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June 23, 2025

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

RE: En Banc Hearing on Interconnection and Tariffs for Large Load Customers
M-2025-3054271

Dear Secretary Homsher:

Enclosed for consideration by the Pennsylvania Public Utility Commission, please find the Reply Comments of Exus Renewables North America in the above-referenced proceeding.

Sincerely,

Edith Webster-Freed
Senior Vice President & General Counsel

cc: James A. Mullins (via jamullins@pa.gov)
Scott J. Thomas (via sjthomas@pa.gov)

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

IN RE:	:	
	:	
EN BANC HEARING CONCERNING	:	Docket No. M-2025-3054271
INTERCONNECTION AND TARIFFS	:	
FOR LARGE LOAD CUSTOMERS	:	

REPLY COMMENTS OF EXUS RENEWABLES NORTH AMERICA

TO THE HONORABLE, PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Pursuant to the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Secretarial Letters issued on April 12, 2025 and May 15, 2025 in the above-referenced proceeding, Exus Renewables North America ("Exus") hereby submits these reply comments for consideration by the Commission. Exus incorporates by reference its initial comments that were filed with the Commission on June 6, 2025. As explained herein, most of the public interest concerns raised by parties in the initial comments regarding the siting of new large loads would be addressed through the Commission's continued support and incentivization of new large load projects that bring their own generation and supply arrangements, thereby minimizing impacts on the existing grid and existing customer base.

I. REPLY COMMENTS

A. The Commission's Policy and the Model Large Load Tariff Should Prioritize Faster Interconnections for Large Loads That Bring Their Own Generation.

As explained in Exus' initial comments, Option 6 (Bring Your Own Generation), which is proposed by PJM Interconnection L.L.C. ("PJM") in pending FERC Docket No. EL25-49 *et*

al.,[1] reflects several longstanding ratemaking objectives and the Commission's public interest objectives in protecting both the grid and existing customers. In comments before the PUC, several parties advocated for a requirement that very large loads bring their own generation or source of generation supply[2] while other parties cautioned against *requiring* very large loads to bring their own new generation.[3] The PUC should strongly encourage and incentivize, but not mandate, a Bring Your Own Generation requirement. Notably, mandating a Bring Your Own Generation requirement may interfere with the longstanding obligation to serve of the public utility,[4] raises undue discrimination concerns,[5] and may require a legislative solution.[6] The PUC in their comments to FERC also recognized Pennsylvania's dual policy goals: 1) facilitate new economic development in the Commonwealth by affording some business flexibility to co-location arrangements while 2) protecting the existing customer base and any adverse impacts on the distribution and transmission grids.[7] Accordingly, Exus advocated for a Model Large Load Tariff that prioritizes and incentives faster interconnections for large loads that bring their own generation. Such an approach balances protection of existing customers while also not mandating or overly restricting business approaches for developers seeking to invest in the

[1] *See FERC Order Instituting Proceeding Under Section 206 of the Federal Power Act and Consolidating with Other Proceedings*, Docket Nos. EL25-49-000, AD24-11-000, and EL25-20-000 (Feb. 20, 2025). PJM filed its comments and proposed Option 6 on March 6, 2025.

[2] *See, e.g.*, Comments of NRG, Docket No. M-2025-3054271 at 8-9; Comments of Duquesne Light Company at 4.

[3] *See, e.g.*, Comments of Constellation Energy, Docket No. M-2025-3054271 at 12.

[4] *See* "A Guide to Utility Ratemaking," PA PUC (2018) at 1, 4 (explaining the utility's obligation to serve all applicants in the utility's franchised area). *available at* https://www.puc.pa.gov/General/publications_reports/pdf/Ratemaking_Guide2018.pdf (last accessed June 23, 2025).

[5] *See* Constellation Energy Comments at 12.

[6] *See* Comments of PPL Electric Utilities, Docket No. M-2025-3054271 at 13-14.

[7] *See* "Comments of the Pennsylvania Public Utility Commission," *PJM Interconnection, L.L.C. et al.*, Docket No. EL25-49-000 *et al.*, at 5-6 (filed Apr. 22, 2025) (hereinafter "PA PUC FERC Comments").

