SB 26 Letter of Support.pdf
Uploaded by: Adam Streight
Position: FAV

Adam Streight
County Executive

Dan Schneckenburger
Director of Administration

Office: 410.996.8300
Fax: 800.863.0947

County Information
410.658.4041
410.996.5200

CECIL COUNTY, MARYLAND

Office of the County Executive
200 Chesapeake Boulevard, Suite 2100, Elkton, MD 21921

February 17, 2026

The Honorable Brian Feldman, Chair
Senate Education, Energy & the Environment Committee
2 West Miller Senate Office Building
Annapolis, MD 21401

RE: **Letter of <u>Support</u> for SB 26** – Public Utilities - Off-Grid Electricity Providers - Exemption

Dear Chair and Members of the Committee,

On behalf of Cecil County Government, I write in support of Senate Bill 26, which would create a statutory exemption for off-grid electricity providers from certain provisions of the Public Utilities Article. The bill defines off-grid providers as those generating and supplying electricity independent of the traditional grid—without crossing state lines or public rights-of-way—and exempts them from most regulations applicable to grid-connected utilities.

Cecil County is actively working to attract investment and expand private-sector growth. A developer of a current project has indicated that the existing utility regulatory framework presents significant timeline and cost risks. The exemption proposed in SB 26 could improve project feasibility by allowing innovative energy solutions to move forward more efficiently, while still complying with applicable siting and safety requirements.

New Hampshire enacted similar legislation (House Bill 672) in 2025, exempting qualifying off-grid providers from public utility regulation while maintaining safety and permitting oversight. Supporters there have cited increased innovation, competition, and shorter project timelines. While Maryland's energy landscape is distinct, establishing a clear statutory framework for off-grid providers aligns with efforts to diversify energy options and support local economic development.

Cecil County values reliable and affordable energy for residents and businesses. SB 26 strikes an appropriate balance by enabling new electricity supply models without compromising grid reliability or public safety. I respectfully urge you to look **favorably** on SB 26.

Sincerely,

Adam Streight
Cecil County Executive

Bloom Energy SB26 HB1190 Comments.pdf
Uploaded by: Brian Noonan
Position: FAV

Bloom energy

February 17, 2026

Members of the Maryland Senate Education, Energy, and the Environment Committee
Maryland State Senate
Annapolis, Maryland 21401

RE: Written Testimony in support of Senate Bill 26 and House Bill 1190 – Public Utilities - Off-Grid Electricity Providers - Exemption

Dear Chair and Members of the Committee:

Bloom Energy writes in support of SB26, legislation that accelerates deployment of clean, resilient onsite energy solutions. SB26 provides a clear and appropriate pathway for off-grid electricity generation—self-contained, behind-the-meter power that does not interconnect with the grid or use public rights-of-way. This clarification strengthens Maryland's competitiveness while reducing pressure on an already strained electric grid.

Bloom Energy's solid oxide fuel cells provide 24/7, ultra-reliable, low-emission onsite power directly at a customer's facility. Bloom's systems can be rapidly deployed and virtually eliminate emissions of harmful air pollutants NO_x and SO_2, consume and discharge no water during normal operation, and reduce CO2 emissions by approximately 40% compared to the marginal grid in Maryland. These systems can operate fully islanded, enabling large-load customers to meet their own needs without burdening the grid or ratepayers, and without the delays caused by lengthy interconnection queues. By enabling off-grid solutions that are paid for entirely by the end use customer, SB26 helps reduce strain on the statewide and regional grid and protects ratepayers because costs are isolated to customers investing in their own systems—not shared by all utility customers.

We also note the importance of addressing hurdles to onsite generation presented by Maryland's Building Energy Performance Standards (BEPS). Current BEPS rules penalize onsite generation—even when it is cleaner than grid power—because emissions occurring on site count against compliance, while higher emissions from grid-supplied electricity do not. This dynamic encourages greater use of an already strained grid rather than local solutions that reduce systemwide demand and avoid costly grid upgrades. BEPS clarification that provides equal treatment of onsite and grid power, in addition to efforts to advance off-grid solutions, would help align state policy with grid reliability and ratepayer protection.

Bloom Energy supports this bill along with any efforts that assist in advancing Maryland's goals to strengthen grid resilience while protecting ratepayers and reducing emissions.

4353 North First Street
San Jose, CA 95134
408.543.1500

bloomenergy.com

Sincerely,

Brian P. Noonan
Sr. Manager, Policy & Government Affairs

4353 North First Street
San Jose, CA 95134
408.543.1500

bloomenergy.com

Brian Sailer 2.19.26 EEE Hearing SB0026_Testimony
Uploaded by: Brian Sailer
Position: FAV

February 17, 2026

Members of the Maryland Senate Education, Energy, and the Environment Committee
Maryland State Senate
Annapolis, Maryland 21401

RE: Written Testimony in **SUPPORT** of Senate Bill 26 (Senator McCay) and House Bill 1190 (Del. Hinebaugh, Jr.) – Public Utilities - Off-Grid Electricity Providers - Exemption

Dear Chair and Members of the Committee:

I write in strong support of Senate Bill 26 and the corresponding House Bill 1190. These bills represent a commonsense, pro-growth amendment to Maryland's Public Utilities Article that will strengthen our state's competitive position for economic development, accelerate deployment of clean and reliable energy, and do so without imposing a single dollar of new costs on Maryland ratepayers.

Maryland's Economic Competitiveness Depends on Energy Access

Above all else, Maryland's ability to attract new businesses, create jobs, and grow its tax base is directly tied to access to affordable, reliable energy. Energy is the common denominator in every major site-selection decision. Companies considering Maryland weigh our energy costs and reliability against those of competing states - Pennsylvania, West Virginia, Virginia, North Carolina, Georgia, Texas, and others - and they do so rigorously.

Today, some of our most important prospects - data centers, advanced manufacturers, health care facilities, and critical infrastructure providers - require large and dependable power loads. When these large-load customers cannot get timely access to grid power due to interconnection queues, substation constraints, or transmission congestion, Maryland loses those investments to states that can deliver. Senate Bill 26 addresses this problem directly and simply.

What Senate Bill 26 Does — and What It Does Not Do

Senate Bill 26 creates a narrow, well-defined exemption for "off-grid electricity providers" - entities that own or operate electric generating facilities that: (1) do not interconnect with the State's electric system; (2) do not cross state lines; and (3) are not located within or crossing any public roadway or right-of-way. These are purely private, behind-the-meter, islanded generation systems. The Bill exempts off-grid providers from general PSC regulations (rates, service standards, utility obligations, etc.) – but it does not exempt them from CPCN review when constructing the facility.

