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June 23, 2025

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

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

Dear Secretary Homsher:

Enclosed for filing are the reply comments of the Energy Association of Pennsylvania regarding the *en banc* held on April 24, 2025 and the associated Secretarial Letter, testimonies, and exhibits in the above-referenced proceeding.

Sincerely,

A handwritten signature in black ink, reading "Nicole W. Luciano". The signature is written in a cursive style with a large, flowing "N" and "L".

Nicole W. Luciano  
Director of Policy

Enclosure

*cc via email:*

James A. Mullins, [jamullins@pa.gov](mailto:jamullins@pa.gov)

Scott J. Thomas, [sjthomas@pa.gov](mailto:sjthomas@pa.gov)

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

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**REPLY COMMENTS OF THE ENERGY ASSOCIATION OF PENNSYLVANIA  
TO APRIL 12 SECRETARIAL LETTER &  
APRIL 24 *EN BANC* HEARING**

**I. INTRODUCTION**

On April 12, 2025, the Pennsylvania Public Utility Commission (“PUC” or “Commission”) issued a Secretarial Letter scheduling an *en banc* hearing concerning issues related to interconnection and tariffs for large-load customers on April 24, 2025. After the hearing, a second Secretarial Letter was issued extending the deadline for public comment to June 6, 2025, allowing for additional time for interested parties to address the depth and breadth of questions and topic areas identified in the initial Secretarial Letter, the comments of the parties at the hearing, and the additional questions posed by Vice Chair Barrow.<sup>1</sup> The deadline for reply comments was similarly extended to June 23, 2025.

The Energy Association of Pennsylvania (“EAP” or “Association”) respectfully submits these reply comments on behalf of its members. Individual EAP members may also express their views on these issues in separate company filings. EAP incorporates its previous comments by reference.

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<sup>1</sup> Secretarial Letter dated May 15, 2025 at Docket No. M-2025-3054271; Directed Questions of Vice Chair Kimberly Barrow dated May 1, 2025 at Docket No. M-2025-3054271.

## A. OVERVIEW

EAP reiterates its position stated in its comments outlining the fundamental principles that should guide effective regulation of large-load customers. First, ratepayer protection must be balanced with economic competitiveness. While safeguarding existing customers from undue cost shifts is paramount, overly restrictive regulations risk deterring beneficial economic development. Second, regulatory frameworks must prioritize operational feasibility. The electric grid is a complex, interconnected system that operates within the broader PJM regional market structure. Any regulatory requirements must account for the practical realities of grid operations, interconnection processes, and system planning. Third, flexibility must take precedence over rigid mandates. Large-load customers present diverse operational profiles, load characteristics, and risk factors. A risk-based, case-by-case approach that allows for tailored solutions will better serve the public interest than inflexible, one-size-fits-all requirements that could impede the development of projects or impose unnecessary costs without a concomitant benefit. Lastly, coordination and regulatory efficiency are essential. Large-load interconnections involve multiple regulatory jurisdictions, market operators, and stakeholder interests. Streamlined processes that coordinate effectively with PJM procedures, avoid duplicative requirements, and provide regulatory certainty will facilitate beneficial development while maintaining appropriate oversight.<sup>2</sup>

In these reply comments, EAP will, *inter alia*, highlight the perspectives of its electric distribution company (“EDC”) members on specific regulatory proposals, which are informed by their extensive experience in planning, operating, and maintaining Pennsylvania’s electric distribution infrastructure. EAP’s recommendations are designed to foster an environment where

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<sup>2</sup> Comments of the Energy Association of Pennsylvania to April 12 Secretarial Letter & April 24 En Banc Hearing, Docket No. M-2025-3054271, filed June 6, 2025 (“EAP Comments”) at pp. 3-4 and 10-12. *See also*: Comments of Duquesne Light Company, Comments of PECO Energy Company, Comments of PPL Electric Utilities Corporation; and Comments of First Energy Pennsylvania Electric Company et al.

large-load development can proceed in a manner that benefits all Pennsylvanians while maintaining the grid reliability and service quality that customers depend upon.

## **II. COMMENTS**

### **A. CUSTOMER DEFINITIONS & THRESHOLDS**

Several parties have proposed specific megawatt thresholds to define “large load” customers that would then be subject to any “large load” tariff or other interconnection regulations the Commission may promulgate under this docket.<sup>3</sup> EAP respectfully submits that any threshold should reflect actual system impact, rather than arbitrary megawatt levels. A purely megawatt-based approach fails to account for the diverse operational characteristics, load profiles, and grid impacts of different customer types. More importantly, such arbitrary thresholds risk subjecting traditional industrial customers to data center-specific regulatory requirements that may be inappropriate for their operations and investment profiles.

