



on the state's electric grid. Citing the tremendous opportunity for Pennsylvania in terms of economic development, technological advancement, and job growth, the Chairman sought comments on “establish[ing] just and reasonable tariffs that provide open and non-discriminatory access” to public utility systems while protecting existing customers.

By Secretarial Letter dated April 12, 2025, the Commission convened an *En Banc* hearing to take testimony and comments on topics including appropriate tariff provisions for large load customers, cost structures for interconnection, optionality for infrastructure upgrades to be made directly by prospective customers, and opportunities to expedite interconnection for customers willing to construct infrastructure or system upgrades at their own expense. *Visra* files these comments in response to topics raised in the Secretarial Letter and at the April 24<sup>th</sup>, 2025 *En Banc* hearing.

## **Comments**

### **I. Model Tariff Should Establish Minimum Standards While Providing Sufficient Flexibility**

*Visra* supports the development of a model tariff to provide certainty to new customers who are looking to interconnect to the transmission and distribution system. By developing a model tariff, the Commission can ensure that prospective customers looking to locate in the Commonwealth have a clear understanding of the process, requirements, and terms and conditions of interconnection. A model tariff can also ensure relative consistency across the Electric Distribution Companies (“EDCs”) so that a customer is choosing a location on the basis of business needs, not special terms and conditions offered to a single customer by an EDC to attract business. At the same time, a model tariff can establish standards that will provide a level of certainty to the utility who may undertake significant buildout of the transmission and distribution system to

support these customers and ensure that costs are not inappropriately shifted to other ratepayers if the load does not materialize.

Vistra generally supports efforts to clearly define the minimum standards for interconnection. As a baseline, the Commission should address the applicability of the large load tariff, deposits and financial security requirements, the mechanism to fund the construction of customer-specific system equipment, minimum contract terms, and exit fees. The model tariff should also provide clarity around the process, fees, and timeline associated with interconnecting a new load. Many new large customers cite speed to market as an evaluation criterion for deciding where to locate. Acknowledging that the current interconnection process is largely customer-dependent, Vistra encourages the Commission to evaluate whether it can provide clarity into the process and timelines. It is necessary for new customers to have a line-of-sight into costs and timelines for interconnection as they evaluate certain business opportunities.

**a. Model Tariff Should Treat Large Load Customers in a Non-Discriminatory Manner**

Recognizing that customers over a certain threshold may present unique considerations when considering an interconnection request, the model tariff should not discriminate against customers based on the end-use of power. Pennsylvania Statute provides end-use customers with the right to interconnect with the electric transmission and distribution system on a nondiscriminatory basis. While the utilities can propose and the Commission has the authority to approve tariff provisions, any provisions must be consistent with this statutory requirement of nondiscriminatory access and avoid imposing requirements or restrictions on a group of customers based on how the customer ultimately uses the electricity. It is, however, appropriate for the commission to consider factors like the total demand at a location, load factor, and voltage when establishing terms and conditions.

Through this proceeding, the Commission can signal its intent to treat all large load customers in the same manner as other similarly situated customers while providing guardrails to ensure that the interconnection of these customers does not create the possibility of stranded costs or unfair cost shifting. The model tariff should be structured in such a way that it provides standardized terms and conditions to all customers over a certain megawatt (MW) threshold. While Vistra does not take a position on the specific threshold the Commission should establish, it notes that other states have typically explored a cutoff in the 25-150 MW range. The Commission should ensure that the model tariff provides adequate flexibility for customers and utilities to enter into mutually beneficial agreements that address the customer's specific needs without being overly prescriptive.

**b. Model Tariff Should Allow Flexibility for Customers to Meet Their Needs**

As noted at the *En Banc* hearing, customers have varied needs and will decide to meet those needs in different ways. While the various configurations and characteristics of large load interconnection are important to consider in terms of reliability and cost, customers must be allowed to select the arrangements that best serve their business need. To that end, the model tariff should not be overly prescriptive on customer-specific choices like interruptible service or the use of back-up generation. While these are important considerations when establishing new utility service, customers need sufficient flexibility to ensure that they structure their electric service in a way that meets their needs. This may mean agreeing to interruptible service or participating in demand response programs that provide financial incentives to customers who reduce loads in peak periods or building on-site backup generation to support business operations in times where the distribution system cannot sufficiently meet those needs.

