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BILL NO.: Senate Bill 0596 /House Bill 0940– Large Load Customers –
Electric System Interconnection and Demand Response
Program

COMMITTEE: Education, Energy, and the Environment
Environment and Transportation

HEARING DATE: February 26, 2026 (EEE)
February 24, 2026 (ENT)

SPONSOR: Senator Hester
Delegate Charkoudian

POSITION: Favorable

The Office of People’s Counsel (OPC) respectfully offers the following comments in support of Senate Bill 0596/House Bill 0940, which proposes protections against the anticipated strain on the electric grid from large load customers like data centers. Specifically, SB 0596/HB 0940 provides that a “large load customer”—defined in the bill as any commercial or industrial customer with a monthly aggregate demand of at least 25 megawatts (MWs) and a load factor exceeding 80%¹— may not interconnect to the electric system unless the customer (1) supplies at least 25% of its own capacity, and (2) participates in a demand-response program established by the Public Service Commission (PSC). SB 0596/HB 0940 also directs the PSC to establish an interconnection process for

¹ The definitions of “load factor” and “aggregate demand” are not yet final under Maryland law and are currently under discussion before the Public Service Commission in Public Conference 72. Additionally, the threshold of “large load customer” in Public Utilities Article (PUA) § 4-212(a)(3)(i) is 100 MW— significantly higher than the 25 MW threshold in this bill—and would likely only capture the largest data centers. OPC supports reducing that threshold to 25 MW—as separately proposed in HB 1532—to match the definition of “large load customer” in this bill.

large load customers that prioritizes, for the purposes of load studies, interconnection, and permitting, large-load customers that provide capacity to meet 100 percent of their own needs and pay the prevailing wage. Moreover, SB 0596/HB 0940 would require that before receiving a load study—a requirement to receive service—any large load customer must request a load study and pay the costs associated with conducting the study as well as a fee of no less than \$1,000/MW. SB 0596/HB 0940 explicitly directs that these funds be split evenly between the Electric Universal Service Program and the Department of Housing and Community Development’s EmPOWER Maryland energy efficiency programs for limited-income customers.

Large load customers like data centers have city-sized energy demands that can grow quickly. They are unprecedented in both scale and timing. For example, PJM projects that the Dominion zone in Virginia will add about as much new electric demand from data centers by 2030 as the total electric demand that Maryland has built up over more than a century.² The electric demands required to support data centers are driving up wholesale market supply costs for Maryland customers in three main areas:

Capacity market costs: PJM operates a periodic capacity market auction under which power plant owners make advance commitments to provide power to meet reliability requirements. The power demands of data centers are driving substantial increases in the need for supply, driving up capacity market prices. [According to the independent market monitor \(“IMM”\) for PJM](#), data center load growth is “the primary reason for recent and expected capacity market conditions” within PJM, raising the price in the last three auctions by \$23 billion.

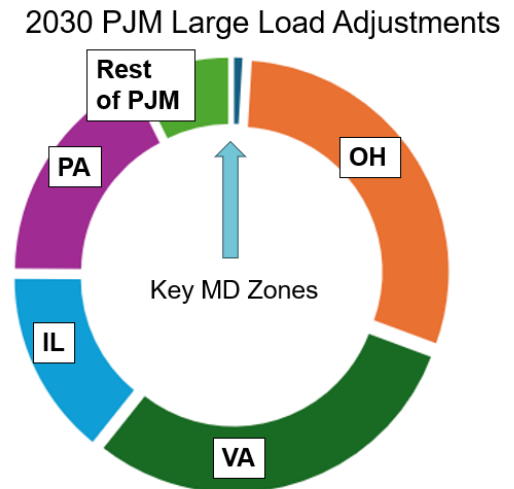
Transmission costs: The anticipated addition of massive new electric needs associated with the construction of data centers is driving a large expansion of PJM’s transmission system. Maryland customers see transmission costs on the supply side of their bill. Between 2024 and 2026 alone, PJM has advanced almost \$24 billion in new transmission infrastructure for regional upgrades primarily driven by data center growth, mainly in Northern Virginia and Pennsylvania.³ Over \$2 billion—plus billions more in recovery for the utility’s return as the initial investments are recovered in future decades—

² The entire load for Baltimore Gas & Electric (BGE) is roughly 6.5 megawatts. The new demand in Virginia as of spring 2025 was 10 megawatts. See Jeff Morgan, [MD could get hit with \\$800 million energy bill due to VA data center needs](#), WMAR 2 News.(April 30, 2025).