This amendment simply clarifies that if a facility does not use the grid, it should not be regulated as if it does.

The Public Service Commission's statutory jurisdiction is properly grounded in its role as regulator of the interconnected electric grid and the utilities that serve the public through it. A facility that is entirely islanded, that places no burden on shared infrastructure, and that serves only its host customer is fundamentally different in kind from a grid-connected generator.

Applying the full weight of PSC utility regulation to such a facility is not only unnecessary - it is a regulatory mismatch that deters private investment and delays energy deployment.

Critically, this bill does not eliminate environmental, safety, or zoning oversight. It does not exempt these facilities from applicable local, state, or federal environmental requirements. And it expressly preserves CPCN authority: if a facility that once qualified as an off-grid provider subsequently interconnects with the grid, it immediately becomes subject to full PSC jurisdiction. The safeguards remain in place precisely where they are needed.

Zero Cost to Ratepayers - Private Capital at Work

One of the most compelling attributes of behind-the-meter, islanded generation is its fiscal structure: the company building and operating the facility bears all costs. There is no new generation capacity for utilities to procure and pass through to customers. There is no new interconnection infrastructure. No new substations. No new transmission lines. The entire investment is private capital, deployed by the business or its energy partner, for the benefit of that business's operations.

Maryland ratepayers do not subsidize these projects - they are simply freed from the grid constraints that would otherwise delay or prevent the underlying economic activity from occurring in Maryland at all. This is precisely the kind of private investment that delivers public benefit without public cost.

The Technology Is Ready: Next-Generation Clean Power

Senate Bill 26 is not aspirational - it is timely. The enabling technologies for clean, reliable, islanded base-load power already exist and are being deployed at scale today. A prime example is Bloom Energy's solid oxide fuel cell platform, which is directly relevant to the large-load customers this bill is designed to serve.

Systems like Bloom's are achieving efficiencies and emissions profiles that are dramatically superior to the marginal grid. These new technologies offer significantly less CO_2 emissions; virtually zero NOx and zero SOx emissions, reduced pollutants most directly tied to respiratory health impacts in the communities where traditional generation facilities are located; lower to no water consumption; faster deployment than any other new large-scale generation technology; true on-site base-load capability with 24/7 power, precisely the reliability standard that data centers, healthcare and manufacturing facilities require.

Technologies like Bloom Energy's represent the future of distributed, clean, resilient energy - but only if Maryland's regulatory framework creates the certainty necessary for companies to commit the capital required to deploy these clean energy solutions. Senate Bill 26 provides that certainty.

Who Benefits

The beneficiaries of Senate Bill 26 are Maryland's most economically significant and fastest-growing sectors:

- Technology/Biotech/Life Science and Health Facilities - Including technology and cybersecurity, pharmaceutical, ambulatory surgery centers, specialty clinics, and other health infrastructure. These facilities require highly reliable power for research,

manufacturing, patient safety, and behind-the-meter solutions provide the resilience that grid-only power cannot always guarantee.

- Data Centers - Among the largest drivers of new economic investment in the region, our neighbor states have captured disproportionate share of data center investment in part due to greater flexibility in energy procurement. Maryland can compete, but only if it offers comparable certainty.
- Critical Infrastructure and Large Commercial Buildings — Large load facilities whose operations cannot be interrupted and whose energy demands are substantial enough to justify private generation investment.

Consistency with SB 596 and Maryland's Energy Policy Goals

This legislation is fully consistent with the intent of SB 596, which was designed to manage grid impacts from large loads. Off-grid, islanded facilities impose precisely zero impact on the grid, they require no grid upgrades, consume no grid capacity, and create no reliability risk for other customers. Senate Bill 26 does not undermine grid management efforts; it is the logical complement to them, channeling large loads toward private solutions that do not burden shared infrastructure.

Maryland has set ambitious clean energy and economic development goals. Senate Bill 26 serves both simultaneously, enabling faster deployment of cleaner private generation while removing a regulatory obstacle that was not intended to apply to facilities that never touch the public grid.

Summary of Key Points

- Islanded facilities impose zero cost and zero risk on Maryland ratepayers.
- The amendment does not weaken environmental, safety, or zoning laws.
- CPCN authority is fully preserved if a facility later interconnects with the grid.
- Provides regulatory certainty for major employers and critical infrastructure investments.
- Reduces regulatory uncertainty and enables faster project deployment.
- Supports energy resilience and reliability through private capital investment.
- Encourages cleaner, more efficient generation technologies to be deployed in Maryland.

For all of these reasons, I urge the Committee to give a favorable report to Senate Bill 26 and advance it for passage. This bill is good for Maryland businesses, good for Maryland workers, good for the environment, and good for ratepayers - and it reflects exactly the kind of thoughtful, targeted regulatory reform that will keep Maryland competitive for the next generation of economic investment.

Thank you for your consideration of this testimony.

Respectfully submitted,

Brian Sailer
Flywheel
16 Spa Creek Landing
Annapolis, MD 21403
Brian@flywheelgs.com

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Uploaded by: Glen Lyons
Position: FAV

Faster electricity. *Now.*

"Consumer Regulated Electricity" (CRE)

Electricity costs are soaring.
"Utility bills are unaffordable and increasing." — AARP

Reliability is concerning.
"Large new loads are already impacting grid reliability." — NERC

The grid can't move fast enough.
"Load growth cannot be met with existing approaches." — US DOE

The Solution: Consumer Regulated Electricity (CRE)

CRE allows the creation of new, independent, competitive, and large-scale utilities serving many large new loads—off-grid, self-regulated, innovative, and fast.

- Off-grid → no risk to existing systems or ratepayers
- No impact on residential consumers → serves only new non-residential load
- Independent of utility regulation → faster build, greater innovation

Who Benefits

- Taxpayers and ratepayers: no cost, no risk
- Utilities/PSC/PJM: relieves pressure to incorporate massive loads, can sharpen focus on existing affordability and reliability issues
- Existing utility owners: gain access to even more growth via unregulated affiliates
- Everyone: attracts new business, provides economic development
- Everyone: a testbed for 21st-century utility models

Federal bill has been filed to exempt CRE Utilities from federal utility regulation, making Maryland legislation even more valuable.

ADVOCATES FOR CONSUMER REGULATED ELECTRICITY
FASTER ELECTRICITY NOW.

