

September 24, 2024

Maryland Public Service Commission
William Donald Schaefer Tower
6 St. Paul Street
Baltimore, MD 21202

**Re: The Co-Located Load Configuration Study – Senate Bill 1 Co-Location Study –
Administrative Docket PC61**

On Behalf of:

**Mid Atlantic Pipe Trades Association (United Association)
International Brotherhood of Electrical Workers (Local 26)
Iron Workers District Council of the Mid-Atlantic States**

Dear Chair Hoover and Honorable Members of the Commission, my name is Roger Manno, an attorney at Manno & Associates LLC, representing the Mid Atlantic Pipe Trades Association (United Association), International Brotherhood of Electrical Workers Local 26, and the Iron Workers District Council of the Mid-Atlantic States. Our unions represent tens of thousands of skilled workers who are essential in constructing, operating, and maintaining large-scale industrial facilities like data centers.

I want to begin by thanking the Commission for holding this critical technical conference on the Co-Located Load Configuration Study under Senate Bill 1. As both an attorney and former lawmaker, I deeply appreciate the Commission’s role in shaping coherent policies, which hold transformative potential for Maryland’s energy and industrial sectors. Specifically, for co-location of data centers, these policies can unlock significant opportunities in revenue generation, workforce development, and clean energy innovation by utilizing reliable, carbon-free power like nuclear, while reducing transmission losses and infrastructure costs.

The co-location model under consideration accelerates development timelines, reduces operational expenses, and enhances energy efficiency, all of which align with Maryland’s goals for sustainable energy and economic growth. This technical conference offers an invaluable platform to explore how co-location can drive infrastructure innovation, meet the increasing demands of data processing, and further Maryland’s leadership in clean energy development.

At the outset, we support co-location / “behind the meter” configurations where it makes strategic sense to do so, and in other instances, we support traditional grid connection / “in front of the meter” where that makes more sense. That said, in the specific case of potentially building a data center at the Calvert Cliffs nuclear power plant, we are clear that co-location presents the most strategically opportune configuration, and we are here to convey that, unequivocally.

Data centers are vital to the modern digital economy, and Maryland is uniquely positioned to capitalize on this opportunity by aligning large-scale data infrastructure with clean energy resources. Calvert Cliffs provides a stable, zero-carbon energy source, which can be leveraged to ensure the success of a potential data center project while minimizing environmental impact. The financial stability provided by a long-term, large-scale customer will support extension of the plant's operating licenses and preserve the jobs, taxes, and community benefits that flow from operating the plant.

Maryland benefits from having one of the most highly skilled trades sectors in the world, with expertise in building, operating, and maintaining the complex infrastructure required by data centers. Members of the UA, IBEW, and Ironworkers are uniquely qualified for this work, performing tasks such as:

- UA members (plumbers, pipefitters, and steamfitters) install the advanced cooling systems necessary for the heat-intensive operations of data centers.
- IBEW electricians set up the electrical infrastructure, ensuring reliable power supply and managing backup systems to prevent disruptions.
- Ironworkers construct the steel frameworks, ensuring the structural stability required for these massive facilities.

Any actions to limit the ability of a customer to choose co-location could result in the loss of thousands of high-paying construction jobs and the permanent positions that would come from on-going operations and maintenance. We support data center projects of either configuration because they provide a significant economic boost to Maryland's workforce and economy.

As for co-location, the specific benefits of co-locating a large-scale data center at Calvert Cliffs are compelling in ensuring that such a data center is built at all. Leveraging existing nuclear infrastructure reduces the need for new, costly grid connections, leading to lower capital expenditures. This is a lesson learned in Northern Virginia, where, according to former Chief Operating Officer at PJM, Michael Kormos, the traditional grid connected data centers (there are no co-located data centers in Virginia) coupled with existing facility retirements led to more than \$5 billion in necessary upgrades being passed on to rate payers – including Maryland homes and businesses.¹ As a former Maryland appropriator, I can attest to the political carnage that such unnecessary ratepayer costs would represent.

