

**SB 596 - SUPPORT**

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**SB 596 SUPPORT**

**Large Load Customers –  
Electric System Interconnection and Demand Response Program**

Senate Committee on Education, Energy, and the Environment

March 5, 2026

Chair Feldman, Vice Chair Kagan, and Members of the Committee:

I am writing to express strong support for SB 596, encouraging the use of battery storage and demand response programs to reduce the impact of major new power users, such as data centers, on our electricity grid and on consumers' monthly electric bills.

I am writing as a confessed energy nerd – a retired private citizen in Bethesda, a customer of Pepco, a member of Third Act Maryland, and a former official in the U.S. Department of Energy, where I served as Principal Deputy Assistant Secretary for Conservation and Renewable Energy from 1989 to 1993. **Third Act Maryland** is a volunteer organization that brings together over-60 adults who want to build a better future for our children and grandchildren – in this case, by strengthening clean energy policies that also reduce energy costs to consumers.

The rising cost of our monthly electricity bills has focused the attention of Marylanders on the issue of energy availability and affordability – a complex topic that seemingly defies easy solution. This bill focuses on an often-overlooked dimension of the problem – the ability of battery storage systems and demand response programs to reduce demand when the system is most stressed, thus avoiding the risk of blackouts in real time and at much lower cost than building additional generation and transmission.

SB 201, which you considered in an earlier hearing, encourages another solution to the grid's capacity crisis – the use of advanced transmission technologies to squeeze more juice from the grid we already have. Like that bill, which we also support, SB 596 will save consumers money and make better use of our built-and-paid-for electricity system. In fact, **20 years ago**, in the Energy Policy Act of 2005, Congress defined advanced transmission

technology as including, among other things, **energy storage devices (specifically including batteries), controllable load**, and distributed generation (including PV, fuel cells, and microturbines). *[Emphasis added]*

PJM Interconnection (our regional grid operator) projects that **data centers are responsible for 94 percent** of its projected load growth between now and 2030. On hot days when energy usage reaches peak capacity, the grid struggles to keep up, increasing the risk of blackouts.

But adding new capacity to meet that peak demand is only half of the potential solution. The other half is to take steps to reduce demand during the brief periods when the grid is most stressed. Large users can help by shifting their demand to other times, by paying other users to reduce their demand, or by tapping into energy storage devices such as batteries. Collectively, these are called **demand response programs**, and their cost is a tiny fraction of the cost of new generation and transmission.

The Data Center Clean Capacity bill, SB 596, requires the Public Service Commission (PSC) to establish a voluntary demand response program for large load customers such as data centers. It gives data centers the flexibility to temporarily reduce their energy consumption during peak hours – increasing grid reliability and helping to prevent blackouts. The bill also creates incentives for data centers to use battery storage and renewable energy instead of high-polluting diesel generators for backup power – reducing costs to ratepayers and protecting public health.

New data centers coming to Maryland would be required to provide 25% of their energy through carbon-free means, or through demand response. Data centers that provide 100% of their energy through carbon-free energy sources, battery storage, and demand response would be fast-tracked for interconnection and permitting.

Data centers are neither a silver bullet to solve government funding woes nor an unacceptable blight on the landscape. Sensibly regulated to reduce their impact on energy and water use and air pollution, they can be a useful addition that supports economic growth, job creation, and the use of machine learning and artificial intelligence to bring technological gains. But we would be foolish to abandon our ambitious commitments to our long-term health and environmental well-being, in the form of the state's climate goals, for the sake of a few quick bucks. By taking advantage of relatively low-cost battery storage systems to reduce the need for expensive additions to our electricity grid, we can reduce the cost of the grid to ordinary consumers and supply major new users like data centers: We can have our cake and eat it, too.

**We urge a favorable report on SB 596.**