³ RTEP 2023, Regional Transmission Expansion Plan, p. 1 (March 7, 2024); Transmission Expansion Advisory Committee (TEAC) Recommendations to the PJM Board, PJM Staff White Paper (Feb. 2025), p. 1; Transmission Expansion Advisory Committee (TEAC), Reliability Analysis Update, 2025 RTEP Cost Summary, p. 61 (Jan. 6, 2026); Transmission Expansion Advisory Committee (TEAC) Recommendations to the PJM Board (February 2026).

will be paid by Maryland customers.⁴ Marylanders also are paying tens of millions in local transmission projects for data centers.

Energy market costs: Energy costs change hour-by-hour, which makes the impact of data centers harder to quantify, but data centers are most certainly driving higher energy costs for Maryland customers. [An analysis by Bloomberg](#), for example, found that between 2020 and 2025 energy prices grew significantly more near “data center hot spots,” including Baltimore, where they more than doubled. Energy prices comprise the largest part of wholesale costs that show up as part of the supply portion of a residential customer bill. (Wholesale costs include transmission and capacity costs as well.) Energy prices in PJM grew almost 50% from January 2025 to September 2025 compared to the same period last year.⁵



Source: PJM's 2026 load forecast ...

PJM’s recently released [2026 forecast](#) provides important context for where the anticipated load growth is projected to occur. According to that report—based in part on information from the utilities—PJM forecasts only modest load growth in Maryland through 2045. As this figure demonstrates, almost all of the projected growth in demand from data centers is occurring outside of Maryland.

If Maryland customers are not responsible for the monumental projections of increased energy demand, then Maryland customers should not bear the costs necessary to meet that rising demand. This principle of “cost causation” is a fundamental tenet of public utility regulation and core to the legal standard that utility rates be “just and reasonable.”⁶

SB 0596/HB 0940 would help protect existing Maryland ratepayers from the potentially huge costs associated with data centers in three important ways. *First*, requiring large load customers to provide for a minimum of 25%—and encouraging them to provide 100%—of the generation capacity required to serve their load will, in turn, reduce the impact that the data center will have on the balance between supply and demand in the capacity market. *Second*, requiring large load customers to participate in a

⁴ See e.g., Md. Off. of People’s Couns., *Protest and Comments before Federal Energy Regulation Commission* Docket No. ER24-843 and Md. Off. of People’s Counsel’s press release: [PJM proposal would unlawfully saddle Maryland customers with nearly \\$800 million for out-of-state data center growth, OPC tells federal regulators](#).

⁵ Monitoring Analytics LLC, *Annual and monthly wholesale cost components data*, https://www.monitoringanalytics.com/data/pjm_cost.shtml.

⁶ PUA § 4-201 (“[A] public service company shall charge just and reasonable rates for the regulated services that it renders.”).

PSC-led demand response program will further reduce the total demand for both capacity and energy market products. *Third*, a large-load customer seeking to interconnect with the grid must make a meaningful contribution to limited-income assistance programs proportional to the customer's load requirements before the customer even begins the interconnection process.

The unprecedented nature of the growth associated with large load customers like data centers poses a monumental threat to the electric grid at a time when many residential ratepayers are facing an unaffordability crisis. SB 0596/HB 0940 provides protections for existing customers. Working in concert with the large load tariffs currently under development pursuant to the Next Generation Energy Act, SB 0596/HB 0940 is a crucial step to protect ratepayers and manage the future interconnection of large load customers.

Recommendation: OPC requests a favorable Committee report on SB 0596/HB 0940.