



Virginia & Maryland Data Center Legislative Overview

Metropolitan Washington Council of Governments
Climate, Energy & Environment Policy Committee
5/27/2026

Bill Eger
Founder & Principal
ETHOS Sustainability, LLC

Turn Your Energy Vision into Results

ETHOS Sustainability specializes in working with local governments, businesses, and organizations to develop and implement comprehensive energy transition programs through advanced strategy and planning; technical and economic analysis; policy, regulatory, and market alignment; and outreach and project/program implementation.

Today's Overview

Highlight select Virginia and Maryland data center legislation that passed, notable related energy legislation, and legislation that didn't pass or was continued to next session.

Disclaimer: This presentation includes summary information of recent legislative activity in Virginia and Maryland. This presentation does not constitute any legal advice, regulatory advice, or a formal advisory or opinion, and should be considered for informational purposes only. The author assumes no liability for errors, omissions, or outcomes arising from the use of this information.

Virginia Data Center Legislative Highlights – What Passed?

Data Centers		
Category	Bill	Overview
Siting & Land Use	<i>SB 94 / HB 153</i>	Mandates that "high load users" requiring 100+ megawatts must submit site assessment reports detailing impacts on agricultural land, parks, historical sites, and forestland. Confirm alignments with locality's noise and zoning ordinances.
Water Resource Transparency	<i>HB 496 / SB 553</i>	Requires water utilities to provide regular reporting on the volume of water used by data centers to improve public transparency.
Backup Generator Emissions	<i>HB 507</i>	Prohibits VDEQ from issuing any air permit for data center generators submitted after July 2026 that doesn't use Tier IV technology or its environmental equivalent or better to reduce emissions.
Waste Heat Reuse	<i>HB 323</i>	Tasks the Department of Energy with forming a workgroup to study and accelerate the reuse of data center waste heat for heating nearby buildings

Virginia Data Center Legislative Highlights – What Passed?

Energy		
Category	Bill	Overview
Low-income Weatherization, Distribution Costs	<i>SB 253 / HB 1393</i>	Extends low-income weatherization programs; authorizes the SCC to shift capacity auction and distribution infrastructure costs to data centers;
Transmission	<i>HB 1491</i>	Requires SCC to only approve higher-voltage transmission infrastructure that reasonably minimizes impacts to households, and for Dominion Energy projects 500 kV or larger, prioritize corridors away from households and public and civic buildings unless no other alternative exists.
	<i>HB 1487 / SB 827</i>	Authorizes the SCC to approve four pilot projects for undergrounding transmission lines with locality cost share.
Load Forecasting	<i>HB 892</i>	Directs SCC to initiate a proceeding before 3/1/27 to investigate Dominion Energy and other electric load forecasting practices as submitted to PJM.
Zero-carbon Electricity	<i>HB 396 / SB 598</i>	Permits Accelerated Clean Energy Buyer (commercial or industrial @ 25MW+) customers to contract with utilities for zero-carbon resources (renewable and including nuclear and fusion) and retire zero-carbon emission credits.

Virginia Data Center Legislative Highlights – Didn't Pass

Data Centers		
Category	Bill	Overview
Certificate of Operation	<i>HB 155</i> <i>SB 619</i>	Would have required State Corporation Commission approval before any new high-load facility (25 MW+) can operate, with review of impacts on ratepayers, grid reliability, and the environment.
Emergency Generator Operations Disclosure	<i>HB 154</i>	Would require DEQ to enforce requirements for data centers operating emergency generation units to report operation times on a publicly accessible website within 24 hours of operations.
Zoning Authorities	<i>HB 1112</i> <i>(Continued to 2027)</i>	Would permits localities to consider impacts of high-energy users on the electric grid and electric infrastructure when designing zoning ordinances. Planning District 8 (NoVA) localities would be able to evaluate and deny zoning amendments if electric energy availability is insufficient to meet projected demand.
Commonwealth Policy	<i>HB 591</i> <i>(Continued to 2027)</i>	Would establish that it's the Commonwealth's policy to encourage responsible data center operations through coordination on energy usage, demand response participation, renewable energy alignment, fair-share infrastructure costs, usage reporting, and security measures.

Virginia Data Center Legislative Highlights – Uncertain

- Adoption of Virginia's budget is at an impasse due to disagreement over the continued offering or criteria for the data center retail and use tax exemption.
- Data center retail and use tax exemption currently set to expire in 2035.
- A central issue:
 - Senate proposes ending tax exemption.
 - House proposes maintaining the tax exemption with conditional requirements to include clean energy procurements and emissions reductions.
- Negotiations continue.

Virginia Data Center Legislative Highlights – Summary

- Small increases in local authorities to:
 - Evaluating impacts on locations surrounding a large data center development
 - Evaluating alignments with noise and zoning
 - Opportunity to evaluate water use evidence
- Steps towards lessening community air quality impacts from operating backup generation
- Modest improvements to planning, developing, and allocating costs of electricity infrastructure
- Uncertainty of future magnitude of data centers as local economic development driver

Maryland Data Center Legislative Highlights – What Passed?

Data Centers

- Utility RELIEF Act – Omnibus energy legislation that includes data center provisions
 - Reduced threshold definition of large load customers to 25 MW with a 60% load factor (LF) threshold
 - Any increased or avoided costs determined to have been caused by a large load customer, including generation capacity and transmission costs, be passed to the large load customer
 - Mandatory registration program with MD Public Service Commission with reporting on energy and water use, and redundant interconnection requests within PJM
 - Registration include payment of \$1,000 per MW of peak load to fund the Electric Universal Service and low-income EmPOWER program's
 - Clean capacity rating program to accelerate permitting timelines if meet at least 80% of capacity needs through demand response, new generation or storage
 - Establish a voluntary large-load interruptible interconnection process
 - Prohibition on a data center being built in the Baltimore Peninsula
 - Includes concepts drawn from bills that did not pass

Maryland Data Center Legislative Highlights – What Passed?

Energy

- Utility RELIEF Act – Omnibus energy legislation related to data center provisions
 - Requirements for utilities to be members of a local regional transmission organization (RTO); in this case implied to be PJM
 - Notice of transmission line development to impacted property owners
 - Requirements and reporting for implementation of Advanced Transmission Technologies (ATTs) to include analysis of ATT potential to mitigate need of transmission development through MDPSC CPCN application
 - Clarifications to allow for additional battery capacity procurement

Maryland Data Center Legislative Highlights – Didn't Pass

Data Centers		
Category	Bill	Overview
Moratorium	<i>HB 120</i>	Would have instituted a statewide moratorium on new data center approvals and construction until new legislation passed regarding data center co-location with new generation capacity.
Data Center Tax Exemption Repeal	<i>HB 560</i>	Would have repealed a recently enacted personal property sales and use tax exemption for certain data centers under certain conditions.
Non-Disclosure Agreements (NDA's)	<i>SB 853</i>	Would have prohibited local and state officials from signing NDAs with data center developers.
Operations and Siting Standards	<i>HB 1534</i>	Would have instituted regulations for noise, vibration, and backup generator emissions.
Reporting and Zoning Requirements	<i>HB 1411</i>	Would have instituted more rigorous reporting requirements than included the Utility RELIEF Act and require local communities > 10,000 population to adopt a large-scale data center plan.

Maryland Data Center Legislative Highlights – Summary

- Increased disclosures of energy and water use impacts
- Tools available to support new clean energy generation
- Improvements to planning, developing, and allocating costs of electricity infrastructure

Bill Eger

Founder & Principal | ETHOS Sustainability, LLC

bill@ethossustainability.com

<https://www.ethossustainability.com>