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June 6, 2025

VIA ELECTRONIC FILING

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

**Re: *En Banc* Hearing Concerning Interconnection And Tariffs For
Large Load Customers
Docket No. M-2025-3054271**

Dear Secretary Homsher:

Enclosed please find the **Comments of PECO Energy Company** (“Comments”) for filing in the above-referenced docket.

Copies of the Comments have been served in accordance with the May 15, 2025 Secretarial Letter extending the deadline to file Comments in this proceeding.

If you have any questions regarding this filing, please do not hesitate to contact me at 267-533-1999.

Very truly yours,

Jack R. Garfinkle

Enclosures

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

EN BANC HEARING CONCERNING :
INTERCONNECTION AND TARIFFS : **DOCKET NO. M-2025-3054271**
FOR LARGE LOAD CUSTOMERS :

COMMENTS OF PECO ENERGY COMPANY

I. INTRODUCTION

On April 12, 2025, the Pennsylvania Public Utility Commission (the “Commission”) issued a Secretarial Letter in the above-captioned docket initiating this proceeding to review and seek comments on the prudent design of a large load customer model tariff. The Commission convened an *en banc* hearing on April 24, 2025, during which the Commission received testimony from stakeholders that included representatives from large load customers, electric distribution companies (“EDCs”), the Office of Consumer Advocate (“OCA”), and the Bureau of Investigation and Enforcement (“I&E”). Witnesses selected to testify at the *en banc* hearing were also directed to file written testimony with the Commission no later than April 23, 2025. Richard G. Webster, Jr., Vice President of Regulatory Policy and Strategy for PECO Energy Company (“PECO” or the “Company”), provided written and oral testimony on behalf of the Company. *See En Banc Hearing Concerning Interconnection and Tariffs for Large Load Customers*, Docket No. M-2025-3054271, Exhibit Webster-1, Testimony of Richard J. Webster, Jr. On Behalf of PECO Energy Company, p. 5 (April 23, 2025) (“PECO *En Banc* Testimony”).

The Commission also opened a comment period for interested parties to file comments with the Commission, directing parties to file comments by May 27, 2025 and reply comments by June 11, 2025. On May 1, 2025, Vice Commissioner Barrow issued additional questions for consideration. On May 15, 2025, the Commission granted a request of the Energy Association

of Pennsylvania (“EAP”) to extend the due date for comments to June 6, 2025 and the due date for reply comments to June 23, 2025.

PECO recognizes that large load projects are a potential source of economic development, job growth, and technological advancement. However, large load projects also present unique challenges. The scale and demand of these projects create technical challenges when studying their potential impacts, and there is a financial risk to other EDC customers of potential cross-subsidization or stranded investment costs if planned large loads do not materialize or are terminated prematurely. These risks can be mitigated, however, through reasonable tariff provisions that protect existing customers, allocate costs fairly and in accordance with well-established ratemaking principles, and provide clarity and certainty to large load applicants.

PECO supports the Commission’s efforts through this proceeding to better understand the challenges and opportunities associated with connecting large load customers to the EDCs’ respective distribution systems and to develop a model tariff that will serve as a guide to utilities when seeking Commission approval for their own large load tariffs. PECO is committed to working with the other Pennsylvania EDCs, large load customers, statutory advocates, and other key stakeholders to develop a model tariff that takes into account the needs and interests of these diverse parties while providing EDCs with the flexibility to propose tariff terms reflective of the needs of their respective systems, operations, and customers. PECO also will continue to gather additional information and lessons learned from its affiliates and peer utilities addressing similar issues in other jurisdictions.

While the interconnection of large load customers will impact issues related to default service, such as procurement planning and cost allocation, PECO urges the Commission to expressly limit the scope of this proceeding to matters concerning distribution service only.

PECO has similarly limited these Comments to the issues presented by the Commission related to the development of a model distribution tariff for large load customers. Any considerations pertaining to default service should be deferred to the EDCs' respective default service plan proceedings, where such issues can be more appropriately and thoroughly addressed.

In these comments, PECO will be addressing certain issues raised by the Commission and by other stakeholders. PECO also generally supports the comments being submitted by EAP.

II. COMMENTS

A. INTERCONNECTION PROCESS

As noted in the PECO *En Banc* Testimony and the testimony of other EDCs, the large load projects currently under consideration are, for the most part, each substantially larger than the EDCs' typical customers. Individually and collectively, these projects have the potential to impact multiple EDC service territories within the Commonwealth and beyond, PJM, and other regional transmission operating systems. This creates an extremely dynamic and complex modelling and analysis environment when performing interconnection studies.

PECO agrees that the interconnection process should be transparent and delineate the respective obligations of EDCs and large load customers but reiterates that EDCs must have flexibility in designing their respective interconnection processes and in evaluating individual projects. Each interconnection request presents unique system impacts requiring thorough evaluation. EDCs also must take into account the potential impacts of, and dependencies related to, PJM-required interconnection reviews. Each EDC must analyze the forecasted load that the projects represent and account for the rate at which the load for those projects is expected to materialize (*i.e.*, ramp rate) to understand and plan for the impacts on the system. Additionally, EDCs will need to perform cluster studies that group multiple large load interconnection requests

together for interconnection study purposes. Cluster studies are better-suited to identifying the aggregate impact of multiple large load projects on systems and necessary upgrades than individual project studies. This will result in greater efficiencies and reduce overall costs while allowing EDCs to continue allocating costs based on project impacts.

