

HB0940 – Favorable
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Electricity prices are rising far faster than inflation, and Maryland ratepayers are already feeling the impact. One major driver is the extraordinary increase in electricity demand from data centers joining the grid. PJM Interconnection — the regional grid operator that serves Maryland and 12 other states plus Washington, D.C. — recently held its capacity auction for the 2027–2028 delivery year and set a **record-high clearing price of \$333–\$334 per megawatt-day**, well above historical norms. (Source: <https://content.govdelivery.com/accounts/MDOPC/bulletins/4006939>)

According to PJM’s independent market monitor, **data centers account for the overwhelming majority of projected peak load growth** used to set these capacity requirements — **about 94% of the increase** in forecast peak demand for 2027–2028 is attributable to new data center load growth.

(<https://introl.com/blog/pjm-grid-crisis-2027-data-center-capacity-shortfall>)

These trends are reshaping the economics of the grid:

- **Capacity prices have risen roughly fivefold in recent auctions**, reflecting strained supply versus growing projected demand. (<https://theenergystoragewire.com/data-centers-now-drive-40-percent-of-pjms-capacity-costs/>)
- PJM projects roughly **32 gigawatts of new regional peak demand by 2030**, with most of that increase linked to data center growth as grid operators forecast future peak conditions. (<https://techbaynews.com/2026/01/04/marylands-data-center-moment-growth-grid-limits-and-the-fight-for-balance/>)

The result is higher electricity costs for consumers and increased stress on the grid. Analysts and consumer advocates warn that continued

growth without strategic policy guardrails could lead to reliability issues and materially higher bills in the coming years.

The Data Center Clean Capacity Bill addresses these challenges by:

- **Establishing a voluntary demand response program:**
Data center operators may opt into a program that reduces their grid demand during peak hours through battery storage, workload shifting, and carbon-free generation — providing critical flexibility when the grid is most stressed.
- **Requiring new data centers to source at least 25% of their energy from carbon-free sources or demand response:**
Where data centers choose not to participate in demand response, they must meet a minimum clean energy sourcing standard to avoid adding to peak load pressure.
- **Prioritizing data centers that bring their own clean energy:**
Facilities that provide 100% of their own energy via carbon-free generation, battery storage, and demand response will be fast-tracked through interconnection and permitting, reducing grid strain.
- **Requiring data centers to pay into a community benefit fund:**
Data centers will contribute **\$1,000 per megawatt** to the EmPOWER program, which supports energy efficiency and assistance programs for low-income Marylanders.

This bill promotes responsible growth, protects Marylanders from bearing disproportionate costs for future grid upgrades, and keeps the grid more reliable and resilient as demand expands.

I recommend a favorable vote on HB940

