Frederick County Data Centers Workgroup
Potomac Edison responses

In Virginia, Dominion expressed concern about the potential for rolling brownouts due to the faster than expected rollout of new data centers. Can (or how does) Potomac Edison ensure that data center electrical consumption doesn't cause what almost occurred in Loudoun County. We recognize that new transmission facilities and power plants are not built overnight.

Dominion Energy temporarily paused new data center service connections in eastern Loudoun County in the summer of 2022 due to transmission constraints. Dominion then resumed data center connections in that section of the county on an incremental basis in the fall of 2022. Dominion said publicly that transmission constraints could impact new connections for data centers in eastern Loudoun but would not impact residential or small business customers. Dominion did not warn of rolling outages during this episode and neither did PJM Interconnection, the grid operator.

Potomac Edison adheres to strict federal transmission reliability standards as well as those of PJM, which is responsible for planning and operating the electric grid in 13 states and Washington DC, including Maryland. As the grid operator, PJM is responsible for ensuring reliable power, providing capacity for the future and managing generation and other resources to meet consumer demand. PJM, per its process, develops short-term and long-term forecasting of the demand for electricity through an open and transparent stakeholder process to help ensure that consumers have a reliable supply of power today and in the years ahead. When a new data center project requests electric service, PJM incorporates that future "load," or demand, into its forecasting data and works with Potomac Edison to ensure that the transmission system, both existing and planned, can accommodate the demand, including anticipated load growth in specific areas.

PJM's planning process ensures that the reliability of electricity will be available for years into the future. PJM analyzes several different factors to see what enhancements to the transmission system are needed—such as connecting new power lines or upgrading existing equipment—to ensure ongoing reliable power for consumers.

We assume that energy delivery cannot be prioritized and/or allocated by user. Is this true?

Potomac Edison cannot prioritize or allocate energy delivery for specific customers or types of customers. When restoring power in the aftermath of a storm, however, Potomac Edison does give priority to hospitals and other critical medical facilities, communications facilities and emergency response agencies.

We are concerned about new transmission lines crisscrossing the County and negatively impacting our viewshed (among other things). Can you speak to general trends in the industry pertaining to the construction of new transmission lines?

The transmission network is the backbone of our nation's electric grid, and it's a primary enabler of our reliable electricity supply. As the demand for electricity increases—along with the number of planned

renewable energy sources that require grid connections—additional infrastructure will be needed to serve customers, integrate renewable resources and mitigate the impacts of retiring electric generating assets. Before selecting a new greenfield transmission line corridor, Potomac Edison evaluates existing transmission infrastructure and existing land rights (fee owned and right-of-way) to leverage these assets for any new transmission lines, transmission upgrades and/or substation work, where practicable.

Who pays for the new infrastructure associated with the data center industry? Is it paid for by the specific end-user (i.e., the data center) or is it amortized and paid for by the existing customer base? In other words: Are Potomac Edison customers going to pay for the buildout of infrastructure to support the data center industry?

The data center or end user pays for the infrastructure that will solely serve its property. The cost of infrastructure that strengthens the local transmission system and provides benefits to Potomac Edison customers through enhanced reliability and additional capacity will be recovered through transmission rates, a portion of which are ultimately passed through to utility customers.

Does Potomac Edison currently anticipate needing to reactivate or to delay the closure of older fossil fuel burning plants to accommodate the needs of the data center industry?

FirstEnergy has exited the competitive generation business but owns two regulated coal-fired plants in West Virginia. We do not expect data center demand to affect the anticipated retirement dates (2035 and 2040) of those facilities. PJM operates several competitive wholesale energy markets that give financial incentives to generators to provide electricity when it's needed to the people that PJM serves.

Is it practical for Potomac Edison and data centers to fund new, incremental renewable energy projects?

As noted above, FirstEnergy has exited the competitive generation business, and any company development of renewable generation would be limited to regulated initiatives such as our West Virginia solar program, which was approved by the Public Service Commission of West Virginia and involves a ratepayer surcharge. Large energy users can support the development of renewable generation through purchase power agreements and other arrangements, such as renewable energy credits.