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OPPOSE – Senate Bill 0596

SB0596 – Large Load Customers - Electric System Interconnection and Demand Response Program

Education, Energy, and the Environment Committee
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Potomac Edison, a subsidiary of FirstEnergy Corp., serves approximately 293,000 customers in all or parts of seven Maryland counties (Allegany, Carroll, Frederick, Garrett, Howard, Montgomery, and Washington). FirstEnergy is dedicated to safety, reliability, and operational excellence. Its electric distribution companies form one of the nation's largest investor-owned electric systems, serving customers in Maryland, Ohio, Pennsylvania, New Jersey, New York, and West Virginia.

Unfavorable

Potomac Edison / FirstEnergy respectfully requests an Unfavorable report on SB-596 - *Large Load Customers - Electric System Interconnection and Demand Response*. As currently drafted, the bill imposes requirements that are technically infeasible, operationally inconsistent with industry standards, and financially risky for Maryland ratepayers.

SB-596 requires accelerated interconnection timelines, large-load self-supply requirements, and expanded non-wires alternatives that do not reflect practical grid engineering constraints, particularly for high-density large power users such as data centers. In many cases, the technologies identified in the bill - battery storage, distributed generation, and site-level demand response - cannot replace the major distribution or transmission upgrades required to serve rapidly growing loads.

This legislation also creates substantial new utility obligations without a clear cost-recovery framework. The bill imposes extensive administrative, engineering, metering, and program-management responsibilities on utilities - yet does not provide a comprehensive or explicit mechanism for recovering these new costs. New requirements for accelerated studies, demand-response program administration, measurement and verification, and customer support could create significant costs. Without statutory cost recovery, these mandates risk increasing utilities borrowing costs, which can affect future infrastructure investments, and shift substantial costs onto existing Maryland customers.

SB-596's proposed demand-response requirements create additional challenges and may conflict with PJM market rules, FERC Order 2222 implementation, and ongoing distributed energy resource aggregation frameworks. Misaligned and uncoordinated state and regional demand response programs for large load customers could reduce grid reliability, introduce duplicative or conflicting curtailment signals, create opportunities for double compensation, and complicate load forecasting and emergency operations. Any new demand response program must integrate cleanly with PJM's established market structures to avoid these reliability and operational risks.

Several key definitions—including “large load customer,” the 80% load-factor requirement, and “surplus interconnection capacity” are imprecise and not technically grounded. As written, these definitions could potentially capture a broader set of customers than intended, introduce uncertainty into project planning and interconnection sequencing, and ultimately discourage data-center and industrial development in Maryland by creating unpredictable requirements.

Finally, the accelerated timelines in SB-596 are incompatible with real-world utility operations. The bill shortens timelines for system studies, billing, crediting, and interconnection processing in ways that conflict with utility operational requirements, PJM sequencing, and national supply-chain constraints. Complex projects involving hybrid solar-storage systems or on-site generators require more detailed engineering analysis, not expedited timelines. In practice, onsite generation or storage increases study complexity - lengthening, not shortening, engineering review timelines. In addition, these types of projects still rely on the grid for emergency support, reliability, and coordination, and therefore require thorough system studies. We are concerned the bills proposed time requirements would undermine reliability and increase the risk of errors in planning and interconnection.

Potomac Edison / FirstEnergy supports Maryland’s clean-energy, electrification, and economic-development goals and are committed to collaborating with policymakers to enable large-load customer growth while maintaining affordability and reliability. However, SB-596 as drafted**,** presents significant operational, technical, and cost-recovery challenges that make compliance difficult and, in some cases, unattainable - ultimately increasing risk and costs for all Maryland ratepayers.

For these reasons, Potomac Edison / FirstEnergy respectfully requests an <u>Unfavorable</u> report on SB-596.