**Maryland Gov. Wes Moore’s bill on data centers raises environmental questions**

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Environmental groups, and some legislators, are voicing concerns about a bill proposed by Maryland Gov. Wes Moore, arguing that it excessively loosens oversight for energy-hungry data centers looking to open in the state.

Moore’s camp argues that the bill reduces onerous red tape for data centers, which can be potent economic drivers, by exempting their large arrays of backup generators from a lengthy review process by the Maryland Public Service Commission.

But some are concerned about eliminating a layer of regulatory review for the centers, which have proliferated in Northern Virginia, creating a massive demand for energy and [raising concerns](https://www.washingtonpost.com/dc-md-va/2023/02/10/data-centers-northern-virginia-internet/) about both carbon and noise pollution. Maryland has a handful of small data centers but could be a new frontier for larger facilities, which would benefit from proximity to Virginia’s infrastructure.

Data centers, which house the computer server systems critical for cloud-based services, demand lots of energy from the grid to run — and to stay cool. They also require backup generators, to remain operational if the power goes out. Though they don’t run continuously, the generators require frequent testing, and in many cases, they burn planet-warming fossil fuels such as diesel fuel.

Some smaller generator systems are eligible for a waiver to avoid the PSC review — a process that typically takes nine to 12 months, according to the commission. But the generators required by data centers can be comparable to the capacity of a power plant.

One data center company, called Aligned, asked for an exemption from the PSC process — arguing its backup generators should be considered individually rather than as a group.

The commission disagreed, holding that because the project planned to use up to 168 backup generators powered by diesel, it was required to go through the process, and obtain what’s known as a “Certificate of Public Convenience and Necessity” to operate the generators.

Aligned, which wanted to open its data center on a brownfield in Frederick County, said it was pulling out of the project after the denial.

“Aligned remains concerned that the [Certificate of Public Convenience and Necessity] process — which was created for merchant power plants and transmission lines — is ill suited for the siting of commercial developments like the Data Center that include backup generators for onsite emergency use only,” Aligned said in a statement after the PSC’s decision.

The PSC “sent a negative — and perhaps fatal — signal to the hoped-for data center industry in Maryland,” according to Aligned.

Moore, a Democrat, voiced frustration after the decision by the PSC, to which he appointed three of its five members. Then, he put forward his bill, which is backed by a bipartisan group of legislators.

“Bringing these data centers to Maryland will not only improve and modernize Maryland’s tech economy and bolster the state’s economic competitiveness but it will also continue to solidify Maryland’s position as a leader in national security infrastructure. Governor Moore believes it imperative for the state to invest in decisions that will prepare us for the problems of the future, and this bill is an example of that,” read a statement from Moore spokesman Carter Elliott IV.  “Data centers in Maryland would be subject to the same emissions standards and regulatory requirements that Governor Moore has invested in to help build a cleaner Maryland.”

The disagreement highlights the thorny issue that data centers present. They’re a necessary component of an internet and artificial intelligence-driven future, and major sources of tax revenue. But they guzzle immense amounts of power, from a grid that still isn’t fueled with a large percentage of clean energy.

In Virginia, data centers account for 20% of power company Dominion Energy’s sales, the company shared in an [earnings call](https://www.tdworld.com/utility-business/article/21259755/data-centers-to-keep-dominion-sales-growth-above-average) last year. The demand has forced Dominion to plan upgrades to its power transmission lines. The company also is [considering bringing on](https://virginiamercury.com/2023/06/14/dominion-reviving-plans-to-build-a-natural-gas-peaker-plant-in-chesterfield/) a new natural gas [power plant](https://www.dominionenergy.com/projects-and-facilities/natural-gas-facilities/chesterfield-energy-reliability-center) to meet the rise in demand. The development frustrated clean energy advocates fighting for a focus on renewable energy projects.

For some, Northern Virginia’s experience with data centers presents a cautionary tale, which shows that more regulation and study — not less — are needed.

Kyle Hart, Mid-Atlantic program manager at the National Parks Conservation Association, has fought against several data center proposals near national parks. He feels Virginia has allowed data centers to run out of control, and worries that Maryland could fall into a similar trap by trimming regulations.

“The governor was talked into supporting this bill, but really I think at the end of the day, this is an industry bill,” Hart said. “They essentially are asking for business as usual in Virginia, and the state of Maryland has an opportunity to hold them to a higher standard.”

Under Moore’s proposal, data centers would bypass the PSC certification process, but still be required to obtain other approvals, such as zoning at the local level and an air quality permit from the Maryland Department of the Environment. But some feel the PSC’s process is important.

For instance, it invites additional public input, said Del. Lorig Charkoudian, a Montgomery County Democrat. The commission is also unique in that it is required to consider climate change in its decision-making. It can require data centers to take steps to mitigate greenhouse gas emissions, for instance by using a certain amount of battery power for the backup generators.

“Without that process — with a full-on exemption — you lose those opportunities,” Charkoudian said.

Charkoudian has proposed a different bill on data centers, which would require them to use battery power for 5% of backup, and use Maryland offshore wind, once it’s available, to handle 15% of their overall energy needs. Charkoudian hopes the bill would support the nascent offshore wind industry amid financial struggles. In the absence of wind, the centers would purchase solar energy credits.

Another bill, sponsored by Sen. Karen Lewis Young, a Frederick County Democrat, would require data centers and other “high-energy use” facilities, such as cannabis cultivation businesses, to gradually reduce their greenhouse gas emissions.

Kim Coble, executive director of the Maryland League of Conservation Voters, said nixing the PSC’s oversight of data centers “removes some checks and balances that are in place for a reason.”

But she believes the governor’s bill could be improved with some guardrails. And her group also supports the spirit of Charkoudian’s legislation, she said.

“The combination of those two approaches, I think, is where the sweet spot is on this issue,” she said.

Steve Black, president of the Sugarloaf Alliance, lives on a farm close by the Quantum Loophole campus, where Aligned was planning its Frederick County data center. The development is likely to attract other data center development.

Black said the governor’s bill was disappointing. He feels the PSC process is another safeguard in place to protect neighbors from nuisances and question the companies on their power needs.

“One company assumed they would be able to get an exemption and they didn’t. They stormed off and had a temper tantrum,” Black said. “And as a result, we are going to gut Maryland’s environmental regulations?”