage for further cost increases, which the *Next Generation Energy Act* prohibited. The Georgia Power Vogtle Units 3 and 4 took 15 years to build and cost $36.8 billion, more than twice the project timeline and cost (see costs for Georgia nuclear plant[12]). The Utah Associated Municipal Power Systems NuScale Power[13] small modular nuclear reactor project was initially projected to cost $3 billion and ultimately rose to $9.6 billion at which point the project was shelved. A 2014 academic study[14] looked at 180 nuclear power projects around the world and found 175 of them exceeded the initial budget by an average of 117% and took, on average, 64% longer to build. The levelized capital costs of electricity production from **nuclear is three times the cost of solar**[15].

The bill changes the definition of "Zero-Emissions Credit" (ZEC) to make it extremely vague and potentially far more expensive. HB1532 would price ZECs according to the reactor's "environmental impacts," which is not defined in the bill (i.e., how environmental attributes would be monetized). This was done in New York and has enabled ZEC costs to skyrocket, projected to reach $2 billion/year under the 20-year extension the Governor just signed. New York essentially turned the Social Cost of Carbon from a way to evaluate climate change impacts to be avoided into a way to force consumers to pay for huge nuclear subsidies. The new version of ZECs appears to be an additional subsidy; either that or a huge loophole to make the ZECs cost whatever is needed to cover the reactors' costs, regardless of the approved cost limits. There is no accounting for an increase in emissions caused by the long delay in nuclear power coming on line. Ten- to nineteen-year delays caused by the long lead times for new nuclear, and from refurbishing old nuclear reactors, result in an increase in greenhouse gases (GHG) as reliance on fossil fuels are increased in the interim. This increase in GHG emissions during the long delay will set back Maryland's legislated goal of achieving net zero GHG emissions by 2045. Any increase in fossil fuel combustion as a" bridge" awaiting new nuclear power to come on line is associated with an increase in pollution related premature deaths. There are racial-ethnic disparities where the exposures and health outcomes are seen.

Solar Energy – We believe that the changes to the solar energy market posed in HB1532, along with potential amendments, will do little to help the ratepayer, or to stabilize the cost of energy bills for consumers. The policies proposed in **HB345 -The Affordable Solar Act** would go a long way to do just that, but the Senate strongly signaled to the House that it would not move this bill, effectively killing it in the House. The proposed short-term support for utility scale solar in **HB841 – Maryland Energy Administration - Renewable Energy Generation Projects - Alternative Compliance Fee Auctions** will likely bring a relatively small group of projects already in the PJM queue to completion, but development of new projects that could significantly increase Maryland-based clean energy generation will likely come to a halt, given no long-term guidance in our energy policy. The bill does include some modest, positive provisions such as **HB1104 Residential Solar Energy Systems - Local Inspections and Permitting** and **HB1476 Public Service Commission - Net Energy Metering - Successor Program**. We also support the Balcony Solar section, which could have been a substantial help to low-to-moderate income ratepayers and renters. However, the 391w cap versus the 1200w

limit in the original Affordable Solar Act (a policy soon to be signed by the Governor of Virginia) diminishes the benefit of this measure. In short, the policies proposed in HB1532 add up to a big step backwards for solar energy in Maryland. Solar energy is the least costly and fastest way to bring new in-state electricity generation online, but the combined effects of what is being proposed in HB1532, and most importantly – what is not included in this bill (i.e., Affordable Solar Act provisions), will likely set us back many years in our attempts to create a more affordable energy market, and for our state climate and clean energy generation goals.

Data Centers - Our current electrical regulatory system was built on the principle of gradual and universal growth. Data centers break this paradigm; they are not gradual or universal. They also are local and massive. One hyper-scale data center can use the power of 640,000 homes and can be constructed in 3 years. Imagine the electrical demand of the City of Baltimore being added to the grid in three years. The estimated 3GW needed to power the currently proposed data centers at the Alcoa site in Fredrick is nearly equal to the electricity used by all Maryland households. Clearly, the old electric system paradigm is truly broken by data centers. Another parameter of electricity use is variability; however, data center electric load is constant, which increases the need for more generation and reserve capacity for the grid to handle "peak" demand periods. These factors increase ratepayer cost.[1] In the PJM region — the world's largest power market — capacity auction prices spiked 800% in 2024, in large part due to data center growth. That year, consumers across seven PJM states paid $4.3 billion more in electricity costs to cover deployment of new transmission infrastructure to serve data centers. [2,3,4,5]

Across the country, data center development is largely regulated at the local level. This is true in Maryland where hyperscale data center development is underway or proposed in at least eight jurisdictions, nearly all of which are ill-equipped to address the economic, energy, water, environmental, land and climate impacts of this rapidly growing sector. Local government staff (often pressed by a well-funded industry for quick regulatory approvals) don't have the tools, information, or resources to effectively evaluate hyperscale data center projects, especially where there are multiple developers, operators, and development permits required for a single campus.

Moreover, Maryland state level oversight of the estimated 40 commercial data centers is now not possible because, at present, no State agency is tracking or monitoring the growth of this industry in Maryland. The Maryland Department of Commerce reports that data centers received the benefit of more than $22 million in State tax incentives during the preceding five years, yet information about energy use, water consumption, backup diesel generators, projected noise levels, job creation, and other essential information related to data center construction and operation is not readily available.

