Evergreen Collaborative

May 27, 2025

Re: M-2025-3054271 – Public Comment Responding to the Pennsylvania Public Utility Commission (PUC) En Banc Hearing on Interconnection and Tariffs for Large Load Customers

Dear Chairman DeFrank and the Pennsylvania PUC,

Thank you for this opportunity to provide comment on the growing impact of data centers and other large-scale electric customers on the grid in the Commonwealth.

I am writing on behalf of Evergreen Collaborative, a national climate policy organization that is fighting for an inclusive, affordable, and thriving clean energy future. We share the sentiment that large-load customers present critical concerns for cost-sharing, grid reliability, equitable treatment of existing customers, and risks surrounding the expansion of health-harming and high-polluting gas-fired power plants.

As a public advocacy organization, Evergreen Collaborative supports the rapid development of new clean energy sources to meet load growth demand created by the data center boom. We agree that household and small business ratepayers should be protected from energy bill increases resulting from the growth of hyperscale data centers.

Our following comments include original recommendations formulated in response to this hearing, as well as best practices developed by Evergreen Action's policy team. For more information, you can read the policy team's memo, Four Ways States Can Meet AI Energy Demand With Clean Energy.

1. **Tariff differences between firm service and interruptible customers**

Recommendation #1: Protect families and small businesses from higher energy bills via specialized tariffs and rate classes

As companies build new hyperscale data centers, the electric grid is projected to require sizable investment. The cost of new infrastructure and upgrades are often spread across all retail customers via higher electricity rates. That's a problem when the costs are passed along to other customer classes that are less able to afford higher energy bills, like residential ratepayers, small businesses, and low- and moderate-income households across the Commonwealth.

The PUC must do everything in its power to protect everyday customers from skyrocketing bills by creating **specialized tariffs** or **separate rate classes** for data centers that require data centers to cover all of the cost of service, including long-term commitments to avoid saddling utilities with stranded assets.

States around the country are moving to introduce such measures. For example, a California lawmaker introduced SB 57 to require the California Public Utility Commission (PUC) to establish a **special rate structure** for data centers. This separate rate structure aims to protect residential ratepayers and small businesses. A similar bill is being considered in Oregon, allowing the PUC to put data centers in a **separate rate class.**

2. **Opportunities for Expedited Interconnection**

The Commonwealth should incentivize data centers that are in areas with existing interconnection headroom or that use existing interconnection agreements. If data centers are providing their own on-site clean energy or take advantage of the unused interconnection rights of an existing or retiring power plant, they could be rewarded with faster interconnection.

3. **Large customers bringing primary or backup generation to serve their load**

The PUC should encourage data centers to "bring their own generation," specifically clean generation, i.e. solar panels or wind turbines, to support primary generation. The Commonwealth legislature should encourage data centers to use batteries as a backup power source and push them not to use diesel generators. (See: California's SB 58).

4. **Any other procedures, rules, or tariff designs that can facilitate the efficient and timely interconnection of this unique category of electric customers**

Incentivize Clean Energy Use

As a core principle, the PUC should do everything in its power to ensure new large-load customers, especially data centers, source their power from new and additional clean energy sources, especially from quick-to-deploy solar and wind. This would minimize the environmental and cost impact of these data centers on everyday households in the Commonwealth. At every given opportunity, the PUC should work to reform transmission and distribution, while approving new clean energy sources.

Investing in expensive and health-harming alternatives, such as gas-fired power plants, would entrench further economic dependencies on climate and airpolluting industries that could become stranded assets.

Incentivize Load Flexibility

The Commonwealth should more broadly incentivize **load flexibility**, via active management of a data center's energy use to reduce impact on the grid. By reducing or time-shifting energy usage during periods of high demand and system stress, data centers can reduce the need for expensive grid upgrades that they would otherwise cause (Duke University, 2025). The benefit of such an approach is that it enables short-term load growth without an immediate need to commit to large-scale, long-term capacity expansion. Requirements for load flexibility can be introduced via legislation or added as a condition to tax credits or other incentives. Flexibility should also be required by the PUC in data center-specific rates, by charging more for electricity during peak hours or periods of grid stress.

Concluding Remarks

Thank you for this opportunity to provide comment on this pressing issue. If you have any questions, feel free to get in touch with our policy team, including Charles Harper (charles@evergreenaction.com) and Mattea Mrkusic (mattea@evergreenaction.com).

Kind Regards,

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Further Resources:

Evergreen Action (2024) *Four Ways States Can Meet AI Energy Demand With Clean Energy.* October 15, 2024. Link to memo: <https://www.evergreenaction.com/blog/four-ways-states-can-meet-ai-energy-demand-with-clean-energy-1>