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June 23, 2025

VIA ELECTRONIC FILING

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

**RE: Interconnection and Tariffs for Large Load Customers;
Docket No. M-2025-3054271**

Dear Secretary Homsher:

Attached for filing with the Pennsylvania Public Utility Commission are the Reply Comments on behalf of the Industrial Energy Consumers of Pennsylvania, in the above-referenced proceeding. Thank you.

Sincerely,

A handwritten signature in black ink that reads 'Susan E. Bruce'.

Susan E. Bruce
MCNEES WALLACE & NURICK LLC

Counsel to the Industrial Energy Consumers of Pennsylvania

c: James A. Mullins, Asst. Counsel, Law Bureau (via email)
Scott J. Thomas, Asst. Counsel, Law Bureau (via email)

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Interconnection and Tariffs for)
Large Load Customers)

Docket No. M-2025-3054271

**REPLY COMMENTS OF THE
INDUSTRIAL ENERGY CONSUMERS OF PENNSYLVANIA**

I. INTRODUCTION

On March 27, 2025, Pennsylvania Public Utility Commission (“Commission” or “PUC”) Chairman Stephen M. DeFrank raised a Motion in the above-captioned docket (“Large Load Docket”) requesting that interested parties provide testimony and comments on various issues regarding Tariffs for Large Load Customers.

In response to a Secretarial Letter issued April 12, 2025 (“April 12 Letter”), dozens of participants provided Comments in the Large Load Docket. The Industrial Energy Consumers of Pennsylvania (“IECPA”) also submitted Comments. Now, pursuant to the Commission’s direction in the April 12 Letter, IECPA hereby provides limited Reply Comments.

II. REPLY COMMENTS

IECPA commends the Commission for taking proactive steps to address this timely topic. IECPA also appreciates the participation of the many individuals and organizations who submitted Comments. It is clear from both the volume and the diversity of Comments that energy stakeholders in Pennsylvania have invested significant thought and deliberation into these issues. Additionally, there appears to be broad agreement that ratepayers must be protected from unjust and unreasonable cost shifts.

As the Commission continues to evaluate these issues, IECPA’s view is that the most fruitful outcomes of the Large Load Docket will be achieved when the Commission addresses areas squarely within its jurisdiction – most prominently, interconnections, financial security, and

distribution rates.¹ To that end, IECPA supports well-designed tariffs (including a well-designed Model Tariff) that support an orderly approach to attracting new large load customers within the Commonwealth, while adhering to cost-causation principles and firmly protecting other customers from unjust cost shifts.

A. The Large Load Model Tariff should set a lower-bound threshold of no lower than 100 MW for participation in a Large Load rate class, with reasonable aggregation rules that are designed to reflect actual grid usage.

Commenters in the Large Load Docket proposed several possible lower-bound thresholds for a large load class. While some parties proposed load thresholds of 75-200 MW, the Office of Consumer Advocate (“OCA”) suggested numbers as low as 25 MW or lower.² Setting the Large Load threshold at 25 MW would be an unreasonably low number and would contradict the core goals of this proceeding. The essential purpose of defining a Large Load class is to address the unprecedented, system-altering load that seeks to connect to the grid, and its related impacts. As stated in the Motion of Chairman Stephen M. DeFrank, the load intended to be addressed by the Large Load Docket is the load “forecast to place significant new demand on the electric grid.”³ For the reasons set forth below, this threshold should be new loads that are at least 100 MW.

¹ Some commenters, like PPL Electric Utilities Corporation (“PPL”), use the Large Load Docket to discuss proposals for resource adequacy. *See* Comments of PPL Electric Utilities Corporation (“PPL Comments”), 12-14. However, resource adequacy is generally beyond the scope of this proceeding. PPL’s proposal, which advocates for changes to how power is procured in Pennsylvania, would contravene the Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §§ 2801 *et seq.*, and therefore require action by the General Assembly. IECPA remains opposed to any effort by regulated utilities to turn the clock backwards to utility ownership of power production.

² Office of Consumer Advocate’s Comments (“OCA Comments”), at 10. The OCA further states that for small EDCs with peak load of less than 2,500 MW, the threshold should be only 1 MW. *Id.* The OCA also supports aggregating load at multiple facilities. *Id.* Earthjustice suggests the threshold should be “developed in accordance with the size of interconnection requests” that utilities are receiving, likely in the 25-75 MW range. Comments of Earthjustice, at 9.