Customers have long had the ability to build, own, and operate on-site generation to serve their needs. The co-location of load with new or existing generation resources is not a new arrangement, dating back over forty years ago to the implementation of the Public Utility Regulatory Policies Act. While in recent history, the topic of co-location has become increasingly important, co-location has been around for decades and taken many forms including behind-the-meter solar at large commercial locations, combined heat and power at industrial facilities, and on-site other power generation and backup arrangements.

The Commission should ensure that language in the model tariff does not discriminate against or prohibit these types of commercial arrangements. While there are specific concerns that may be raised around resource adequacy as it relates to co-location for large loads, these concerns are appropriately addressed through the PJM capacity market. There are clear benefits to co-locating load near a generation resource, including the ability to minimize new transmission investment. Additionally, backup generation provides an important tool to customers and gives them the ability to have an alternative to pulling from the grid during times of high prices or increased demand. To that end, the Commission should avoid mandating requirements around these types of customer-specific choices in a model tariff.

**c. Vistra Supports Efforts to Expedite Interconnection**

The development of a model tariff is also an opportunity for the Commission to consider how to expedite the interconnection process for customers to meet their timelines while supporting the goals of appropriate cost allocation. In its Secretarial Letter, the Commission seeks comment on “expedited interconnection for users willing to construct infrastructure or system upgrades at their own expense.”

As previously noted, large customers are often looking for speed to market and certainty around how long it will take for a new project to receive electric service. But, customers often do not have adequate insight into how long the study process will take as factors like queue position or hours required to complete the work are not readily available. Rules for expediting the interconnection process or otherwise increasing transparency into the expected timelines under the process would serve to meet the needs of customers seeking to achieve speed to market.

Recognizing that each customer has unique needs and configurations, Vistra supports efforts by the Commission to encourage expedited timelines for customers who agree to pay for a portion or all of their equipment. Traditionally, customer-specific costs will be allocated to the customer via a “contribution-aid-in-construction.” To the extent that customers are willing to pay for costs that would otherwise be socialized across other ratepayers, the Commission should allow for a quicker process to complete the necessary interconnection studies and connect to the system. If a customer is willing to take on additional financial responsibility, it should be recognized by providing a commensurate benefit.

Customers may also choose to bring their own generation whether that be primary or backup, but this should not be a requirement of receiving electric service. Rather, Vistra is supportive of efforts to incentivize configurations that involve bringing their own generation, including expedited interconnection timelines, but it is crucial that such configuration is not a requirement.

## **II. Costs Should Be Fairly Allocated to Large Customers**

The projected load growth associated with new large load customers provides a clear economic opportunity for the Commonwealth that will ultimately benefit all customers through the creation of new jobs, increased tax revenue, and other economic development benefits. The

model tariff should be structured in such a way that it balances the interests of new and existing customers and ensures an appropriate allocation of the costs to provide new service. Vistra supports the Commission's goals of providing certainty to new customers through clear terms and conditions to interconnect with protecting other customers from stranded costs that may result from new load not materializing.

In terms of connecting new customers, there are typically two classes of costs: customer-specific costs and system costs. Customer-specific costs are generally more straightforward with the EDC tariffs handling the cost responsibility for items like the engineering study and equipment purchased and constructed to support the customer site. Generally, Vistra agrees that these costs incurred to support a single customer should be the responsibility of that customer and are appropriately considered in the context of this proceeding.

Costs that result from transmission system upgrades that benefit customers beyond the large load connecting in front-of-the-meter are more complex given these projects benefit multiple customers and are jointly regulated by the Federal Energy Regulatory Commission (FERC) and the Commission. Vistra notes that for system upgrade costs in this case, costs should be allocated in a way that ensures large load customers pay their fair share and encourages the Commission to explore the allocation of these costs between customer classes within the context of a base rate case. Large load customers may also choose to enter into behind-the-meter configurations with generators. While not the subject of this proceeding, Vistra supports appropriate cost allocation which is currently under consideration in FERC Docket EL25-49.

**a. Costs Incurred to Serve a Single Customer Should be Paid for by That Customer**

Vistra supports other commenters' assertions that costs incurred to serve a single customer should be paid by that customer. Vistra believes it is appropriate for the Commission to ensure

appropriate cost allocation of customer-specific costs through the model tariff. During the application and interconnection process, the EDCs will spend significant time and effort to conduct an engineering and interconnection study for each project. The customer should be required to cover the projected costs of the study upfront with any unused funds returned to the customer upon conclusion of the study process.

