E-filing for docket M-2025-3054271—Interconnection and Tariffs for Large Load Customers

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To ensure that the rates and terms of service in a potential large load tariff 1) enable the provision of electricity to large loads, 2) protect non-large load customers from substantial or unjust rate increases, and 3) ensure continued reliable provision of electricity to all customers, the Pennsylvania Public Utility Commission might consider the following measures:

1. Develop a clear definition of large load.
2. Require that new large loads either procure or build their own generation (including for electric distribution company service to large loads).
3. Review the examples of rate design in the Berkeley Lab. document at https://eta-publications.lbl.gov/sites/default/files/2025-01/electricity_rate_designs_for_large_loads_evolving_practices_and_opportunities_final.pdf . These include examples of exit fees, requirements for large load self-supply of generation, etc.
4. Include exit fees within large load tariffs to address stranded distribution costs that may arise when large loads exit electric distribution companies' (EDCs') service territories. Also considering requiring PUC approval of large load reduction of peak contracted capacity by 20 percent or more. Indiana Michigan Power's Industrial Power Tariff Settlement may provide an example of a best practice for exit fees—"nominal value of the remaining minimum bill charge for the terminated or reduced capacity" (as summarized by Berkeley Lab). See also https://iurc.portal.in.gov/_entity/sharepointdocumentlocation/2b48cf93-d9ee-ef11-be20-001dd80b8c52/bb9c6bba-fd52-45ad-8e64-a444aef13c39?file=ord_46097_021925.pdf. Another potential best practice is in the AEP Ohio large load settlement, in which large load customers may avoid paying some of their exit fees if they successfully reallocate 25 percent of their contracted capacity to a similar customer. See https://dis.puc.state.oh.us/ViewImage.aspx?CMID=A1001001A24J23B55758I01206 . See also, e.g., https://www.montana-dakota.com/wp-content/uploads/PDFs/Rates-Tariffs/SouthDakota/Electric/SDElectric45.pdf.
5. Consider requiring large load customers to contribute to a fund to support weatherization and other energy use reduction measures for income qualified customers. See, e.g., https://iurc.portal.in.gov/_entity/sharepointdocumentlocation/2b48cf93-d9ee-

ef11-be20-001dd80b8c52/bb9c6bba-fd52-45ad-8e64-a444aef13c39?file=ord_46097_021925.pdf.

6. Similar to states such as Kentucky, prohibit or constrain the ability of EDCs to enter into special contracts with large load customers, and substantially limit the amount of information within special contracts that large loads may keep confidential and inaccessible to public view.
7. Consider creating a special tariff for Speculative High-Density Loads, similar to, e.g., Idaho Power Company's tariff at https://docs.idahopower.com/pdfs/AboutUs/RatesRegulatory/Tariffs/20.pdf.
8. Only allow utilities to include known, firm, committed large loads in models projecting necessary distribution expansions and rate changes, given that large load customers regularly consider multiple locations for potential sites. Models that include speculative load will likely result in over-construction of infrastructure. *See, e.g.*, Microsoft's comments on Georgia's Integrated Resource Planning for large loads at https://psc.ga.gov/search/facts-document/?documentId=218199.
9. Recognize and address the fact that even co-located, wholly off-grid load could contribute to higher electricity rates in light of limitations on the rate of new generation construction. Large loads could potentially lure generation out of the PJM interconnection queue, thus reducing generation available to the broader grid.
10. Track and maintain records of the types of generation constructed to fulfill large load demand to examine the extent to which new, fossil generation for large load is offsetting progress toward lower-pollution energy such as geothermal, solar, and wind energy.
11. Address reliability concerns associated with large loads suddenly shutting down or tripping offline, recognizing that the sudden loss of large load can present risks equal to the risks posed by unexpected declines in generation from large generating units.
12. Consider requiring large loads to offer flexibility in the form of demand response , with waivers available upon proof of specific conditions.
13. Develop and maintain a database to track all large load proposals in Pennsylvania, including proposed megawatts of capacity, proposed location, proposed type of generation to be procured, co-located and off-grid or grid-connected, and proposed ramp time. To improve future models, over time, maintain data on large loads that are built, including capacity used, demand response services provided (frequency and duration), and time of operation/exit.