³ Motion of Chairman Stephen M. DeFrank (Mar. 27, 2025).

1. Any size-based threshold should be selected for its impact on the grid, not based on subjective speculation of what is “Large Load.”

Load growth is nothing new to the electric grid. However, the size and scale of data center projects are virtually unprecedented. When a single hyperscale data center comes online, it requires substantial grid resources to accommodate the massive power demands at a single location. As mentioned by PECO Energy Company (“PECO”) witness Webster, a “small” data center project in that territory is 150 MW.⁴ In its Comments, FirstEnergy cited a report from last year that a “typical” data center may be sized at 100 MW, while “hyperscaler” data centers often exceed that amount.⁵ These individual loads are massive in scale, comparable to small cities and orders of magnitude larger than most other “large” users. When viewed as a trend, these loads drive the need for enormous investment and raise the specter of substantial cost shifts in a manner that more traditional commercial and industrial (“C&I”) growth does not. The data center boom is already driving up customer capacity costs, and the build-out on the transmission and distribution side is underway, which, if not managed prudently, will result in elevated customer rates across Pennsylvania. The urgency of the issue is directly connected to the size and speed of the load coming online as part of the data center boom, and tariff provisions should be developed to address the unique challenges of such load directly. Such tariff provisions should not be punitive or overly restrictive; instead, they should (as recommended by many participants) require significant transparency, minimum demand standards, and contract requirements. The purpose of these requirements is directly connected to the grid impacts of hyperscale data centers and other large loads of this proportion. It should not “sweep in” every factory, hospital, or university that has a 5

⁴ Richard Webster, Vice President, Regulatory Policy & Strategy at PECO, indicated this during the En Banc Hearing, which was held on April 24, 2025 in the Large Load Docket (“En Banc Hearing”).

⁵ Joint Comments of FirstEnergy Pennsylvania Electric Company, Mid-Atlantic Interstate Transmission, LLC, Keystone Appalachian Transmission Company, American Transmission Systems, Incorporated, and Trans-Allegheny Interstate Line Company (“FirstEnergy Comments”), at 3.

MW or even 25 MW footprint—loads that electric distribution companies (“EDCs”) have been addressing successfully for decades.

2. Current Large Load growth affects the grid in unique ways and should be classified accordingly.

In its Comments, the Data Center Coalition (“DCC”) suggested that “the lines between data centers and other industrial customers are blurring.”⁶ However, DCC does not provide any support for its claim. As outlined in IECPA’s Comments, despite common characteristics shared with other energy-intensive load, the data center boom is fundamentally different than traditional large C&I load for multiple reasons including, *and in addition to* the size of load. Key factors that make the data center boom unprecedented are: (1) the singularly large installations, (2) the rapid deployment of many such projects in a short time frame⁷, (3) the relatively inflexible load profile of many of these projects (related to real-time demands of the applicable technology, reliance by key government and industry functions, and lack of a traditional labor/production shift structure), and (4) the reduced sensitivity to traditional energy price signals. These factors are distinguishable from most C&I load.

From a distribution cost standpoint, one of the largest and most significant risks of the data center boom is the widespread build-out of new facilities, given the uncertainty surrounding the durability of the expected load, considering the industry is still in its infancy.⁸ Such a build-out carries a significant risk of stranded costs. This is quite different from most C&I customers who have been in their locations for many years, and whose infrastructure has long been covered by rates. In contrast, with the data center boom, a massive build-out of new energy supply,

⁶ Comments of the Data Center Coalition (“DCC Comments”), 3.

⁷ According to PPL, in its territory, over 11 GW of requests to interconnect new load due to data center development are in advanced stages, compared to its current system summer peak load of 7.5 GW. PPL Comments, 8.

⁸ It is difficult to predict what technological, economic, or regulatory factors could impact load growth or reduction at individual data centers or in the industry generally.

transmission, and distribution facilities is already underway, and many more are in the pipeline. Despite this growth, significant questions remain as to how those facilities are paid for, who pays for them, and how they are secured to protect against stranded asset costs. Additionally, data centers' generally inflexible load profile may put a particular strain on the grid. These unique characteristics point to a reasonable threshold that does not encompass every university or large warehouse complex; rather, they support a Large Load definition that remains focused on the distinct challenges and opportunities associated with truly grid-altering load profiles and trends.

