

BEFORE THE MARYLAND GENERAL ASSEMBLY ENVIRONMENT AND TRANSPORTATION COMMITTEE

February 20, 2026

RE: HOUSE BILL 940 – Large Load Customers – Electric System Interconnection and Demand Response Program

FAVORABLE WITH AMENDMENTS

Verrus LLC (“Verrus”) appreciates the opportunity to provide testimony on House Bill 940. As a developer and operator of the next generation of load-flexible hyperscale data centers, Verrus supports the goals of HB 940 to integrate large loads into the electric system in a manner that enhances grid reliability and affordability.

Maryland is uniquely positioned to become a national leader in grid-aware digital infrastructure. By enacting the reforms in HB 940 with certain refinements to define and empower "Flexible Large Loads," the General Assembly can accelerate economic growth while protecting Maryland ratepayers from unnecessary infrastructure costs.

Executive Summary

Verrus recommends that the Committee advance HB 940 with enhancements that bridge the gap between static "Large Load Customers" and the dynamic, grid-responsive assets needed for a modern energy system. Specifically, we recommend:

1. **Defining "Flexible Large Load" as a distinct class within the bill** to ensure that customers making long-term curtailment commitments receive proportionate interconnection benefits.
2. **Aligning HB 940's Interconnection Process with Flexible Capabilities** to ensure that interconnection studies model the ability of these loads to avoid system peaks and unnecessary infrastructure build-out.
3. **Enhancing the Demand Response Program (Section 7-1008)** to ensure compensation structures reflect the high-value reliability service provided by flexible data centers.

I. Aligning HB 940 with the Value of Large Load Flexibility

Traditional data center development assumes a "gross demand" model where the grid must be built to meet 100% of the customer's nameplate capacity at all times. This leads to multi-year interconnection delays and billions in ratepayer-funded upgrades.

HB 940 correctly identifies that "surplus interconnection" and "demand response" are keys to unlocking this bottleneck. Flexible data centers, like those developed by Verrus, can modulate hundreds of megawatts of demand within seconds, acting as a virtual power plant (VPP). As

noted in recent studies, flexible data centers can connect **three to five years faster** than inflexible counterparts and avoid nearly **untold system upgrade costs**.

Key Elements of HB 940 Supported by Verrus

Verrus strongly supports several foundational elements of the current bill and recommends they remain central to the legislation:

- **CPCN Exemption for Surplus Capacity (Section 7-219.1(B)):** Exempting large loads that utilize surplus interconnection capacity from the Certificate of Public Convenience and Necessity (CPCN) requirement is a common-sense reform. It recognizes that where infrastructure already exists, the regulatory burden should be minimized to accelerate deployment.
- **Surplus Interconnection Potential Study (Section 2):** The mandate for the Maryland Energy Administration to study and report on surplus interconnection potential is critical. This transparency will allow developers to identify "no-regrets" locations where data centers can be added without triggering massive new transmission projects.
- **Prioritization for 100% Capacity Provision (Section 7-219.1(D)(2)):** We support the bill's logic in prioritizing customers who take responsibility for their own load through energy storage or carbon-free assets. This creates a clear "express lane" for the most responsible grid citizens.

II. Specific Recommendations for HB 940

1. Refine the Definition of "Large Load Customer" to Include Flexibility (Section 7-219.1)

HB 940 currently defines a Large Load Customer primarily by size (25 MW) and load factor (80%). We recommend adding a "Flexible" designation for customers who commit to:

- **Enforceable Curtailment:** A commitment to curtail a significant percentage (e.g., 50%) of nameplate load upon signal from the utility or PJM.
- **Speed and Duration:** Capability to execute curtailment within 10 minutes (aligning with NERC contingency reserve standards) for durations of 4 hours or more.
- **Automated Response:** Demonstration of on-site resources (BESS, advanced controls) that satisfy telemetry and M&V requirements without manual intervention.

2. Optimize Interconnection Studies (Section 7-219.1(C))

The bill's requirement for an "expedited timeline" for customers providing 100% capacity is a strong start. However, the **Interconnection Study Assumptions** must also change. We recommend the bill mandate that the Public Service Commission (PSC) require utilities to model the *agreed-to curtailment obligations* of flexible loads. By modeling these loads as curtailable during peak stress, the state can avoid triggering "Network Upgrades" that are only necessary for a very small number of hours in a year.

3. Strengthen the Demand Response Program (Section 7-1008)

We strongly support the establishment of a Demand Response Program. To ensure high participation from hyperscale operators, the "clear compensation structure" required in Section 7-1008(D) should:

- **Recognize Capacity Value:** Compensate flexible loads for the infrastructure *avoidance* they provide to the system, not just the energy saved during a curtailment event.
- **Reflect Risk Profiles:** Adjust collateral requirements and demand charges downward for flexible loads, as they pose a significantly lower "stranded asset" risk to Maryland ratepayers compared to inflexible customers.

III. Conclusion

HB 940 provides a vital framework for Maryland to manage data center load growth responsibly. By explicitly defining and prioritizing "Flexible Large Loads," the General Assembly can ensure that data center growth supports, rather than strains, Maryland's transition to a clean, reliable, and affordable grid.

Verrus LLC urges a **favorable report** on HB 940 with the inclusion of these flexibility-focused refinements.

Respectfully submitted,

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