Testimony on: SB0596 - Large Load Customers - Electric System Interconnection and Demand Response Program
Committee: Education, Energy and the Environment
Organization: Maryland Legislative Coalition Climate Justice Wing
Submitting: Dave Arndt, Co-Chair
Position: Favorable
Hearing Date: March 5, 2026

Dear Chair Feldman and Committee Members:

Thank you for allowing our testimony today in support of SB0596 – Large Load Customers - Electric System Interconnection and Demand Response Program. The Maryland Legislative Coalition Climate Justice Wing, a statewide coalition of 32 grassroots and professional organizations focused on climate justice, urges you to vote favorably on SB0596.

Our current electrical regulatory system was built on the principle of a gradual and universal growth, data centers break this paradigm, they are not gradual or universal, they are local and they are massive. One hyper-scale data center can use the power of 640,000 homes and be constructed in 3 years. Imagine the electrical demand of the city of Baltimore being added to the grid in three years. Right now, the estimated 3GW needed to power all the currently proposed data centers at the Alcoa site in Fredrick is almost equal to the electricity used by all Maryland households. As you can see, the old electric system paradigm is truly broken by data centers.

Another typical parameter of electricity use is variability, however for data centers, the load is constant. While this makes predicting electrical use easier, it consistently adds demand during "peak" demand periods. This pattern increases the need to add more generation and reserve capacity for the grid to handle "peak" demand periods. These factors increase ratepayer cost.[1]

Unfortunately, no Maryland agency tracks and manages large load customers as they request power from a utility or start using electricity on our grid. So basically, the PSC and ratepayers are being blindsided by the data center build out.

Electricity costs in some data center-dense areas have surged by over 250% in just five years. 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]

To help lower the ratepayer impact of data centers in Maryland, a solution is to first create a process for large load customers to interconnect to register their requirements for electricity

usage with the PSC. This will help the state plan for these large increases while understanding the impact of these load growths on ratepayers. [5] The second part of the solution is to incentivize large load customers to reduce their consumption during those few peak hours during the year when excess demand is required. [6,7] This will lower the need for peaker plants, (typically fueled by natural gas oil or coal plants which are often older, less efficient, and emit high levels of pollution. Reducing their power requirement can be done in a variety of ways, however if they decided to retain the same level of electrical usage and just decrease demand from the grid, it has to be done with clean electric technologies that are within the PJM territories.

The bill provides solutions by creating both requirements and incentives for "large load customers" to address their impact on the grid and customer rates, and to provide Maryland regulators more information about and control over new large load customers' interconnection to the electric system. The bill defines a *large load customer* as a "commercial or industrial customer for retail electric service that: (I) has or is projected to have an aggregate monthly demand of at least 25 megawatts; and (II) has or is projected to have a load factor of more than 80%." SB0596 requires the Public Service Commission (PSC) to establish a process for large load customers to interconnect to the electric system, contract for service, and receive some prioritization. The bill specifies that in order to interconnect, a large load customer must provide interconnection capacity for 25% of its load through: 1) behind–the–meter energy storage facilities; 2) purchasing capacity with newly interconnected energy storage facilities within the load zone or local delivery area; (3) purchasing capacity with new carbon–free assets in the load zone or local delivery area; or 4) demand response, which will help with peak demand and climate impacts. Implementing these provisions will lessen the impact of data centers on the grid.

For these reasons, we urge this Committee to give SB0596 a FAVORABLE report.

350MoCo
Cedar Lane Unitarian Universalist Church Environmental Justice Ministry
Chesapeake Earth Holders
Chesapeake Physicians for Social Responsibility
Climate and Law and Policy Project
Climate Parents of Prince George's
Climate Reality Project
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
IndivisibleHoCoMD
Maryland Legislative Coalition
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
Takoma Park Mobilization Environment Committee
The Climate Mobilization MoCo Chapter
Unitarian Universalist Legislative Ministry of Maryland

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2. Data centers were 40% of PJM capacity costs in last auction: market monitor, Utility Dive, Jan. 7, 2026, https://www.utilitydive.com/news/data-centers-pjm-capacity-auction/808951/
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4. Here's how AI data centers affect the electrical grid, CNN, Jan. 18, 2026,https://www.cnn.com/2026/01/18/business/ai-data-centers-electricity-prices
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7. The long-term grid impacts of data center flexibility, Latitude Media, Feb. 17, 2026, https://www.latitudemedia.com/news/the-long-term-grid-impacts-of-data-center-flexibility/