3. “Aggregation” rules for determining customer class should be designed to reflect actual system usage.

The OCA and others propose to “aggregate” multiple sites to calculate a total load amount.⁹ Aggregation makes sense to align with actual grid usage. For example, a 150 MW facility should not be able to create three distinct interconnections with an EDC’s distribution system and disclaim being deemed a “Large Load,” when those interconnections are in the same area and have a similar combined impact to the grid as a single load would have. Nor should a “campus” of data center facilities be able to claim they are separate facilities when ownership and control are the same. Put another way, aggregation would be just and reasonable only to the extent that the aggregating load aligns with the actual grid impacts.¹⁰ In contrast, if a customer has multiple facilities spread far apart throughout an EDC’s territory, aggregation may not be appropriate.¹¹

⁹ OCA Comments, at 10.

¹⁰ In the net metering context, the General Assembly established the “two-mile rule” to allow aggregation within 2 miles. *See* 73 P.S. § 1648.2; 52 Pa. Code § 75.14(e).

¹¹ *See* Initial Comments of Walmart Inc., at 4 (“For example, if all of Walmart’s facilities in a single utility’s service territory were to be aggregated, it is quite possible that Walmart could meet a 75 MW threshold level. Requiring Walmart, or other traditional C&I customers in similar circumstances, to take service on a large load tariff under those circumstances would be unreasonable. Existing C&I customers should be protected from such aggregation if aggregation provisions are contemplated for new large load customers.”).

B. Upgrades must be funded in a way that comports with usage of the grid, protects ratepayers, and maintains transparency.

The Comments made it clear that EDCs differ significantly in their various approaches to determining how new infrastructure costs are paid for. For example, Duquesne Light Company stated that it uses a “cost causer” model (“by which the customer triggering an upgrade bears the cost”).¹² In contrast, FirstEnergy’s approach would appear to socialize more of the costs to existing ratepayers (“there are longstanding policies that favor rolling the costs of new facilities into the larger network rate base”).¹³

IECPA does not propose a specific cost allocation approach for Commission adoption, but it does note that EDCs’ approaches appear to vary significantly. IECPA urges the Commission to evaluate this issue carefully in the development of the Model Tariff and seek to standardize the approach across the Commonwealth. Commenters broadly agree that facilities used solely to serve new load should be paid for by that load. But “shared facilities” create a concrete challenge, and IECPA submits that EDCs should receive guidance on when it is appropriate to socialize upgrades to other ratepayers. Absent such guidance, there is a substantial risk that EDCs will allocate costs of shared facilities in a manner that leverages other rate classes to fund the data center boom, potentially violating cost causation principles. As discussed at length by other Commenters, tools such as contributions in aid of construction (“CIACs”) should be used to recover portions of upgrade costs that cannot be reasonably included in rates; yet, *how* that determination is made (that is, what is reasonably included in rates) is crucial to avoiding unjust cost shifts. Similarly, the way EDCs forecast and report on load should have sufficient uniformity to allow transparency on these

¹² Duquesne Light Company’s Comments (“Duquesne Comments”), at 12.

¹³ FirstEnergy Comments, at 17. “As regulatory commissions are required to ensure some variant of ‘just and reasonable’ rate outcomes, a regulator would be pressed to explain why it is willing to spread network upgrade costs where a new large load is dilutive to rates, but direct charge 100% of the network upgrade costs where rate base growth exceeds the rate of load growth.” *Id.* at 18.

vital issues. IECPA agrees with numerous commenters who advocated that the Commission mandate rigorous transparency while recognizing the need to protect competitively sensitive information.

Many commenters tout the benefits of data center investment, while others warn of its dangers. From a utility regulation standpoint, however, the issue remains how to maintain safe and reliable service at just and reasonable rates. The speed at which the data center boom is affecting the energy grid—and the substantial risks it poses to existing customers and utilities—requires leadership and coordination. It is IECPA’s view that the Commission has an opportunity to develop a Model Tariff that provides rules of the road to ensure cost-of-service principles are adhered to, investors receive clarity, and ratepayers are protected. IECPA looks forward to participating in ongoing discussions in support of this shared goal.

III. CONCLUSION

WHEREFORE, the Industrial Energy Consumers of Pennsylvania respectfully requests that the Pennsylvania Public Utility Commission consider and adopt, as appropriate, the foregoing Reply Comments.

Respectfully submitted,

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