The streamlined co-located development model would also likely shorten the timeline from up to 7 years under traditional grid connection to 2-3 years under co-location, accelerating return on investment, which is attractive to luring a developer to Maryland. To that, a large data center project would lead to \$7 billion to \$10 billion in capital investment, generate millions in annual revenue for the state, and create thousands of jobs in both construction and long-term operations, many of which would be serviced by our members.

All of these represent exquisitely unique and rare opportunities, that have traditionally benefitted states other than Maryland, and could very easily continue that trend, if we play this hand wrong, by taking options that are currently available off the table.

Despite the advantages Maryland has to attract these investments under its current regulatory construct, recent comments by the Exelon utilities before FERC, this Commission, and the Maryland legislature, suggest that the regulatory construct should change only for co-located facilities. The utilities claim that a co-located facility should bear additional transmission service and interconnection costs even when the co-located facility has no ability to take electricity from the power grid.

This argument overlooks one of the core benefits of co-location, as outlined by Michael Kormos in his paper, as discussed on the earlier panel. Kormos emphasizes that co-located facilities already bear the full costs of local generation substations and infrastructure, preventing the data center from placing further burden on the power grid. From our perspective, it would make no sense for a data center developer to chose to co-locate and source its power behind the meter, directly from a nuclear power plant, and in doing so incur all the local delivery infrastructure costs, which can be as high as \$250 million, only to be charged the same grid transmission charges as if it had simply plugged into the grid and never assumed the behind the meter costs at all. Doing so would simply be preposterous, and would essentially eliminate an alternative that developers looking to invest billions in Maryland can choose from

Imposing additional grid transmission fees for services the facility is not using would defeat the purpose of co-location, which is to minimize both infrastructure costs and transmission losses by situating energy-intensive facilities near their power source. Forcing co-located data centers to also pay standard grid costs could render projects financially unfeasible, extending development timelines and jeopardizing Maryland's ability to attract data center investment. This could result in the loss of billions in capital and thousands of jobs. In short, no data center would choose to co-locate in Maryland under these conditions, if it didn't have to, and as history has demonstrated, there are no shortage of greener pastures in other states.

In terms of Maryland's priorities, by utilizing carbon-free nuclear energy via co-location, Maryland would not only meet its climate goals but also gain a competitive edge over states relying on fossil fuels for their data infrastructure. In that respect, co-location at Calvert Cliffs aligns Maryland's economic, environmental, and energy policies, creating a model for sustainable industrial development consistent with our values and strategic objectives in realizing a carbon-free future within our lifetimes. Furthermore a long term contract with a data center for a portion of Calvert Cliffs can help solidify the continued operation and relicensing of the entire plant so the clean and reliable energy it provides to Marylanders can be safely preserved for many years.

In closing, co-location presents a viable and unique opportunity to develop a data center at Calvert Cliffs, which represents a significant opportunity for Maryland and the skilled tradespeople I represent. This project promises transformative economic benefits, job creation, and support for Maryland’s clean energy goals that we might not otherwise achieve without co-location. Respectfully, Exelon’s arguments regarding transmission costs fail to recognize the efficiencies of co-location and, if implemented, could undermine the financial viability of this critical project.

We urge the Commission to reject these cost-sharing arguments and support the co-location model, allowing Maryland to advance this transformative project.

Thank you for your time and consideration. I am happy to answer any questions.

Sincerely,

/s/ Roger Manno

Roger Manno, Esq.

Manno & Associates LLC

On behalf of the Mid Atlantic Pipe Trades Association (UA), the International Brotherhood of Electrical Workers (Local 26), and the Iron Workers District Council of the Mid-Atlantic States.

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ⁱ Michael Kormos, *The Co-Located Load Solution*, July 2024, p. 6