Commonwealth.[8] Several other commenters suggested that new large loads and data centers that provide their own generation or utilize unused interconnection rights of an existing or retiring power plant could be rewarded with a faster interconnection.[9]

B. Commenters Widely Recognize the Need for the Commission to Pursue Increased Transparency on Processing New Large Loads to Ensure Expedited Interconnections

Mainspring Energy observed that that the Commission should establish clear, transparent, expedited pathways for customers willing to undertake and finance necessary infrastructure upgrades.[10] Vistra explained that the Model Large Load Tariff can establish minimum standards while providing sufficient flexibility for customers to meet their needs and providing for efforts to expedite interconnections.[11] Exus agrees with requests for increased transparency into expected timelines "to meet the needs of customers seeking to achieve speed to market."[12] Exus appreciates that utilities such as PECO Energy recognize that the interconnection process should be transparent and delineate the respective obligations of electric distribution companies ("EDCs") and large load customers.[13] Increased transparency in procedures can help expedite interconnections and optimize economic development and redevelopment opportunities in the Commonwealth.

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[8] *See* PA PUC FERC Comments at 5-6, 9.

[9] *See* Comments of Evergreen Collaborative, Docket No. M-2025-3054271 at 2.

[10] *See* Comments of Mainspring Energy, Docket No. M-2025-3054271 at 2.

[11] *See* Initial Comments of Vistra Corp. at 2-3, 4-6.

[12] *See* Vistra Comments at 6; *see also* Comments of Amazon at 3 (asking for utilities to work more transparently and collaboratively with large load customers and wholesale market operators); Constellation at 2-4 (the large load model tariff should encourage and enable a rapid and transparent interconnection study process).

[13] PECO Comments, Docket No. M-2025-3054271 at 3-4.

C. The Commission Should Prioritize Improvements to Load Forecasting Practices

The Data Center Coalition rightly emphasizes the importance of transparent, data-driven load forecasting techniques that use standardized methodologies and assumptions along with an ability to reconcile near-term customer demands with long-term planning models.[14] Enhanced accuracy and granularity with load forecasting can protect the existing customer base by preventing costly overbuilds and by avoiding underbuilds that could jeopardize reliability. Exus agrees with requests that the Commission prioritize accurate load forecasting.[15] Load forecasting practices impact both state and federal jurisdictions. Accurate load forecasting at the retail level is important because the EDCs then provide their load forecasts to PJM, which resultingly affects PJM's transmission planning processes and the interstate, federally-regulated wholesale energy and capacity markets.

D. The Commission Should Not Mandate or Proscribe Demand Response Capabilities for Data Centers, Especially if Those Data Centers Bring Their Own Generation or Otherwise Demonstrate Flexibility or More Limited Impacts to the Grid.

In its comments, ProtoGen, Inc. ("ProtoGen") recommends that the Commission's Model Large Load Tariff *require* "minimum demand response capabilities" and "clear performance standards for response time and duration during emergency events."[16] In reaching that recommendation, ProtoGen explained that there are three viable approaches to ensure grid reliability: 1) requiring data centers to build flexible, fast-starting demand response resources; 2) transmission and distribution planning adjustments; and 3) requiring data centers to procure

[14] Data Center Coalition Comments, Docket No. M-2025-3054271 at 4.

[15] *See* Vistra Comments at 9-10.

[16] Comments of ProtoGen, Docket No. M-2025-3054271 at 4.

sufficient demand response capacity through third-party aggregators.[17] The Commission should not pursue ProtoGen's recommendation to mandate demand response,[18] as ProtoGen overlooks additional viable pathways to ensure grid reliability. Notably, ProtoGen does not address the ability of new replacement generation resources as mechanisms to ensure grid reliability. ProtoGen fails to explain why it would be necessary and practical to require all data centers to engage in mandatory demand response measures, especially if the new large load/data center brings its own generation or demonstrates flexibility on its own. PJM Option 6 and PJM rules around Capacity Interconnection Rights expressly support the energy transition by encouraging a new large load to bring with it commensurate replacement generation to the point of interconnection where a baseload generation resource is retiring.