Additionally, regarding facilities that are required to serve a single customer, costs are appropriately recovered from that specific customer. This same practice which already exists in many EDC tariffs to serve larger customers under a General Service schedule should be extended to the model tariff developed in this proceeding. Vistra believes the Commission should support efforts for customers to self-fund any facility upgrades that serve only the new customer and should not be persuaded by arguments that utilities should be entitled to earn a return on these costs. It is also appropriate for the Commission to consider any other financial assurances and guarantees to ensure that costs incurred for one specific customer are covered by the customer in the event the customer suspends or cancels the project. The Commission should also consider appropriate exit fees to prevent broader stranded costs from being socialized to other customers.

**b. Commission Should Ensure Appropriate Cost Allocation through Base Rate Cases**

Interconnecting new customers to the grid will require buildout of the transmission and distribution system, but the magnitude of costs largely depends on customer-specific attributes such as size, location, and proximity to generation. While the buildout may increase the revenue requirement for transmission and distribution rates, the size of large customers like data centers will also put significantly more megawatts on the grid as compared to the more traditional commercial and industrial customers that have previously sought to interconnect. This could mean

that while additional investment is required, transmission costs could actually go down for other customer classes.

On principle, Vistra agrees that costs to serve all customers should be allocated fairly and appropriately based on the customer's use of the transmission and distribution system. While transmission rates are FERC-jurisdictional and generally set through formula rates, the Commission does have the oversight and authority to appropriately allocate those rates between customer classes. Base rate cases provide the appropriate venue for considering cost allocation between customer classes. The Commission should continue to rely on these proceedings, specifically a cost of service study, to determine how to appropriately assign costs. In the context of a base rate case, a cost of service study will provide data on a utility's revenue requirement using a variety of methodologies. The purpose of conducting this study is to ensure that costs are appropriately allocated to the correct customer class based factors like number of customers, demand, and usage characteristics.

It is also important to note that these costs may be minimized to the extent large load is able and willing to locate at or near generation resources. To that end, the Commission should continue to support flexibility for customers to select the arrangement that best suits their individual needs.

**c. Commission Should Prioritize Accurate Load Forecasting**

While the advancement of artificial intelligence through the buildout of data centers is a tremendous economic growth opportunity, Vistra agrees with the Commission that it is imperative we strike the right balance between allowing these large loads to come online in a timely manner with ensuring that costs are fairly allocated among all ratepayers. As noted by many commenters, there is a significant increase in anticipated demand on the horizon, but the scope and magnitude

of this demand is uncertain. Customers may be pursuing agreements with multiple EDCs at the same time to explore opportunities, meaning that if each EDC reports this as potential load, there is duplication of load, dramatically and unnecessarily increasing the load forecast.

There is uncertainty among market participants as to how much and how quickly new load will come online. To ensure that utilities do not overbuild a system in anticipation of new load that does not materialize, it is important to put some rigor around the load forecasting function. The Commission should prioritize accurate load forecasting so it can appropriately assess how much new load is planning to come onto the system in the five to ten year planning horizon. While Vistra acknowledges that the Commission does not have the same load forecasting resources it did before the function moved to PJM, it is well within the Commission's authority to direct the EDCs to file annual forecasts identifying the amount of load that has signed electric service agreements with the utility and when that load is expected to come online.

As part of this process, Vistra encourages the Commission to consider how to place some discipline around the process of load forecasting to ensure that it has the most accurate information. To that end, the Commission should develop some baseline criteria that new load needs to meet to be included in the 5-year planning horizon. The Clean Energy Buyers' Association, in collaboration with the Rocky Mountain Institute, proposes two types of commitments the Commission can leverage: Financial Commitments and Status Commitments. Financial commitments include deposits, fees, or other payments made by customers that signal a commitment to bringing the project online, while status commitments require a project to meet

key milestones that signal progress towards completion.<sup>1</sup> Using this type of criteria will ensure that load is reasonably expected to come online and should be included in load forecasting.

## **Conclusion**

Vistra appreciates the opportunity to submit these comments to the Commission as the Commission continues to evaluate how to best support large load interconnection to the distribution system in the Commonwealth.

Respectfully Submitted,

*/s/ J. Arnold Quinn*

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<sup>1</sup> Post-technical Conference Comments of the Clean Energy Buyers Association, Large Loads Co-Located at Generating Facilities, Docket No. AD24-11, (filed Dec. 9, 2024) (“Post-Technical Conference Comments of the Clean Energy Buyers Association”).