



Maryland

Energy Administration

TO: Chair Korman, Vice Chair Guyton, and Members of the Environment & Transportation Committee

FROM: MEA

SUBJECT: HB 799 - Maryland Co-Location Energy Innovation and Reliability Act

DATE: February 24, 2026

MEA Position: LETTER OF INFORMATION

The Maryland Energy Administration respectfully submits this letter of information for House Bill 799.

House Bill 799 requires the Public Service Commission (PSC) to adopt regulations governing generating stations that are co-located with data centers and that do not interconnect with the electric transmission or distribution system. The bill defines these facilities as independent resources, clarifies that certain retail electric customer requirements, including distribution system fees and Renewable Energy Portfolio Standard (RPS) obligations, would not apply, and directs the PSC to establish protective measures to prevent interaction with the grid. The legislation also requires cybersecurity safeguards, backup generation for reliability, annual reporting on energy use and environmental impacts, and a demonstration that the facility contributes to State energy goals.

In the Governor's recent State of the State address, Governor Moore emphasized Maryland's commitment to economic growth, grid reliability, and positioning our State as a national leader in emerging industries. This includes advanced computing, artificial intelligence, and energy innovation. HB 799 reflects this broader policy conversation by addressing how Maryland may accommodate energy-intensive data center development while protecting electric system reliability.

The policy objective of encouraging private investment in self-supplied generation for large data centers raises important and timely questions about reliability, ratepayer protections, emissions impacts, and long-term energy planning. Maryland must balance economic development opportunities with the integrity of its electric system, consumer protections, and its statutory climate commitments.

Several implementation nuances warrant careful consideration as this legislation moves forward. These include ensuring that the definition of an "independent resource" is technically enforceable and effectively prevents unintended interaction with the electric transmission or distribution system. The bill's exemption of generating stations from distribution system fees and Renewable Energy Portfolio Standard obligations also raises important questions regarding cost allocation and potential impacts on ratepayer equity.

In addition, the emissions profile of these facilities, particularly if backup generation relies on fossil fuel resources, should be carefully evaluated to ensure consistency with Maryland's climate goals. Reporting requirements must provide sufficient transparency to meaningfully assess environmental, reliability, and operational impacts. Finally, this framework should be aligned with Maryland's long-term grid planning processes, resource adequacy requirements, and broader clean energy objectives.

Given the complexity of co-located generation and the scale of potential data center development, regulatory clarity and technical precision will be critical. MEA looks forward to continued collaboration with the committee, the Public Service Commission, and stakeholders to ensure that any framework adopted promotes innovation while maintaining grid reliability, affordability, and alignment with Maryland's climate commitments.

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