Contact: Glen C. Lyons
GlenCLyons@Advocates4CRE.org
Advocates4CRE.org

The Case for Consumer-Regulated Electricity.pdf
Uploaded by: Glen Lyons
Position: FAV

CATO BRIEFING PAPER

February 3, 2026 Number 196

The Case for Consumer-Regulated Electricity

Private Electricity Grids Offer a Parallel Path to Energy Abundance

By Travis Fisher and Glen Lyons

Electricity demand in the United States was essentially flat for two decades, but now the country is in a period of rapid load growth driven by artificial intelligence (AI), data centers, advanced manufacturing, and electrification. This surge is colliding with an electricity system built for slow, incremental change. Consumers face rising costs, power producers struggle with multiyear interconnection delays, and grid operators confront growing reliability risks. State and federal policymakers are under pressure to address these issues quickly—without burdening taxpayers or existing ratepayers.

Consumer-Regulated Electricity (CRE) is a reform that would allow privately financed, off-grid electric utilities to serve new customers under voluntary contracts. These utilities would be physically "islanded" from the regulated grid and would not be subject to economic regulation at the state or federal level. Because they would not interconnect with incumbent systems, CRE utilities would impose no costs, reliability risks, or stranded-asset exposure on existing customers. CRE is thus a policy proposal that offers a practical and simple tool for policymakers.

CRE would resolve a central tension in today's electricity policy: how to welcome new industrial investment without socializing its costs. By creating a parallel track for new load growth, CRE would allow states to attract new electricity-intensive industries at zero cost to taxpayers and ratepayers. At the same time, CRE would create space for rapid innovation in generation, transmission, and system design—experimentation that is nearly impossible within the highly risk-averse regulated grid.

Finally, CRE would supplement rather than harm the existing electricity system. By allowing voluntary, off-grid


TRAVIS FISHER is director of energy and environmental policy studies at the Cato Institute. **GLEN LYONS** is founder and chief advocate of Advocates for Consumer Regulated Electricity.

arrangements for sophisticated customers, CRE would protect households from rising costs, relieve reliability constraints on the grid, and help states meet the defining electricity challenge of the coming decade: speed to power.

THE ELECTRICITY CRUNCH: A NEW ERA OF DEMAND GROWTH

For nearly 20 years, US electricity demand was essentially flat.[1] That era is over. A convergence of economic forces, including the development of AI, the boom in data center construction, growth in advanced manufacturing, and more electrification, is driving electricity demand growth at a pace not seen since the mid-20th century (Figure 1).[2]

Data centers illustrate the scale of the challenge. They were once a negligible share of electricity consumption but are rapidly becoming some of the largest and most power-intensive facilities in the economy.[3] In the aggregate, US data centers consumed about 183 terawatt-hours (TWh) of electricity in 2024, which represented about 4 percent of total consumption. By 2030, the International Energy Agency expects total US data center electricity consumption to more than double, to 426 TWh.[4]

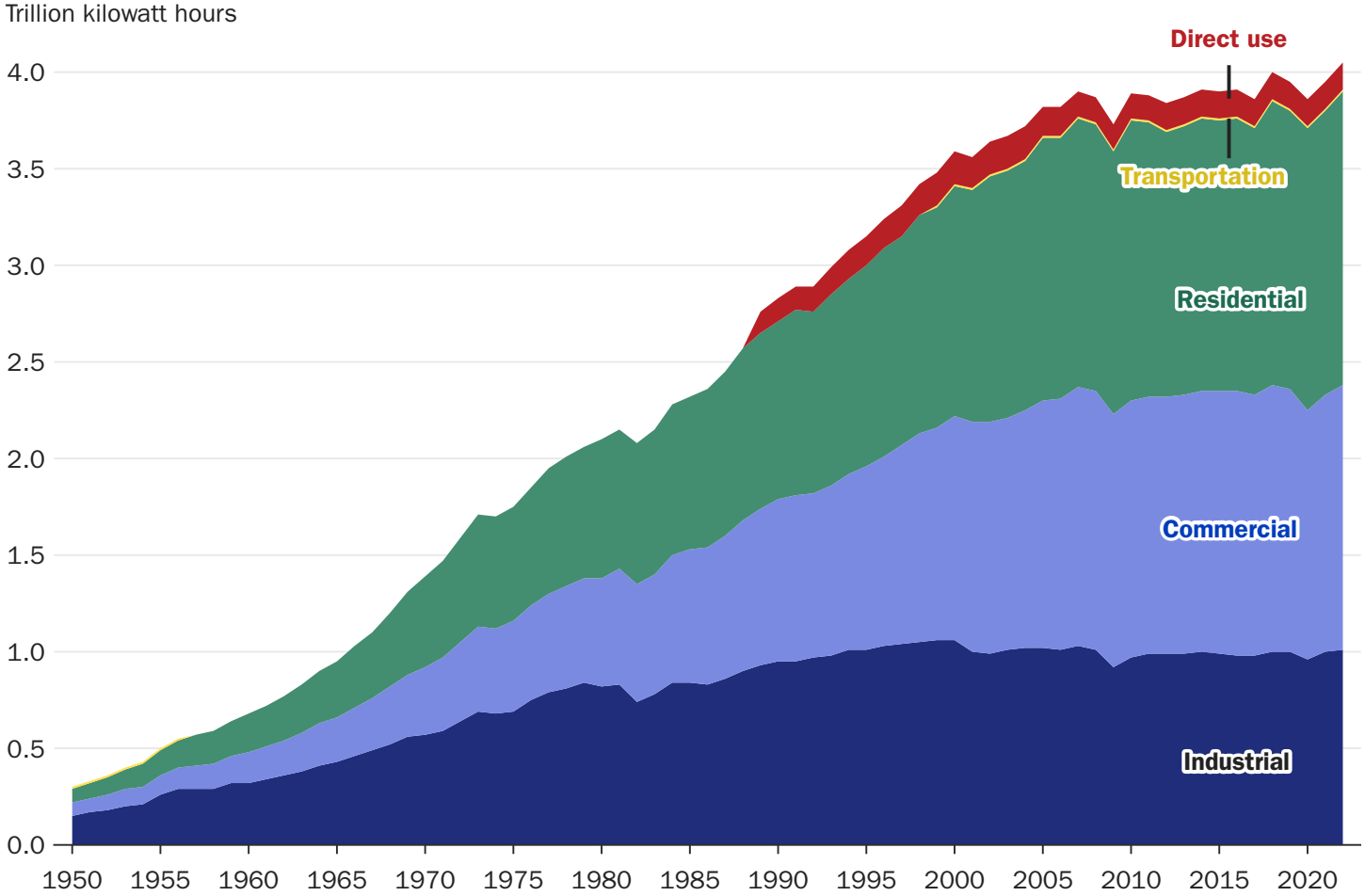
Training large AI models can require enormous amounts of energy. As the *MIT Technology Review* explains, "training OpenAI's GPT-4 took over $100 million and consumed 50 gigawatt-hours of energy, enough to power San Francisco for three days."[5] A simple rule of thumb is that 1 megawatt is enough power for about one thousand homes, on average, and a large nuclear reactor supplies about 1,000 megawatts (or 1 gigawatt), enough for one million homes.[6] Hence, training a large AI model could draw as much power as approximately one million households.

