



# Maryland

## Energy Administration

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

**FROM:** MEA

**SUBJECT:** HB 940 - Large Load Customers - Electric System Interconnection and Demand Response Program

**DATE:** February 24, 2026

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### **MEA Position: FAVORABLE WITH AMENDMENTS**

The Maryland Energy Administration (MEA) respectfully submits this letter in support of House Bill 940 (HB940) with amendments.

HB 940 establishes a framework for large load customers to interconnect to Maryland's electric system and directs the Public Service Commission (PSC) to create a demand response program tailored to these customers. The bill also requires MEA to study surplus interconnection potential across the State. As Maryland experiences significant growth in high-load commercial and industrial development, including large data centers, it is essential that interconnection processes protect grid reliability, ensure ratepayer equity, and align with the State's clean energy goals.

MEA supports the bill's intent to manage large load growth responsibly and to encourage demand flexibility. However, several technical amendments will better align the legislation with existing statute, regional grid conditions, and long-term system reliability:

**Large Load Definition and Interconnection Threshold:** The bill defines a "large load customer" as a commercial or industrial customer with an aggregate monthly demand of at least 25 MW. MEA recommends revising this threshold to 100 MW to align with the existing definition under § 4-212 of the Public Utilities Article and to focus the framework on the largest new loads, such as data centers. Aligning definitions reduces statutory inconsistency and ensures regulatory clarity.

**Surplus Interconnection and CPCN Exemption:** The bill exempts large load customers that purchase surplus interconnection capacity from Certificate of Public Convenience and Necessity (CPCN) requirements. Surplus interconnection service (SIS), as implemented in PJM, is designed to allow additional generation to use unused interconnection capacity at an existing generating facility without increasing total interconnection rights. It is not designed to accommodate incremental load. The SIS process is separate from the full interconnection process and allows resources to come online more quickly than they otherwise would, so long as no new network upgrades are required.

MEA appreciates the intent to encourage efficient use of surplus interconnection, particularly following recent federal reforms. However, exempting large loads that do not bring new incremental generation onto the system risks accelerating interconnection of load without commensurate supply additions, exacerbating PJM’s current supply-demand constraints.

MEA recommends limiting the CPCN exemption to large load customers that bring their own new incremental generation to the system, on an accreditation-adjusted basis, to offset their load additions. This approach ensures that large loads contribute to system adequacy rather than intensify capacity shortfalls.

**Load Offset Requirements:** The bill prohibits large load customers from interconnecting unless they provide interconnection capacity for 25% of their load and provides expedited treatment for customers that offset 100% of their load. If “interconnection capacity” is interpreted to mean generation, the 25% requirement effectively mandates a bring-your-own-generation model. MEA recommends removing the 25% mandatory threshold and instead structuring incentives around new incremental generation that offsets load growth.

In addition, MEA recommends clarifying that offsetting resources may include clean generation located behind the meter, such as advanced nuclear technologies, where appropriate. Expanding the list of qualifying technologies ensures the framework remains technology-neutral and innovation-friendly. The bill also requires clarification of subsection (D)(3), which states that surplus interconnection purchases must offset capacity provided through other listed methods. The intent and interaction between these provisions should be clarified to avoid conflicting compliance obligations.

**Load Study Fees:** The bill establishes a minimum fee of \$1,000 per MW for large load study requests, with revenues directed to the Electric Universal Service Program and DHCD’s limited income EmPOWER program. MEA recommends removing the statutory minimum fee and instead allowing load-serving entities to determine study costs, provided large load customers pay the full cost of the study. This approach ensures that other retail customers do not subsidize study costs while avoiding potential over- or under-pricing of complex load analyses.

**Demand Response Program Design:** MEA supports the development of demand response products tailored to large loads and appreciates the bill’s emphasis on compensation, dispute resolution, and notification clarity. However, Section 7–1008 at (F) raises concerns regarding behind-the-meter (BTM) storage treatment. If BTM storage cannot be reflected in net load during demand response events, customers may lose incentives to invest in storage. MEA recommends clarifying that the prohibition aims to prevent baseline manipulation rather than prohibit legitimate storage discharge from counting toward load reduction. Alternatively, the provision should be reconsidered.

The bill’s reference to charging limitations during “peak demand” periods requires further specificity. Any charging restrictions should be tied to clearly defined system conditions, whether distribution peak, PJM system peak, local reliability events, or emergency declarations, to avoid unintended reliability consequences.

(G) warrants clarification as well. While MEA supports Virtual Power Plant (VPP) participation consistent with FERC Order 2222, the current language could be interpreted to mean a utility-controlled aggregation model that may limit third-party participation. The bill could clarify that aggregation structures must remain technology-neutral and competitive. Additionally, MEA suggests the reference to non-wires alternatives that “feed electricity back to the electric system” specify the technologies such as distributed generation, storage discharge, vehicle-to-grid technologies, or exporting microgrids, if the intent is to address a subset of nonwire solutions. Grid-enhancing technologies increase transmission capacity but do not inject energy.

**Surplus Interconnection Study:** The bill directs MEA to complete a study of surplus interconnection potential by December 31, 2026. Given the October 1, 2026 effective date and the need to obtain potentially business-sensitive information from market participants, MEA respectfully requests extending the reporting deadline to at least July 1, 2027.

MEA also recommends revising the requirement to conduct individualized outreach to data center developers. Instead, MEA should make the summary information publicly available upon request. MEA anticipates requiring consultant support to complete this study, at an estimated cost of \$150,000 annually beginning in fiscal year 2027.

House Bill 940 addresses an important and timely issue: how Maryland integrates very large electric loads without compromising reliability, affordability, or climate commitments. With targeted amendments to align definitions, clarify surplus interconnection treatment, refine demand response design, and adjust study timelines, this legislation can provide a durable framework for responsible large load integration.

For these reasons, MEA respectfully requests a **favorable report with amendments.**

Thank you for your consideration. For additional information, please contact Megan Outten, Policy Manager, at [megan.outten@maryland.gov](mailto:megan.outten@maryland.gov) or 443-842-1780.