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PUBLIC SERVICE COMMISSION

Chair Marc Korman
Environment and Transportation Committee
250 Taylor House Office Building
Annapolis, MD 21401

RE: HB 940 - Information - Large Load Customers Electric System Interconnection and Demand Response Program Act of 2026

Dear Chair Korman and Committee Members:

The Public Service Commission (the “Commission”) appreciates the opportunity to provide this informational testimony for HB 940. This bill defines which electric customers are considered large load customers based upon their aggregate monthly demand and specifies terms and conditions for large load customers to receive service and obtain capacity for their loads. The bill also requires the Commission to establish and administer large load customer interconnection processes, and a large load customer demand response program that provides compensation for curtailment.

The Commission understands the intent of this bill is to minimize potential negative effects on the grid caused by the capacity needs of large-load customers like data centers, and agrees that addressing issues around data center capacity planning is an important part of ensuring that Maryland ratepayers have access to reliable and affordable energy. Operationally, however, there may be elements of this proposed legislation that would impede the Commission’s ability to implement it in a way that effectively addresses the most salient issues associated with data center load.

The Commission would recommend that the Committee incorporate the considerations summarized below in its review of HB 940. Additional information can be provided if requested.

1. Certain terms that are defined or used in the bill are ambiguous or conflict with existing definitions in statute. Aligning the definition of “large load customer” with existing statutory definitions and clarifying “surplus interconnection” and “interconnection capacity” in various provisions of the bill would avoid potential legal challenges, prevent possible circumvention of the intended requirements of this bill, and avoid errors in capacity planning studies that may underestimate the capacity needs of large load customers and thereby cause risks to reliability. The Commission also notes that the term “interconnection” in general typically refers to generation interconnection to the grid, and not load. To prevent confusion, the bill could be amended to reference “large load interconnection” or “large load integration.”

2. The bill introduces CPCN exemptions for large load customers in several instances, including when they interconnect at points in the grid with surplus potential, or when they participate in demand response. Currently, however, CPCN requirements apply to generation and transmission, not load, and the CPCN exemptions for load in this bill would have no effect. The exemption provisions would need to be removed or reworked to prevent superfluity or ambiguity that could lead to legal challenges.
3. To the extent that the Commission-established large load customer interconnection process called for in the bill has not already been implemented in other proceedings, it may be hindered by questions of jurisdictional authority. Interconnection processes for electric distribution customers are fully administered by electric distribution utilities pursuant to Commission-approved regulations, tariffs, and engineering practices. If the large load customers will be interconnecting at transmission voltages, which is likely because of their size, those processes are established and overseen by PJM.
4. The bill's requirement that interconnection must be expedited for large load customers that provide capacity for 100% of their load would present implementation challenges. Project prioritization could conflict with clustered study approaches used by utilities and PJM to model interacting projects and the sequencing needed to identify required upgrades. The Commission would recommend amending the bill to clarify that the Commission's role is to oversee and approve the processes administered by utilities rather than operate an interconnection queue, and to make any timelines contingent upon completion of required utility and PJM studies (as applicable), outage availability, equipment lead times, and construction windows necessary to maintain safe and reliable service.
5. The Commission notes that there are alternatives to HB 940's requirements related to demand response programs that may effectively manage large load demand in a way that is more administratively efficient. For example, establishing large load curtailment requirements through utility tariffs in lieu of a Commission-administered demand response program could achieve load reduction during force majeure events at a lower fiscal and operational cost. Additionally, where the bill directs the Commission to establish regulations governing demand response energy storage facilities for large load customers, clearer definitions of key terms and addressing how such resources interact with existing Commission and FERC regulations would prevent duplication or circumvention of efforts that already exist.

Please contact Niki Wiggins, Director of Legislative Affairs, at irene.wiggins3@maryland.gov if you have any questions related to this informational testimony.

(signature to follow)
Sincerely,

A handwritten signature in blue ink, appearing to read 'Kumar', with a stylized flourish extending to the right.

Kumar P. Barve
Chair, Maryland Public Service Commission