Once the up-front training is complete, AI models are ready to perform inference, meaning answering the

Figure 1

US electricity retail sales to major end-use sectors and electricity direct use by all sectors, 1950–2022

Trillion kilowatt hours



Source: Table 7.6, *Monthly Energy Review*, US Energy Information Administration, March 2023.

questions they have been trained to answer.[7] Inference systems require continuously available computing power to serve billions of daily queries. Combining training, inference, and non-AI uses, analysts estimate that US data centers could consume roughly 8–10 percent of national electricity demand by 2030, with much higher concentrations in certain regions.[8] Northern Virginia's "Data Center Alley" already consumes more electricity than many US states, and similar hubs are emerging in Texas, Ohio, Georgia, Arizona, and elsewhere.[9]

Utilities accustomed to annual electricity demand growth of 1–2 percent now face requests equivalent to suddenly adding a brand-new entry to the list of the US's 25 most populous cities (imagine plugging in a new Philadelphia).[10] Unlike the more gradual growth of the mid-20th century, this growth is coming in large chunks and presenting new problems for regulators.[11] Yet the electricity sector remains constrained by problems that have been brewing for years—multiyear interconnection queues, decade-long timelines for building large transmission lines, and regulatory processes ill-equipped to handle rapid change.[12] The result is the threat of rising retail rates, mounting reliability concerns, and growing frustration among large customers unable to secure power on commercially viable timelines.[13]

New customers who value speed to power, exemplified by large data centers, are less concerned about the cost of electricity and more focused on the far greater business opportunity ahead of them.[14] Put differently, the opportunity cost of not being able to run their facilities dwarfs the cost of electricity. Today's power sector is holding those customers back, and it's not merely a problem of insufficient generation or transmission. It is a problem of poor institutional design.

WHY THE STATUS QUO CANNOT ADAPT

Electricity was once a frontier industry.[15] In the late 19th and early 20th centuries, figures such as Thomas Edison and George Westinghouse (along with Nikola Tesla) built competing private systems in a race to electrify America.[16] That environment of experimentation and rivalry was gradually replaced by a model of regulated monopolies, justified by questionable concerns over duplication, reliability, and consumer protection.[17] The typical refrain is that electricity is a natural monopoly, and the best policymakers can do is regulate it wisely or quarantine the monopoly to certain segments of the industry.[18] Regulations intentionally consolidated the industry.

Over time, that regulatory model evolved into something more complex and less coherent. Today's electricity sector is neither a traditional regulated monopoly nor a genuinely competitive market. It is a patchwork of overlapping state and federal rules, institutional practices enforced by regional transmission organizations, and administrative processes that strongly favor incumbents. Despite frequent references to "electricity markets," entry by new utilities is effectively prohibited. Forming a new utility or offering a competing service typically requires approval from state public utility commissions (PUCs), a process that is slow, uncertain, and prone to regulatory capture.[19]

The PUCs were designed to protect residential consumers from monopoly abuse. But they now govern an industry serving sophisticated global firms with billion-dollar balance sheets and strong incentives to manage risk. The result is a system that prioritizes caution over speed and political process over innovation, which is precisely the opposite of what today's demand shock requires.

Regulated electric utilities are in an untenable position. In the quest to protect consumers, regulators have handicapped utilities relative to businesses in more open markets by placing a ceiling on their profits.[20] In times of slow growth, a low but stable rate of return can be attractive to investors.[21] During periods of rapid and risky growth, however, a modest rate of return keeps investment inefficiently constrained. In other words, today's electricity industry is built for a low-growth and low-risk environment, whereas meeting the electricity demands of tomorrow requires entrepreneurs to make bold and risky investments that might yield returns that regulators would not support.

CONSUMER-REGULATED ELECTRICITY TO THE RESCUE

Consumer-Regulated Electricity (CRE) is a policy framework that creates space for new, privately financed electric utilities to operate outside the traditional regulatory system. If enabled, CRE utilities would generate, transmit, and sell electricity directly to customers under voluntary

contracts, without interconnecting to the existing regulated grid or seeking permission from economic regulators at the state or federal level.

The CRE model rests on two essential conditions:

1. **Physical separation:** CRE utilities must remain islanded, meaning they may not electrically connect to the regulated grid.
2. **Sophisticated customers:** CRE utilities must serve only customers who voluntarily contract for service and can manage their own risks.

When these conditions are met, the traditional justifications for utility regulation disappear. Islanded systems impose no costs on the regulated grid. The usual arguments for economic regulations—natural monopoly, public goods, information asymmetry, network effects, and so on—do not apply once systems are physically islanded and sophisticated customers opt in by contract. There would be no economic rationale for dictating entry, exit, pricing, technology choices, or business models. Major multinational corporations negotiate global supply chains, finance billion-dollar facilities, and manage complex operational risks. There is no reason for a regulator to scrutinize their electricity contracts.

HOW CRE DIFFERS FROM EXISTING ALTERNATIVES

CRE is fundamentally different from earlier electricity reforms. It is certainly not a continuation of the restructuring efforts of the late 1990s and early 2000s, which yielded mixed results.[22] Today's options, including self-supply by single customers and variations on the "mandatory open access" approach to the electric grid, are insufficient to meet the AI moment.[23]

Pure self-supply is legal and allows firms or individuals to build and operate their own generation facilities. Although this approach provides autonomy, it sacrifices economies of scale and forces firms to divert capital and attention away from their core business. For example, AI companies may not want to become power plant owners and operators. CRE would enable third-party utilities to serve many customers, resulting in lower costs, higher reliability, and a smaller environmental footprint compared to self-supply options.