Similarly, EDCs should have the flexibility to establish individual size designations in their respective tariffs based on the available and utilized distribution system capacity within their individual service territories, in conjunction with other factors such as power and load factors. The Commission should not adopt a specific size designation in any model large load tariff; however, the model tariff could address other aspects of defining large load customers. Specifically, PECO agrees with the OCA's testimony that the definition of large load customers should be drafted to reasonably prevent large loads from circumventing its application by connecting at multiple points to the grid or by establishing aggregate control over multiple large load facilities that, on an individual basis, are below the defined size threshold. *See En Banc Hearing Concerning Interconnection and Tariffs for Large Load Customers*, Docket No. M-2025-3054271, Exhibit Lawrence-1, Testimony of Darryl Lawrence, Acting Consumer Advocate, Pennsylvania Office of Consumer Advocate, p. 4 (April 23, 2025). EDCs should continue to have the ability to exercise reasonable discretion when determining whether premises should be aggregated, considering various factors including whether premises share common owners, a common parent company, common local electrical infrastructure, and common control.

PECO also considered proposals for large load customers to purchase long-lead equipment and construct interconnection infrastructure. PECO recognizes the potential benefits of large load customers purchasing long-lead equipment, at a reasonable cost, and in strict compliance with utility technical standards. However, PECO has significant concerns with

proposals that would permit large load customers to construct interconnection infrastructure that is typically the responsibility of EDCs. It is essential that EDCs continue to retain control over the construction of infrastructure within their service territories to ensure the continued safety and reliability for all customers.

While PECO is supportive of efforts to improve interconnection processes and provide greater certainty to large load customers, PECO disagrees with the general premise of trading off speed of interconnection in exchange for greater load flexibility commitments from large load customers, as this will raise substantial practical, legal, and operational challenges. PECO's understanding is that this trade-off would require EDCs to defer or avoid system upgrades based on the assumption that the new large load could be curtailed in the event of a reliability issue. However, such system upgrades are oftentimes necessary to ensure reliability over a 40-year or more horizon. Foregoing or delaying such investments to hasten large load connections in the short-term would increase overall system risk as load-shedding commitments may be difficult to monitor, enforce, or sustain over time.

B. COST ALLOCATION AND PROTECTION OF CUSTOMERS

PECO strongly supports adherence to existing cost-causation principles to protect other customers from the risk of cross-subsidization. Costs that are directly attributable to and that solely benefit a large load customer should be directly assigned to it, while the costs of broader system upgrades that benefit all customers should be allocated across an EDC's customer base in accordance with traditional ratemaking principles. In addition, the EDCs should implement measures to reasonably protect other customers from stranded, socialized costs that could result from planned large loads failing to materialize or terminating prematurely. As Mr. Webster testified, PECO's large load interconnection processes and requirements are "intended to balance the interests of new and existing customers, and to protect existing customers from potentially

stranded costs that could arise if PECO were to invest tens of millions of dollars in grid upgrades for planned large loads that do not materialize.” PECO *En Banc* Testimony, p. 5.

As a general matter, EDCs should have flexibility in designing and implementing customer protection measures. EDCs should retain the flexibility to propose individualized tariff terms to address the needs of their respective systems and customer bases. However, PECO supports the model tariff including proposed terms and measures to enhance transparency and strengthen protections for all customers. For example, deposits, minimum contract terms, ramp-up periods, advance notice requirements for changes in demand, exit fees, collateral requirements, and financial guarantees for large load customers can supplement existing customer protections in the EDCs’ retail tariffs and help mitigate risk to other customers.

C. TARIFF DESIGN

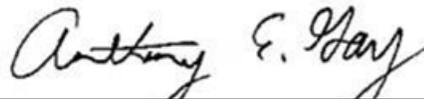
PECO is generally supportive of EAP’s comments with respect to tariff design considerations. As discussed herein and in the PECO *En Banc* Testimony, PECO supports the Commission’s efforts to design a model large load tariff that utilities can draw upon when proposing individualized tariff provisions for Commission review and approval. The large load provisions can be incorporated into existing retail tariffs. PECO currently does not believe a new customer class is necessary for large load customers. The model tariff provisions should reflect, and empower the EDCs to propose, individualized tariff terms that promote equitable cost allocation and EDC flexibility to improve interconnection efficiencies, reduce overall project costs, and promote the non-discriminatory treatment of all customers. In addition, system reliability must remain paramount. The model tariff provisions should preserve the EDCs’ ability to plan and develop system infrastructure without rigid timelines that may not appropriately take into account their individual system needs. The tariff should reflect the need

for EDC-specific implementation and adaptability, especially given current demands on infrastructure development and rapidly-evolving market conditions.

III. CONCLUSION

PECO appreciates the opportunity to submit comments on this matter and remains committed to ongoing constructive engagement with the Commission and interested stakeholders regarding these important issues.

Respectfully submitted,



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Dated: June 6, 2025