Instead, a more appropriate question to ask relative to a large-load customer is whether providing service to that customer creates, or has the potential to create, costs or risk that will be borne by other ratepayers. In cases where there are no socialized costs or benefits, those customers should not be subject to further “large load” tariffs or other requirements essentially designed to address cost-shifting concerns.

Pennsylvania’s manufacturing and industrial base represents a cornerstone of the Commonwealth’s economy. Many of these established businesses operate with substantial electrical loads that could exceed various proposed thresholds, yet they present fundamentally

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<sup>3</sup> Comments of the Natural Resources Defense Council (“NRDC Comments”), p. 2; Comments of the Industrial Energy Consumers of Pennsylvania, (“IECPA Comments”), p. 7.

different risk profiles than proposed data center development. Traditional industrial customers with long operational histories, established credit profiles, and integrated business operations should not be swept into regulatory frameworks designed to address the unique characteristics of data center development. Pennsylvania's EDCs likewise have a long history of onboarding these "large load" customers onto the grid. The Commission should ensure that any large-load framework appropriately differentiates between customer types and avoids creating regulatory barriers for existing industrial customers.

## **B. CONTRACT TERMS**

Regarding suggested contract term length, commenters shared proposals ranging from relatively short-term commitments to multi-decade agreements.<sup>4</sup> EAP recommends contract terms that appropriately balance cost protection for ratepayers with commercial viability. While longer terms provide greater certainty for cost recovery and minimize the risk of cost-shifting, overly rigid minimum contract term requirements may deter project development. The Commission should encourage flexible contract terms based on customer financial guarantees, creditworthiness, and specific project characteristics rather than establish one-size-fits-all minimum requirements. This risk-matching approach recognizes that different customers present varying levels of financial risk and operational certainty.

Established companies with strong credit profiles, proven operational track records, and substantial financial resources may appropriately receive shorter contract terms. These customers present a lower risk of default or abandonment, reducing the need for extended contractual

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<sup>4</sup> NRDC Comments at p.2 recommending 20-40 year terms; IECPA Comments at pp.8-9 recommending default minimum lengths with Michigan's "five year evergreen provision" as an example; Comments of the Office of Consumer Advocate ("OCA Comments") at p.12 recommending 20-year terms.

commitments to protect other ratepayers. Speculative developments, new market entrants, or projects with uncertain operational timelines may warrant longer contract terms commensurate with the increased risk they present to the system and other customers. The Commission should avoid establishing hard minimum terms that “over-secure” other customers beyond the actual risk presented. Excessive security requirements serve as barriers to entry and may drive beneficial economic development to competing jurisdictions. The regulatory framework should match security measures, including contract terms, with the specific risk profile presented to other customers.

### **C. FINANCIAL SECURITY & RISK MITIGATION**

As stated in its comments<sup>5</sup>, EAP submits that financial security requirements should be proportionate to actual risk while avoiding administrative complexity that could delay projects. The diverse range of proposed security mechanisms reflects the complexity of this issue, but also highlights the problems with prescriptive, uniform requirements. Different projects present vastly different risk profiles, and security requirements should reflect these differences rather than imposing blanket mandates that may be inappropriate for specific circumstances. For example, corporations with established financial profiles, demonstrated project execution performance, and operational experience developing data centers present fundamentally different risks than a startup company with limited operating history. Similarly, projects with substantial existing infrastructure investments demonstrate different commitment levels than purely speculative developments.

EAP firmly opposes any regulatory framework that would impose utility shareholder liability for customer defaults beyond appropriate risk management measures. Some stakeholder

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<sup>5</sup> EAP Comments pp.6-8.

positions<sup>6</sup> appear to suggest that shareholders should bear the risk of customer default regardless of the adequacy of security mechanisms or the reasonableness of utility risk assessment. This position fundamentally misunderstands the appropriate allocation of business risks in utility operations. Utilities should be responsible for prudent risk management and appropriate security requirements but should not be held liable for customer defaults when reasonable protective measures have been implemented. Such an approach would discourage utilities from serving large-load customers and ultimately harm Pennsylvania's economic development goals in this area.