Co-location refers to end-use customers physically connecting to the grid at or near the same site as generation facilities.[24] Critically, co-location arrangements are dependent on the regulated grid. This exposes customers to interconnection delays and political meddling, including regulatory priorities that shift from one presidential administration to the next. Co-location also raises questions about cost socialization and new reliability risks for other ratepayers. CRE avoids these risks entirely by operating independently.[25]

The Public Utility Regulatory Policies Act of 1978 opened a channel for non-utility generation, but it requires sales through incumbent utilities at rates determined by state regulators.[26] CRE bypasses these constraints. Similarly, retail choice programs offer limited competition among suppliers on a shared distribution system but retain full dependence on the monopoly grid and its rules and regulators, whereas CRE removes that dependence altogether.[27]

Some restructured markets, such as the Electric Reliability Council of Texas, allow limited private-use networks, typically confined to single properties and subject to oversight by the Public Utility Commission of Texas (PUC). CRE expands this concept to allow multicustomer, multifacility utilities operating fully outside PUC control.

THE BENEFITS OF CONSUMER-REGULATED ELECTRICITY

For new customers, CRE moves at the speed of entrepreneurs rather than the speed of regulators. Without interconnection queues, transmission approvals, or legacy grid standards, CRE utilities could move quickly from contract to construction. For industries operating on rapid innovation cycles, speed to power is decisive.

For states, CRE offers an alternative to subsidizing economic development with tax credits and infrastructure spending. When constituents clamor for policymakers to address the cost or reliability of electricity, enacting CRE is a tangible policy action that would promote industry without burdening residential ratepayers.

For existing ratepayers, CRE avoids the socialized costs of serving large new customers. Because CRE utilities are islanded, existing customers would not pay for new

substations, transmission lines, or speculative demand that might never materialize. Further, customer-friendly innovation would improve because CRE utilities would have far more incentive and leeway to experiment.

CRE would bring dynamic competition. The legal protection of monopoly utilities essentially eliminated the likelihood that a utility could go out of business. Reducing the threat of destruction reduced the vital economic force of *creative* destruction, meaning CRE utilities would embrace the competitive process of continual improvement and innovation or be replaced by those that do.[28]

Scientific advancement would also benefit. Freed from regulatory micromanagement, CRE utilities would experiment with technologies, system designs, and business models ranging from advanced natural gas turbines and geothermal systems to small modular nuclear reactors and combinations of wind, solar, and battery systems, as well as novel transmission architectures. Experimentation is key to survival in a competitive market. Moreover, consumers, not regulators, would decide what mix of cost, reliability, and other attributes they prefer.

Perhaps counterintuitively, CRE could create opportunities for incumbent utilities. Existing utilities or independent power producers could serve large customers outside their present footprints. These unshackled independent producers and competitive affiliates, infused with utility knowledge and experience, could move much faster and be far more innovative than their regulated counterparts.

PROOFS OF CONCEPT IN THE STATES

CRE is neither purely theoretical nor a speculative policy dream: It is a practical response to real-world pressures. The question now is whether US states (and perhaps the federal government) will provide the legal certainty needed for these models to take root and expand. A few examples highlight the promise of CRE.

New Hampshire: The First State to Enact CRE in a Stand-Alone Bill

In August of 2025, New Hampshire became the first state to pass legislation explicitly authorizing what it called "off-grid electricity providers."[29] House Bill 672 allowed independent entities that aren't connected to the grid to generate, transmit, and sell electricity without coming under the jurisdiction of the state's PUC, provided they remain physically separate from the existing grid.[30]

The passage of HB 672 was significant because it showed that a state legislature could, with simple statutory language, carve out an exemption for new utilities serving sophisticated customers. It also demonstrated bipartisan appeal. When filed, the bill featured 11 cosponsors: eight Republicans and three Democrats.

Ohio: The New Albany Off-Grid Data Center Cluster

In a practical demonstration of CRE-like thinking, developers in New Albany, Ohio, have pursued data centers and industrial facilities on timelines that local utilities could not meet. The solution was to establish an off-grid power cluster, an islanded set of generation and load facilities designed to operate independently from the existing grid.[31] The New Albany case, enabled by CRE-friendly provisions in the 2025 state law HB 15, illustrates that companies are willing to pay significantly more for electricity if it means they don't have to wait years for a utility to build substations and lines.[32]

West Virginia: Ravenswood Industrial Site

Another example comes from Ravenswood, West Virginia, where developers are building an industrial site scheduled for completion in 2027 that will be powered by dedicated off-grid electricity resources. Like New Albany, the Ravenswood project illustrates that large customers—a titanium-smelting facility in this case—often need independent solutions when monopoly utilities cannot meet their needs.[33] Ravenswood also underscores the economic development potential of CRE. In regions that have struggled with deindustrialization, the ability to promise reliable, fast-deployed electricity can be decisive in attracting new investment. By allowing off-grid utilities, states like West Virginia could leverage CRE not only to support data centers but also to revive manufacturing and heavy industry.

Oklahoma: Behind-the-Meter Legislation

Oklahoma's SB 480 updates state utility law to allow large industrial and commercial customers to build and operate behind-the-meter power systems, such as on-site natural gas generators, without involving public utilities. These systems provide electricity directly to the customer's facilities and are not subject to traditional utility regulations. The law aims to alleviate grid bottlenecks, accelerate project timelines, and attract data center and manufacturing investments. As state Rep. Brad Boles noted, SB 480 enables the private sector to finance and develop its own energy infrastructure, reducing reliance on long transmission lines and relieving grid congestion.[34]

Utah: Electric Utility Amendments

Utah's SB 132 sets rules for serving customers with loads of 100 MW or more and offers three service paths: traditional utility service, utility-transmission service from a large-scale generation provider, or a fully off-grid closed private generation system. Closed systems must be physically independent of utility transmission.

Large-load customers must pay all costs, and service under the bill is exempt from rate regulation but must meet safety and reliability standards. The law requires state review of large-load contracts, formal request procedures, and registration and qualification of generation providers. It applies only to contracts starting before December 31, 2034, and mandates periodic oversight by state regulators, creating a clear pathway for data centers and industrial users to build off-grid or behind-the-meter power when utilities cannot.[35]

ADDRESSING COMMON OBJECTIONS

Concerns about cost and reliability overlook the voluntary nature of CRE. If CRE utilities cannot compete, customers will not choose them. Clean-slate systems may deliver higher reliability by tailoring redundancy to specific loads. Critics who fear a "utility death spiral" misunderstand CRE's scope. CRE serves new load growth, not existing customers. By absorbing uncertain demand, CRE reduces risk for incumbent utilities and their residential customers.

