

February 20, 2026



Maryland General Assembly
Attn: Trish Gagnon, Assistant to Chair Korman
House Environment and Transportation Committee
250 Taylor House Office Building
Annapolis, MD 21401

RE: HB 940 (Charkoudian) – “Large Load Customers - Electric System Interconnection and Demand Response Program” (Unfavorable)

Dear Chair Korman and Members of the House Environment and Transportation Committee:

On behalf of the Data Center Coalition (DCC), I am writing to express concerns surrounding HB 940, as currently drafted. DCC is the national membership association for the data center industry, and our membership is comprised of leading data center owners and operators, as well as companies that lease large amounts of data center capacity.¹ Data centers provide the digital infrastructure that keeps us connected in our daily lives and supports many sectors of the 21st century innovation economy, including financial services, advanced manufacturing, cybersecurity, healthcare, artificial intelligence, and other key industries.

HB 940 outlines a series of requirements that “large load customers” can meet in exchange for a streamlined grid connection process. The bill also mandates that the Public Service Commission (PSC) develop a demand response program for large load customers. DCC shares the sponsor’s goal of ensuring a stable and equitable electric grid and appreciates that the bill includes a requirement for the PSC to provide a clear compensation structure and financial incentives for demand response program participation. However, HB 940 introduces mandatory operational constraints that will inadvertently stifle Maryland’s growing digital economy and undermine the very progress the state has made to become a competitive hub for data center investment.

A mandatory program raises concerns about operational compatibility. Data centers are designed for 99.999% uptime to support essential services throughout the economy. Mandating participation in load management effectively forces these facilities to operate backup generation or risk catastrophic service interruptions for the hospitals, government agencies, and financial institutions they host. Additional restrictions surrounding the type of backup generation authorized for use further complicate the ability for a data center to comply with a mandatory demand response program.

¹ Public testimony and written comments submitted by DCC do not necessarily reflect the views of each individual DCC member. A list of current DCC members is accessible at <https://www.datacentercoalition.org/members>.

DCC is committed to continuing to work with Delegate Charkoudian's office on a voluntary demand response approach that recognizes the technical limitations of data centers and the many and varied products and services housed in these critical infrastructure facilities. Unfortunately, we cannot support the bill as currently drafted.

In recent years, Maryland has advanced legislation seeking to establish a competitive market that offers regulatory certainty and predictability essential for securing the long-term capital investment and high-tech employment associated with data center growth in the state. And last year, the General Assembly enacted "The Next Generation Energy Act," which includes several provisions targeted at regulating data center growth in the state. These include prohibiting shifting costs attributable to data center load growth to other ratepayers, while simultaneously championing the state's climate goals through incentives for zero-emission energy and advanced battery storage. The General Assembly also overrode Governor Wes Moore's veto of SB 116 (2025), which requires a comprehensive, multi-agency study of the data center industry's impact on the state, including evaluations of environmental, energy, economic, and fiscal impacts. With the final findings due by September 1, 2026, any further legislation prior to this date would be premature, as this study is specifically intended to serve as the analytical bedrock for Maryland's future energy and economic strategy.

We appreciate the Committee's consideration of these comments and stand ready to serve as a resource as the General Assembly considers legislation impacting the data center industry.

Respectfully,

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