Mandating specific, uniform demand response capabilities could unduly restrict innovation and economic development in the Commonwealth, and may cause new large loads, data centers, and new/replacement generation resources to examine other states and regions outside of Pennsylvania to engage in economic development. As a practical matter, while several data centers can demonstrate demand response capabilities and flexibility, certain data centers that are supporting artificial intelligence efforts may not yet be in a position to easily drop load under certain conditions and in all types of emergencies. Instead of mandating requirements, the Model Large Load Tariff could provide financial incentives that would encourage new large loads and data centers to deploy demand response capabilities under existing programs, explore

[17] *Id.*

[18] Similarly, Calibrant Energy's assertion that load flexibility be potentially mandated should not be pursued. *See* Comments of Calibrant Energy, Docket No. M-2025-3054271 at 2.

new demand response pilots, and utilize load flexibility technologies to help manage the total peak loads and minimize additional peak capacity investments.[19]

E. The Model Large Load Tariff Should Afford Some Degree of Flexibility Regarding the Contracts Between the Large Load Customer and the EDC.

The Energy Association of Pennsylvania recognizes that "[s]tandard tariff offerings provide valuable transparency and predictability, but rigid adherence to standardized approaches that may not scale well may prevent creative solutions that benefit both utilities and customers in complex interconnection scenarios."[20] Similarly, FirstEnergy recognizes the need for individualized contracts based on the project.[21] Exus agrees with the EDCs' requests for flexibility and allowance of individualized contract terms, based on the particular large load or data center application, load study, construction service agreement, energy service agreement, and particular customer profile.

F. New Large Load Interconnections and Load Studies Should Continue to Be Processed Through the Local Electric Distribution Utility's New Customer Application Process Without Layering on Any Additional Permitting Requirements.

The Office of Small Business Advocate ("OSBA") recommends that the Commission "[r]equire energy and infrastructure impact studies before granting permits for new data centers."[22] It is not clear how the Commission would implement such a requirement and whether the Commission has the authority to implement such a requirement. The Commission regulates the rates, terms, and conditions of electric distribution service. The Commission does not conduct environmental impact studies or grant infrastructure impact permits. Because the

[19] *See* Comments of the Sierra Club, Docket No. M-2025-3054271, at 4 (calling on the PUC to establish demand management and demand response incentives for data centers).

[20] Energy Association of Pennsylvania, Docket No. M-2025-3054271, at 12.

[21] FirstEnergy Comments, Docket No. M-2025-3054271 at 3.

[22] *See* OSBA Comments, Docket No. M-2025-3054271, at 15.

requested requirement by the OSBA may be under the authority of an environmental regulator or the local municipality, the Commission does not need to require an additional, potentially duplicative impact assessment before approving a new large load application. Currently, the EDCs have authority under Commission-jurisdictional tariffs to review and process new large load applications and to conduct a detailed load study, which includes the EDC/transmission owner's recommended engineering solutions, proposed transmission and distribution upgrades, and proposed direct and indirect costs. The EDC's load study should be sufficient to serve as any impact assessment that is PUC-jurisdictional.

G. The PUC Should Not Require a Strict 90% Minimum Billing Demand Charge for All Data Centers, Especially for Large Loads That Bring Their Own Generation.

The Office of Consumer Advocate ("OCA") proposed that large load customers pay a minimum demand charge of 90% of their MW size.[23] When the large load customer's demand exceeds the minimum 90% demand charge, then the large load would pay the actual demand charge. OCA proposes that the 90% demand charge start in Year Four, after ramping up from 50% in Year 1.[24] As observed by the Data Center Coalition, multi-year ramping schedules make sense to allow utilities time to stage infrastructure and allow customers time to scale responsibly.[25] However, a 90% minimum demand charge is overly prescriptive and the OCA has not provided any technical or economic assessment supporting the use of a 90% minimum demand charge,[26] especially given some minimum demand charges may range from 60% to

[23] *See* Office of Consumer Advocate Comments, Docket No. M-2025-3054271, at 13.

[24] *Id.*

[25] *See* Data Center Coalition Comments at 4.

[26] OCA references a tariff proposal by AEP Ohio wherein the customer would be responsible for 90% of contract capacity in Year 4 of the customer's contract. However, OCA has not sufficiently analogized the circumstances giving rising the AEP Ohio tariff provision to the regulatory and economic environment in Pennsylvania to demonstrate that an equivalent provision is justified in Pennsylvania.