Likewise, safety concerns are mitigated by physical separation. Failures in islanded systems are contained and do not cascade across the grid. Governance is handled through contracts, as it is for other critical industrial inputs.

Many grids desperately need upgrades and modernization and are counting on data center growth to pay for them. However, this view doesn't consider the risk inherent in these new large loads. Not only can they introduce new reliability risks, but there is also uncertainty in their future load. If their load falls short of forecast, then not only won't they underwrite any work, but utility buildouts could include stranded capital, which typically is backstopped by the remaining ratepayers.

People on both sides of the political aisle talk about the US being in an AI arms race with China, and so the argument goes that we need to emulate China's centrally planned approach to electricity.[36] CRE takes advantage of the causes of US economic success: capitalism and free enterprise.[37] Entrepreneurs and the profit motive have spurred the incredible wealth of the US. Opening the door to more capitalism and free enterprise has always provided the best results.[38]

HOW STATES CAN IMPLEMENT CRE

Implementing CRE requires modest statutory changes. States can exempt islanded utilities serving new nonresidential customers from the definition of a public utility. The American Legislative Exchange Council (ALEC) recently approved model policy that provides a template for states.[39] The ALEC model defines CRE utilities as physically islanded from regulated utilities and allows them to serve new nonresidential loads without triggering state PUC oversight. Importantly, CRE utilities will remain subject to all other state laws and regulations, including environmental, building, and workplace safety.

FEDERAL REFORMS THAT SUPPORT CRE

The primary focus of CRE is on state policy change because states regulate retail electricity, but there is also a need for federal policy changes if CRE utilities are to operate free of permission from economic regulators. The cleanest way

to address the federal overlay is via legislation that would exempt CRE utilities from various federal electricity statutes.

For example, Senator Tom Cotton (R-AR) recently introduced the Decentralized Access to Technology Alternatives Act of 2026, or the DATA Act.[40] The DATA Act would provide the needed exemptions from federal statutes such as the Federal Power Act. Crucially, the bill would allow entrepreneurs to accelerate the growth of AI and electricity infrastructure and insulate captive residential ratepayers from cost and reliability risk.

The administration can also allow CRE through regulatory reforms. The Department of Energy (DOE) is seeking ways to accelerate new electricity grid connections for data centers. As part of its inquiry, the DOE issued a public request for information on ways to accelerate speed to power. The DOE could advance CRE by encouraging states to adopt it and by advocating for clarifying guidance that CRE utilities are not public utilities subject to the Federal Power Act.[41]

The Federal Energy Regulatory Commission (FERC) is confronting the tension between the rapid development of AI and concerns about cost and reliability. FERC, at the behest of the DOE, initiated a rulemaking to accelerate the interconnection of large loads.[42] CRE would provide FERC with a complementary pathway. FERC may not need to undertake a new rulemaking to enable CRE (a policy statement likely would suffice), but it should provide certainty to developers by confirming that CRE utilities are not public utilities and are exempt from FERC-enforced reliability standards.

CONCLUSION

Electricity demand is growing faster than our regulatory institutions can accommodate. CRE offers a parallel path that would protect households, empower consumers, and unleash private investment without public fiscal risk. It is a reform that would complement the existing system rather than attempt to replace it. CRE would allow entrepreneurs to make better and faster decisions than regulators. Electricity is too complex and too important to centrally control. Consumer-Regulated Electricity would help policymakers meet today's electricity challenges with a solution that is pragmatic, market-driven, and quintessentially American.

NOTES

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SB 26 Written Testimony - EEE.pdf
Uploaded by: Mike McKay
Position: FAV

Mike McKay
Legislative District 1
Garrett, Allegany, and Washington Counties

Judicial Proceedings Committee
Executive Nominations Committee

Joint Committees
Administrative, Executive, and Legislative Review
Children, Youth, and Families
Program Open Space and Agricultural Land Preservation

THE SENATE OF MARYLAND
Annapolis, Maryland 21401

Annapolis Office
James Senate Office Building
11 Bladen Street, Room 416
Annapolis, Maryland 21401
410-841-3565
800-492-7122 *Ext.* 3565
Mike.McKay@senate.maryland.gov

Cumberland Office
100N Mechanic Street
Cumberland, Maryland 21502
240-362-7040

Williamsport Office
2N Conococheque Street
Williamsport Town Hall
Williamsport, Maryland

Senate Bill 26 – Public Utilities - Off-Grid Electricity Providers - Exemption

February 19, 2026

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

I am writing to strongly endorse the passage of Senate Bill 26. Senate Bill 26 establishes a statutory exemption for certain off-grid electricity providers from most provisions of Maryland's Public Utilities law. The bill defines an off-grid electricity provider as an entity that operates an electric generating facility that does not interconnect with the state's electric system, does not cross state lines, and is not located within or crossing any federal, state, or local roadway or right-of-way. For qualifying providers that begin operations on or after October 1, 2026, the bill exempts them from regulation by the Public Service Commission, except that they must still comply with existing requirements for certificates of public convenience and necessity and related approvals when constructing a generating facility. The bill further provides that a provider loses its off-grid status if it later interconnects with the electric grid, crosses state lines, or encroaches on a public right-of-way.

I thank you for your time and I urge a favorable report.

Sincerely,

Senator Mike McKay
Representing the Appalachia Region of Maryland
Serving Garrett, Allegany, and Washington Counties

MD 2026 SB 26 Columbia Gas Testimony Final.pdf
Uploaded by: Scott Waitlevertch
Position: FAV

Columbia Gas of Maryland
A NiSource Company

FAVORABLE – Senate Bill 26
Public Utilities – Off-Grid Electricity Providers - Exemption
Senate Education, Energy and the Environment Committee

Columbia Gas of Maryland, Inc., (Columbia Gas) is a natural gas utility providing energy to more than 34,000 customers in Maryland's western counties of Allegany, Garrett and Washington, and we support Senate Bill 26.

The legislation modifies existing Maryland law to create a new category of electricity provider in Maryland, one that can generate electricity, but not connect to the PJM Interconnection power grid. Such an electricity provider would not cross state lines, is not located within and would not cross any federal, state or local roadway or right-of-way, and would begin to generate, transmit, distribute or sell electricity on or after October 1, 2026.

