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PUBLIC SERVICE COMMISSION

Chair Marc Korman
Environment and Transportation Committee
250 Taylor House Office Building
Annapolis, MD 21401

RE: HB 1082 - Information - Large Load Customers - Data Centers and Rate Schedule Requirements

Dear Chair Korman and Committee Members:

The Public Service Commission (the “Commission”) appreciates the opportunity to provide this informational testimony for HB 1082. The bill adds specific requirements for data centers to the statute governing large load rate schedules. This would require large load tariffs for: a) all new data centers; b) existing data centers whose loads increase by at least 25 megawatts (MW); and c) data centers that enter into new service agreements, regardless of size and impact to the grid. The Commission offers the contextual information below for the Commission’s consideration.

The Commission is currently in the process of establishing large load rate schedule regulations to carry out the requirements of the Next Generation Energy Act of 2025 (NGEA). The NGEA directed that there be specific tariffs for customers that have an aggregate monthly demand of 100 MW and a load factor over 80%, with the stated goal of ensuring that residential customers do not bear the financial risks associated with large load customers interconnecting to the grid. The law also added requirements for large load customers to pay for and complete a load study.

HB 1082 specifies that a “data center” as defined in the Tax General Article must be considered a large load customer regardless of whether it meets the designated demand and load factor thresholds.¹ As a matter of course, smaller loads do not impose the same grid constraints and the need for investment that a larger load may necessitate. The expansion of the large load tariff requirements to all data centers could result in a smaller data center being required to provide certain financial securities and participate in a rate structure that is not commensurate with the

¹ The definition for “data center” in the Tax General Article is: “a building or group of buildings used to house computer systems, computer storage equipment, and associated infrastructure that businesses or other organizations use to organize, process, store, and disseminate large amounts of data.” The Commission assumes that the tax status of the entity will probably determine if they will be subject to the large load tariff, but the term “large amounts of data” is ambiguous. It could bring entities onto the large load tariffs that are multi-facility based with a data center onsite, but not their primary function.

costs imposed on the system.² An amendment to the bill clarifying that the Commission can consider grid and customer cost impacts in designing different large load rules may help address this imbalance.

In terms of potential customer impacts, the Commission notes that this bill may discourage new data center projects in Maryland because of the potential additional obligations that may be imposed on them. Additionally, requiring certain existing data centers who are already connected to the grid to join the large load tariffs may subject them to duplicative financial burdens if they have already borne some or all of the costs associated with designing the existing grid to serve their needs.

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

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kumar', with a stylized flourish at the end.

Kumar P. Barve
Chair, Maryland Public Service Commission

² The Commission notes importantly that the rulemaking for large load tariff regulations is not complete, so the Commission does not provide any conclusions as to the contents or impacts of those regulations and subsequent tariffs.