85%.[27] Importantly, any minimum demand charge should have a reasonable nexus to the cost to serve the particular customer, including anticipated long-term demands of the data center, the load factor of the data center, and usage profile. Any minimum demand charge selected by the PUC for the Model Large Load Tariff should be substantiated by economic and technical analysis, within the regulatory framework in Pennsylvania. As needed, the Commission could solicit additional comments on the appropriate minimum demand percentage. Importantly, to allow for flexibility and to ensure the Commission does not deter any economic development in the Commonwealth, the Commission could allow for a reasonable range of minimum demand percentages (*e.g.*, 60%-85%), to be utilized at the EDC's discretion, based on the particular customer profile. Not all data centers and large loads will have the exact same profile, and the Commission maintains ratemaking discretion to establish a zone of reasonableness for establishing a range of minimum demand charges.[28]

Importantly, a customer that brings its own generation should not be subject to a higher minimum demand charge. Any demand charge should be tied to the actual need for the utility to recover fixed costs associated with serving that particular customer's load, consistent with cost causation and cost-of-service principles.[29] Further, any minimum demand charges to large loads

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[27] Dominion Energy in Virginia has proposed a new large load class for customers using at least 25 MW at a 75% capacity. *See* "Will special rate classes protect Va. Residents from the costs of serving data centers?" Virginia Mercury (Apr. 25, 2025), *available at* https://virginiamercury.com/2025/04/25/will-special-rate-classes-protect-va-residents-from-the-costs-of-serving-data-centers/ (last accessed June 23, 2025). Dominion proposed that customers would pay demand charges that reflect the higher of their actual demand or applicable minimum demand charges, with 85% minimum demand for transmission and distribution functions and 60% minimum demand for generation. *See Application of Va. Elec. & Power Co.*, Case No. PUR-2025-00058, "Order for Notice and Hearing," at p. 8 (issued Apr. 24, 2025), *available at* https://www.scc.virginia.gov/docketsearch/DOCS/854_01!.PDF (last accessed June 23, 2025).

[28] *See Retail Energy Supply Ass'n v. Pa. Pub. Util. Comm'n*, 185 A.3d 1206, 1220 (Pa. Cmwlth. 2018) (an appellate court will defer to matters within the PUC's expertise, involving a technically complex statutory scheme, such as utility ratemaking).

[29] *See* Exus Initial Comments, Docket No. M-2025-3054271, at 7-9.

should only be applied to the portion of the data center's load that takes network transmission service and is connected to the grid, not automatically to any portion of data center load that is supported by behind-the-meter generation. A customer that brings its own generation should not be subjected to the same generic minimum demand charge applied to all large loads that only take service from the transmission grid (and do not bring their own generation). In supporting large data center load investment in Pennsylvania, the Commission should promote advanced data center load energy service methodologies that could effectively reduce the reliability impact by the large data center load (*e.g.*, data center load integration with large scale energy storage and/or collocated generation). Exus submits that, under PJM's proposed Option 6, these advanced collocated battery energy storage systems and/or generation will not only effectively reduce the data center load's minimum demand charge threshold, but will also help establish transmission and distribution grid reliability and resilience, consistent with PJM rules and governing documents (PJM Tariff, PJM Operating Agreement, and PJM Reliability Assurance Agreement[30]) and the Commission's reliability standards and objectives,[31] thereby benefitting all stakeholders and the Commonwealth at large.

[30] *See* https://www.pjm.com/library/governing-documents (last accessed June 23, 2025).

[31] *See* 66 Pa. C.S. § 308.2(a)(6); 66 Pa. C.S. § 1359; 66 Pa. C.S. § 2802(3), (11), (12), and (20) ("ensuring the reliability of electric service depends on adequate generation and on the conscientious inspection and maintenance of the transmission and distribution systems"); 66 Pa. C.S. § 2804-2805. The Commission's reliability standards are contained in 52 Pa. Code §§ 57.191-57.198.

II. CONCLUSION

Exus Renewables North America respectfully requests that the Commission consider these reply comments when determining next steps in its review and evaluation of a model tariff for new large load interconnections. As discussed herein, Exus Renewables North America asks the Commission to expressly support and incentivize – through faster interconnections – new large load applications that bring their own generation.

Respectfully submitted,

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Dated: June 23, 2025