**BEFORE THE**
**PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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| En Banc Hearing Concerning Interconnection and Tariffs for Large Load Customers | : | Docket No. M-2025-3054271 |

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**REPLY COMMENTS OF**
**MCR PERFORMANCE SOLUTIONS**

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## I. INTRODUCTION

On April 24, 2025, the Pennsylvania Public Utility Commission ("Commission" or "PUC") convened an *En Banc* hearing as part of Docket No. M-2025-3054271. Interested parties were invited to file written comments on the prudent design of a large load customer tariff model. Over forty different entities and people submitted comments, and the PUC requested that replies to these comments be filed by June 23, 2025. MCR Performance Solutions ("MCR") appreciates the opportunity to reply and respectfully submits these reply comments.

## II. REPLY COMMENTS

MCR is providing comments on the following topics:

### Cost Allocation and Cost Shifting

MCR supports the commenters that desire the establishment of a model tariff for large load customers. Particularly, as EAPA[1] and PECO[2] state, we agree with the adherence to cost

[1] Comments of the Energy Association of Pennsylvania to April 12 Secretarial Letter & April 24 En Banc Hearing, Docket No. 2025-3054271, page 4.
[2] Comments of PECO Energy Company, Docket No. 2025-3054271, page 5.

causation principles for proper allocation framework to protect other customers from cross subsidization.

**Tariff Structure and Transparency**

MCR concurs with CAUSE-PA and TURN[3] that transparent tariff structures are needed for data centers, as opposed to confidential special contracts that many larger customers have often made with utilities. When large load tariffs (such as those for hyperscale data centers) are filed publicly and subject to open regulatory proceedings, it promotes regulatory consistency across the Commonwealth.

Utilities and commissions across the country are facing this same challenge. Publicly available tariffs and regulatory records act as a living library of solutions, allowing utilities to benchmark against successful (and unsuccessful) models. Additionally, MCR concurs with CAUSE-PA and TURN[4] that available tariffs and visible cost structures help prevent hidden cross-subsidies, where other utility customers unknowingly bear the infrastructure costs triggered by large loads. Transparent filings make it easier to trace who pays for what, keeping cost allocation aligned with usage and infrastructure impacts.

[3] Joint Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania and the Tenant Union Representative Network, Docket No. 2025-3054271, page 5.
[4] Joint Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania and the Tenant Union Representative Network, Docket No. 2025-3054271, page 6.

In their comments, CAUSE-PA and TURN[5], the Office of Consumer Advocate[6], PECO[7], the Energy Association of Pennsylvania[8], the Industrial Energy Consumers of Pennsylvania[9], and Vistra Corp[10] all advocated for the development of a model tariff for data centers. PPL Electric[11], on the other hand, suggested that a policy statement might be more suitable than a model tariff.

MCR agrees that a model tariff would be a crucial step in moving the Commonwealth forward with proper cost recovery and rate design for data center customers. However, this model tariff must be flexible enough to allow utilities to learn from the successes and failures of the initial tariffs developed for data centers.

**Demand Response and Flexibility**

MCR notes the comments of Emerald AI[12], Calibrant Energy[13] and Evergreen Collaborative[14] with respect to the ability of large consumers to potentially offer benefits to all utility consumers, particularly during periods of peak energy demand. Peak loads are becoming more frequent and are increasingly less likely to follow historic seasonal patterns, particularly with growing winter electricity demand.

[5] Joint Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania and the Tenant Union Representative Network, Docket No. 2025-3054271, page 1.
[6] Comments Concerning Interconnection and Tariffs for Large Load Customers, Pennsylvania Office of Consumer Advocate, Docket No. 2025-3054271, page 1.
[7] Comments of PECO Energy Company, Docket No. 2025-3054271, page 2.
[8] Comments of the Energy Association of Pennsylvania to April 12 Secretarial Letter & April 24 En Banc Hearing, Docket No. 2025-3054271, page 11.
[9] Comments of the Industrial Energy Consumers of Pennsylvania, Docket No. 2025-3054271, page 6.
[10] Initial Comments of Vistra Corp., Docket No. 2025-3054271, page 2.
[11] Comments of PPL Electric Utilities Corporation, Docket No. 2025-3054271, page 7.
[12] Comments of Emerald AI, Docket No. 2025-3054271, Appendix 1.
[13] Comments of Calibrant Energy in the Matter of the En Banc Hearing Concerning Interconnection and Tariffs for Large Load Customers in Pennsylvania, Docket No. 2025-3054271, pages 3-5.
[14] Evergreen Collaborative Public Comments, Docket No. 2025-3054271, page 3.

MCR observes that the "high nines" reliability and resilience needs of large users such as data centers call for redundancy in the form of multiple energy pathways and on-site standby / backup generation. When intelligently coupled with demand response and time-of-use incentives, large users can significantly benefit all utility consumers by reducing demand and / or making their on-site distributed generation resources available to mitigate peak loads.

Under the traditional utility approach, maintaining reliable energy supply during periods of peak demand is expensive. Resources devoted to meeting peak demand operate infrequently and the cost to maintain these facilities in a constant state of readiness significantly elevates their per-unit cost. With appropriate compensation, the ability for a utility to engage a large user to reduce demand and/or dispatch its on-site generation could provide a cost-effective and environmentally sound shared resource alternative to simply adding more low-utilization peaking generation.

**Safeguards Against Stranded Costs**

MCR believes it is critical to design a tariff with flexible process provisions as stated in the comments by NRDC[15] relating to upfront commitments, minimums, exit fees and also load ramping provisions. MCR further believes that deposits and/or letters of credit can mitigate the uncertainty of "shopping" one utility service territory against another.

**Interconnection Process Improvements**

From an interconnection perspective, the process for connecting these hyperscale loads must be viewed in light of the grid deficiencies, if they exist and how the generation may be

[15] Natural Resources Defense Council Comments, Docket No. 2025-3054271, Page 3.

available to reduce strain on resource adequacy. Interconnection processes in utilities have to be brought forward to allow for more flexibility than in the past particularly considering these new large load opportunities for utilities across the Commonwealth.

## III. CONCLUSION

Transparent regulatory procedures and publicly available tariffs are not only good governance, but they are also essential tools in developing durable, equitable, and replicable best practices for rate design and cost allocation. By fostering consistency, accountability, and innovation across jurisdictions, they empower utilities to meet the challenges of rapid load growth while maintaining rate fairness and public trust. MCR respectfully recommends that the Commission convene a technical conference to explore the development of a model tariff or policy statement that encourages this transparency without compromising the ability for utilities to learn from successes and failures of other hyperscale tariff implementations.

Respectfully submitted,

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