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TESTIMONY BEFORE THE ENERGY, UTILITIES AND TECHNOLOGY COMMITTEE

An Act to Address the Use of Electricity by Data Centers L.D. 912

GOVERNOR'S ENERGY OFFICE
April 3, 2025

Senator Lawrence, Representative Sachs, and Members of the Joint Standing Committee on Energy, Utilities and Technology (EUT): My name is Caroline Colan, and I am the Legislative Liaison for the Governor's Energy Office (GEO).

The GEO testifies neither for nor against L.D. 912.

Thank you for the opportunity to provide comments on this proposal. It is the GEO's understanding that the sponsor's intent in putting forward this bill is to address a discrete project at a former mill site in Millinocket where there is interest from an entity in developing a data center that would utilize on-site, behind the meter power and create new jobs in the region. While we are not necessarily opposed to the proposed approach in these circumstances, we do express our hesitancy in establishing a broad or statewide precedent regarding the use of electricity by data centers as the issue is rapidly developing nationally, and best practices generally have yet to emerge.

While electricity demand has remained relatively flat in the U.S. since the early 2000s due to increased implementation of energy efficiency improvements and a decline in domestic manufacturing, a new drive toward electrification in support of decarbonization policies has begun to drive up demand again in recent years. Now new domestic manufacturing, AI, and data center expansion could contribute significantly to near-term demand growth with the Electric Power Research Institute (EPRI) estimating that data centers could consume nearly 10 percent of U.S. electricity generation by 2030, more than doubling their consumption from today.¹

So far, New England has not experienced much of the run on data centers while states like Virginia have seen significant growth, though the issue may become more salient in our region as the demand for new data centers increases. A company has proposed building a 300 MW data center in Connecticut located next to the Millstone Nuclear Plant which would be the largest single user of electricity in Connecticut and draw up to 15 percent of Millstone's generation.

The New England States Committee on Electricity (NESCOE) recently published a white paper on data centers and the power system which highlights several challenges related to proliferation of data

¹ <https://www.energy.gov/gdo/clean-energy-resources-meet-data-center-electricity-demand#:~:text=The%20Electric%20Power%20Research%20Institute,of%20total%20load%20in%202023.>



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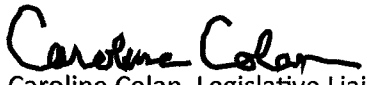
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centers.² The report sites potential impacts to wholesale market prices resulting from considerable demand growth from facilities using behind the meter power without adding any new supply, causing the host state's share of regional capacity costs to increase. Data center load tends to be uninterruptable and consistent year-round, having potential implications for the locational marginal price or the cost of energy in New England. Consistent, increased loads in winter months could also impact energy adequacy risk. Data centers may also drive emission impacts for several reasons if they are not tied to incremental clean electricity given their significant energy requirements to keep equipment adequately cool and to protect redundancy. If a data center is located behind the meter of an existing clean energy resource, the data center would divert that clean power that may be currently counted toward compliance with Maine's renewable portfolio standard. The white paper also raises issues regarding cost allocation for any necessary transmission infrastructure upgrades required to support integration of near-term data center demand, even for data centers with on-site generation.

State legislatures around the country are beginning to consider the impact of data centers on the grid and the costs to utility customers, as is the Federal Energy Regulatory Commission (FERC). It is worth proceeding cautiously to ensure that data center demand, though limited in Maine today, does not adversely impact the reliability and costs of the grid for other grid users, as well as the ability to serve growing demand with clean resources.

We are happy to work with the Committee to consider a thoughtful approach here recognizing that best practices have yet to emerge on this new and rapidly evolving topic.

Thank you for your consideration.


Caroline Colan, Legislative Liaison
Governor's Energy Office

² https://nescoc.com/resource-center/data-centers-primer/#_Toc168597117