This new public policy idea would address the issue of large load customers who may wish to do business in Maryland. Such large load customers would not adversely affect utility rate payers if they do not connect to the PJM grid, yet they would be able to obtain the electricity they may need with this approach.

PJM is currently facing significant challenges, including potential energy shortages by 2027 due to rapid demand growth from large load customers like data centers, which is driving a need for over 30 gigawatts of new capacity in the PJM region. If they are connected to the grid, large load customers could add to these issues. Therefore, serving large load customers without grid connected generation is a better choice to minimize stress on the system and cost impact to customers.

Any idea to secure more electric generation in Maryland and the PJM region with a focus on larger load customers should be pursued in a way that minimizes cost increase to customers and addresses Maryland's growing energy needs and lack of in-state electric generation.

Columbia Gas believes the requirements of Senate Bill 26 are appropriately and reasonably crafted policies related to new electric generation in the state of Maryland and requests a favorable report on the bill.

February 19, 2026

Contact:
Carville Collins
(410) 332-8627
carville.collins@saul.com

Contact:
Scott Waitlevertch
(724) 888-9774
swaitlevertch@nisource.com

NAI Michael
Uploaded by: Willie Phillips
Position: FAV

Holland & Knight

Testimony of Willie L. Phillips
Before the Maryland Senate Education, Energy, and the Environment Committee
In Support of Senate Bill 26

Date: February 19, 2026

Chairman Feldman, Vice-Chair Kagan, and Distinguished Members of the Committee:

Thank you for the opportunity to testify today in support of Senate Bill 26. My name is Willie L. Phillips, and I appear before you having some experience in energy regulation and grid reliability, drawing on my past as former Chairman of the Federal Energy Regulatory Commission (FERC), Chairman of the District of Columbia Public Service Commission, and Assistant General Counsel for the North American Electric Reliability Corporation (NERC).

I am here today to speak in favor of SB0026 on its merits as sound energy policy that balances innovation with appropriate regulatory oversight.

Throughout my career, I have witnessed firsthand how regulatory frameworks must evolve to keep pace with technological innovation and changing energy infrastructure. SB 26 addresses a genuine gap in Maryland's current regulatory structure by providing clarity for off-grid electricity generation facilities.

Under existing Maryland law, there is ambiguity regarding the regulatory treatment of electricity generation facilities that:

- Do not interconnect with the state's electric grid
- Do not cross state lines, or
- Do not utilize public rights-of-way

This ambiguity creates unnecessary regulatory uncertainty for developers, investors, and local communities.

WHY REGULATORY CLARITY MATTERS

From my time at FERC and the DC PSC, I learned that regulatory certainty is essential for the following:

1. <u>Allocation of Limited Regulatory Resources</u>

State utility commissions have finite resources. The Maryland Public Service Commission must focus its attention on facilities that directly impact ratepayers and the reliability of the interconnected grid. Off-grid facilities that serve discrete loads without interconnection pose fundamentally different regulatory considerations than traditional utility infrastructure.

2. Encouraging Innovation and Energy Resilience

Off-grid generation can enhance energy resilience, particularly for critical infrastructure, and industrial facilities. Appropriate regulatory treatment, creates an environment where innovation can flourish while maintaining necessary safeguards.

3. Maintaining Grid Reliability Standards

During my tenure at NERC, I worked extensively on bulk power system reliability. Off-grid facilities, by definition, do not impact the reliability of the interconnected transmission system in the same way that grid-connected resources do.

THE BILL STRIKES THE RIGHT BALANCE

It Preserves Critical Construction Oversight: The bill maintains PSC jurisdiction over the construction phase through the existing CPCN requirements. This ensures that environmental impacts, and siting considerations remain subject to regulatory review.

It Establishes Clear Boundaries: By defining when a facility ceases to qualify as an off-grid provider, the bill creates bright-line rules that prevent regulatory arbitrage while providing certainty to developers and regulators alike.

It Protects the Public Interest: Off-grid facilities serving private loads do not raise the same consumer protection, rate-setting, or service obligation issues that justify comprehensive utility regulation. The bill tailors regulatory oversight to the actual risks presented.

ADDRESSING POTENTIAL CONCERNS

Some may express concern that this bill creates a "regulatory loophole." Let me be clear: this is not deregulation; it is appropriate regulation.

The bill does not exempt these facilities from:

- Local zoning and land use requirements
- Environmental permitting under state and federal law
- Workplace safety standards, or
- Construction review and approval by the PSC

What it does is recognize that comprehensive rate regulation by the PSC is not necessary for facilities that do not serve the public, do not interconnect with the grid, and do not utilize public infrastructure.

Moreover, the bill's "off-ramp" provision, which immediately subjects a facility to full regulation if it later interconnects or utilizes public rights-of-way, provides an important safeguard against abuse.

CONCLUSION

Senate Bill 26 represents thoughtful, balanced energy policy. It provides needed clarity for a category of generation facilities that do not fit traditional utility regulation paradigms.

Based on my decades of experience in energy regulation at the local, regional, and federal levels, I believe SB 26 will:

- Enhance regulatory clarity and efficiency
- Support Maryland's energy resilience and economic development
- Maintain appropriate public interest protections
- Position Maryland as a leader in modern energy policy

I respectfully urge this Committee to issue a favorable report on Senate Bill 26.

Thank you for your consideration.

Willie L. Phillips

Testimony in opposition to SB0026 - Off-Grid Elect

Uploaded by: Richard KAP Kaplowitz

Position: UNF

SB0026_RichardKaplowitz_UNF
02/19/2026
Richard Keith Kaplowitz
Frederick, MD 21703

TESTIMONY ON SB#/0026- POSITION: UNFAVORABLE

Public Utilities - Off-Grid Electricity Providers – Exemption

TO: Chair Feldman, Vice Chair Kagan, and members of the Education, Energy and the Environment Committee
FROM: Richard Keith Kaplowitz

My name is Richard Keith Kaplowitz. I am a resident of District 3, Frederick County. I am submitting this testimony opposing SB#/0026, **Public Utilities - Off-Grid Electricity Providers - Exemption**

This bill will loosen Maryland oversight on off-grid electricity providers. The United States Department of Energy has an explanation of *Off-Grid or Stand-Alone Renewable Energy Systems* [1]

> For many people, powering their homes or small businesses using a small renewable energy system that is not connected to the electricity grid -- called a stand-alone system -- makes economic sense and appeals to their environmental values.
>
> In remote locations, stand-alone systems can be more cost-effective than extending a power line to the electricity grid (the cost of which can range from $15,000 to $50,000 per mile). But these systems are also used by people who live near the grid and wish to obtain independence from the power provider or demonstrate a commitment to non-polluting energy sources. Successful stand-alone systems generally take advantage of a combination of techniques and technologies to generate reliable power, reduce costs, and minimize inconvenience. Some of these strategies include using fossil fuel or renewable hybrid systems and reducing the amount of electricity required to meet your needs.