Finally, Maryland subsidizes data center development by exempting qualified data centers from the State sales and use tax and authorizing local governments to eliminate or reduce business personal property taxes that would otherwise be applicable. These tax exemptions were enacted in 2020 before the sharp growth of hyperscale data centers. Today, the availability of power, water, and land, not tax exemptions[6] , are the real drivers for locating data centers. In the three-year period from 2021 to 2025, these exemptions have cost Maryland almost $22.2 million (Dept. of Commerce) in lost revenue. Maryland must stop providing data centers blanket tax breaks[8], property tax abatements or other revenue giveaways that enable unchecked growth and shift costs to consumers. Instead, incentives[9] should be conditioned on data center commitments to minimize ratepayer impacts, meet clean energy and other sustainability benchmarks,

undertake community benefit projects, hire locally, and invest in local workforce development training. These current tax exemptions are further exacerbating the current budget deficit.

If you want to truly save ratepayers money and reduce Maryland's revenue shortfall, the Senate should pass comprehensive data center legislation that ensures data centers pay their fair share and protect ratepayers and taxpayers from higher rates and growing revenue losses. While we appreciate the inclusion in HB1532 of some of **SB992 - Public Utilities - Large Load Customers - Registration and Demand Response Program**, which changes the definition of large load customer to 25MW from 100 MW and establishes a large load registry, we are concerned about the registry definition. On–site backup generating facility "means a *generating facility* that is: (I) not connected to the electric system; and (II) capable of serving at least 50% of the load required by a large load customer." If a data center has 15 back-up generators, is each one a *generation facility*? If so, no one back-up generator will serve 50% of the load so the data center will avoid having to register simply by having several small generating facilities (which most do). To be sure the intent of this provision is applied, we ask that the language be amended to state: "(II) capable either individually or in the aggregate of serving at least 50% of the load required by a large load customer."

To ensure large load customer compliance, we urge you also to include the requirement for large load customers to register in order to qualify for current sales and use tax and property tax exemptions for data centers. Furthermore, to strengthen the demand response program[10,11] to lessen the impact of data centers on the grid, especially at peak times, we urge you to add the demand response requirements from **Large Load Customers - Electric System Interconnection and Demand Response Program** (HB0940/ SB0596). Finally, to strengthen the requirements for transparency and to aid not only the PSC but also local municipalities in planning (where most of the decisions on data centers are made) we urge you to include the **Data Center Planning and Transparency Act** (HB1411) in HB1532.

Retail Supply – We support some changes to adjust provisions from the 2024 SB1 retail supply law; specifically, the variable rate with month by month "meet or beat utility rate" provision in HB1532. We also support dropping the 12-month trailing averages included in SB749. However, we are concerned that other provisions in HB1532 will make bills higher for residents. HB1532 increases a retail contract length from 1 to 3 years, and allows suppliers to offer up to a 10% premium adder to electric and gas at contracts. A codified, industry rate premium won't save ratepayers money, because it leaves a small premium in law forever which can easily be increased in the future. Over a 3-year contract, suppliers could buy inexpensive energy or see regulated rates possibly decrease, but still charge a higher rate than SOS. These are the types of practices that led to higher retail supply rates for many Marylanders. We urge you to delete these provisions from the bill.

We appreciate that the bill includes of many policy priorities we support, specifically:

- HB1 – Investor-Owned Electric, Gas, and Gas and Electric Companies - Cost Recovery – Limitations;
- HB40 - Public Utilities - Transmission Lines - Advanced Transmission Technologies;
- HB897 - Lower Bills and Local Power Act of 2026 (in part);
- HB540 - Public Service Company Transparency Act;
- HB928– Certificates of Public Convenience and Necessity - Transmission Lines - Applicability and Waivers; HB702 - Co-Op and Condo Energy Refund Equity Act;
- HB1104 - Solar Opportunity Act; and

- HB1476 - Public Service Commission - Net Energy Metering - Successor Program.

We support saving ratepayers money, which these bills will help do; however it should not come at the cost of increasing rates in the long run, pushing us further behind in meeting our climate goals, and ultimately making electricity more expensive. Therefore, we urge you to vote unfavorable on HB1532.

350MoCo
Cedar Lane Unitarian Universalist Church Environmental Justice Ministry
Chesapeake Earth Holders
Chesapeake Physicians for Social Responsibility
Climate Law and Policy Project
Climate Communications Coalition
Climate Parents of Prince George's
Climate Reality Greater Maryland
ClimateXChange
Coming Clean Network, Union of Concerned Scientists
DoTheMostGood Montgomery County
Echotopia
Elders Climate Action Maryland
Fix Maryland Rail
Glen Echo Heights Mobilization
Greenbelt Climate Action Network
HoCoClimateAction
Howard County Indivisible
Maryland Legislative Coalition
Maryland Energy Advocates
Maryland Third Act
Mizrahi Family Charitable Fund
Mobilize Frederick
Montgomery County Faith Alliance for Climate Solutions
Montgomery Countryside Alliance
Mountain Maryland Movement
Nuclear Information & Resource Service
Progressive Maryland
Safe & Healthy Playing Fields
Sierra Club Maryland Chapter
Sustainable Hyattsville
Takoma Park Mobilization Environment Committee
The Climate Mobilization MoCo Chapter
Unitarian Universalist Legislative Ministry of Maryland

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