Passing this bill says any person that qualified as an off–grid electricity provider whose electric generating facility subsequently interconnects with the electric system in the state, crosses state lines, or becomes located within or crosses any federal, state, or municipal roadway or right–of–way may no longer be considered an off–grid electricity provider for the purposes of this section.

This bill will exempt certain off-grid electricity providers from certain provisions of law; providing that a certain off-grid electricity provider is subject to certain laws concerning certificates of public convenience and necessity and certain other required approvals for the construction of a generating facility; providing that a person may not be considered to be an off-grid electricity provider under certain circumstances; and applying the Act to off-grid electricity providers that begin operations after October 1, 2026. This is bad policy for Maryland to be in control of this energy generation.

I respectfully urge this committee to return an unfavorable report on SB#/0026.

[1] https://www.energy.gov/energysaver/grid-or-stand-alone-renewable-energy-systems

SB26 Information PSC.pdf
Uploaded by: Barve Barve
Position: INFO

STATE OF MARYLAND

PUBLIC SERVICE COMMISSION

Chair Brian Feldman
Education, Energy, and the Environment Committee
2 West Miller Senate Office Building
Annapolis, MD 21401

RE: **SB 26 - Information - Public Utilities – Off–Grid Electricity Providers – Exemption**

Dear Chair Feldman and Committee Members:

The Public Service Commission (the "Commission") appreciates the opportunity to provide this informational testimony for SB 26. This bill would exempt off-grid electricity providers from any provision of the Public Utilities Article (PUA) or related regulations and orders, except for the requirement to obtain a Certificate of Public Convenience and Necessity (CPCN) pursuant to §§ 7-207 and 7-207.1. As defined in the bill, an off-grid electricity provider is an electric generating facility that does not interconnect with the State's electric system, does not cross state lines, and is not located in a government-owned roadway or right-of-way. The Commission would like to provide information on two aspects of this bill for the Committee's consideration.

First, SB 26 could be interpreted to broaden the types of projects that are required to obtain a CPCN from the Public Service Commission. Currently, the CPCN statutes exempt certain generating units that would fall under this bill's definition of an off-grid electricity provider, including small generators under two megawatts and emergency back-up generators that do not connect to the grid. Because the bill has an explicit requirement that off-grid electricity providers–as it defines them–comply with CPCN requirements, it might force some currently-exempt units into the CPCN process. The Commission does not know at this time how many of these generating units there are in the State, but because the bill's definition could even cover personal residential and worksite generators, it would likely be a high volume. If the bill is not intended to broadly expand the CPCN process requirements to currently-exempt projects, the Commission would recommend clarifications to the language so the bill can be implemented as intended.

Second, the Commission notes that SB 26 would remove its ability to regulate off-grid electricity providers in any way except to require a CPCN. For example, fossil-fuel or renewable energy generators potentially supplying large commercial loads or serving multiple customers could meet the bill's definition of an off-grid energy provider in certain circumstances, and the Commission would not have authority to regulate the generation or distribution of energy by these facilities. This could allow utilities to circumvent the statutory restraint on their ownership of generation without Commission approval. Beyond this potential outcome, because of the bill's broad applicability it is difficult to estimate the extent to which the Commission's authority

would be inhibited or what impact that would have on customers of these unregulated off-grid electricity providers.

Please contact Niki Wiggins, Director of Legislative Affairs, at irene.wiggins3@maryland.gov if you have any questions related to this informational testimony.

Sincerely,

Kumar P. Barve
Chair, Maryland Public Service Commission

Maryland Energy Adm
Uploaded by: Megan Outten
Position: INFO

Maryland Energy Administration

TO: Chair Feldman, Vice Chair Kagan, and Members of the Education, Energy, and Environment Committee
FROM: MEA
SUBJECT: SB 26 - Public Utilities - Off-Grid Electricity Providers - Exemption
DATE: February 19, 2026

MEA Position: LETTER OF INFORMATION

The Maryland Energy Administration (MEA) respectfully submits this letter of information on Senate Bill 26.

Senate Bill 26 establishes a statutory framework for "off–grid electricity providers," defined as persons that own or operate an electric generating facility that does not interconnect with the electric system in the State, does not cross state lines, and is not located within or crossing any federal, state, or local roadway or right–of–way. The bill exempts qualifying off–grid electricity providers from most provisions of the Public Utilities Article, while maintaining the requirement to obtain a certificate of public convenience and necessity (CPCN). The exemption applies to facilities beginning operation on or after October 1, 2026, and ceases to apply if the facility later interconnects with the grid or otherwise no longer meets the statutory definition.

Governor Moore noted in his State of the State address that Maryland must scale energy generation quickly while protecting affordability and innovation. The Governor highlighted the success of the Maryland Energy Administration's Community Solar Program, which is adding 78 megawatts of solar capacity and reducing utility bills for at least 10,500 low- and moderate-income Marylanders. At the same time, he emphasized that Maryland must pursue an "all-of-the-above" energy strategy to meet rapidly growing demand. The Governor further underscored the need for grid reform, fair cost allocation, particularly for high-load users, and responsible energy expansion that protects Maryland families.

As energy demand accelerates due to data center growth, electrification, and economic development initiatives, proposals for private or dedicated generation resources may become more frequent.

As drafted, the bill raises several considerations that may benefit from additional discussion as implementation details evolve. While the bill retains CPCN requirements for construction, it exempts qualifying facilities from other regulatory provisions under the Public Utilities Article. Questions may

arise regarding how consumer protections, safety oversight, and long-term system planning interact with an off-grid structure that operates largely outside the traditional regulatory framework.

Although the facilities described in SB 26 would not interconnect with the State's electric grid, stakeholders may examine potential indirect effects, including fuel supply logistics, land use coordination, reliability considerations, and the implications of any future interconnection. The bill appropriately addresses circumstances under which an entity would no longer qualify as off-grid; however, the practical application of those transitions may warrant careful consideration.

Our sincere thanks for your consideration of this testimony. For questions or additional information, please contact Megan Outten at megan.outten@maryland.gov or 443.842.1780.