#### **D. COST ALLOCATION & RECOVERY**

The stakeholder positions reflect two primary policy concerns. Some parties prioritize preventing cross-subsidization and protecting existing ratepayers from bearing costs associated with large-load development. Their proposals emphasize strict cost causation principles and place the burden on utilities to demonstrate system-wide benefits.<sup>7</sup> Other commentators support cost allocation that recognizes legitimate system benefits while ensuring large loads pay for incremental costs they directly cause. They favor more nuanced approaches that account for actual system impacts and benefits. EAP reiterates its initial comments that appropriate cost allocation can do both.<sup>8</sup>

EAP strongly supports maintaining fundamental cost-causation principles that ensure customers pay for the costs they impose on the system. Large-load customers should bear responsibility for incremental infrastructure investments, system upgrades, and operational costs that result directly from their service requirements where no other benefits to consumers exist or

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<sup>6</sup> OCA Comments at p.14

<sup>7</sup> NRDC Comments at p. 4.

<sup>8</sup> EAP Comments at pp.4-6.

materialize. Overly simplistic approaches that presume all distribution upgrades solely benefit large users or always benefit the system at-large ignore the complex, interconnected nature of electric distribution systems.

### **E. REPORTING REQUIREMENTS**

Administrative and reporting requirements for large-load customers present important considerations for regulatory oversight, transparency, and administrative efficiency. EAP notes that existing Pennsylvania Public Utility Code provisions already provide the Commission with broad authority to require appropriate filings and reporting related to large-load customers. Rather than creating entirely new administrative frameworks, the Commission should consider how existing reports can be effectively utilized to achieve legitimate oversight objectives.<sup>9</sup> In particular, EAP would point to the comprehensive information already filed with the Federal Energy Regulatory Commission (“FERC”) regarding large customer interconnections, system planning, and load forecasting. EAP suggests any future state reporting requirements be aligned with existing FERC filings to leverage established processes and avoid duplicative administrative burdens. Such coordination would provide the Commission with the necessary information to fulfill its oversight obligation while minimizing additional administrative costs and complexity.

EAP suggests a future working group or other dedicated mechanism to convene stakeholder parties to develop appropriate reporting mechanisms that serve legitimate regulatory purposes while avoiding unnecessary administrative burden. Any reporting requirements should have a clear, reasonable purpose and should be tailored to provide information that directly supports regulatory decision-making. Large-load forecasting information can be appropriately integrated

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<sup>9</sup> Suggestions made by OCA in its comments recommend mandates filing of large load contracts (p.11) and make publicly available each EDC’s large load interconnection queue (p.16). NRDC recommended EDCs report on “aggregated load... expected capacity and energy needs, status updates of prospective customers or customers in the queue, estimated interconnection timelines, and any further information” deemed necessary (p.4).

into existing load forecasting and system planning processes without creating separate, duplicative reporting mechanisms. Existing utility reporting requirements may already provide much of the information necessary for effective Commission oversight. Additional requirements beyond current reporting should be carefully evaluated to ensure they provide meaningful value commensurate with their administrative costs. Moreover, any filing or reporting requirements should include appropriate protection for commercially sensitive information.

## **F. IMPLEMENTATION & TIMING**

The timing and implementation of any new large-load regulatory framework/model tariff represents a critical consideration that will impact both the effectiveness of new requirements and Pennsylvania's continued competitiveness in attracting economic development. EAP reiterates that this regulatory space represents an area where utilities are already actively operating with substantial experience and established processes. Large-load customer interconnection, rate design, and cost allocation are not new challenges requiring completely novel regulatory approaches. EDCs currently maintain direct relationships with large customers and have established processes for addressing interconnection requests, cost allocation, and service arrangements. These existing relationships and processes provide a solid foundation for implementing any enhanced regulatory requirements without the need for comprehensive procedural overhauls.

Given the EDCs' existing operational experience and established regulatory frameworks, there is no need for extended lead times or overly prescriptive implementation schedules. The utilities are prepared to implement reasonable regulatory enhancements within normal operational timeframes. Immediate implementation of fundamental ratepayer protection measures can be

accomplished through existing processes without requiring extensive new procedures or administrative frameworks.

Overly prescriptive implementation requirements may create unnecessary barriers and delays that serve neither ratepayer protection nor economic development objectives. The Commission should provide clear policy guidance while allowing utilities flexibility in implementation to account for varying system conditions, customer needs, and project characteristics.

### **III. CONCLUSION**

EAP recommends an ultimate framework grounded in four fundamental principles:

- Risk-Based Assessment Over Arbitrary Thresholds: Rather than imposing uniform megawatt thresholds or blanket requirements, the Commission should adopt frameworks that assess actual system impacts, customer financial profiles, and ratepayer risks. This approach ensures that regulatory requirements are proportionate to actual risks while avoiding unnecessary barriers for large-load project development.
- Flexible Implementation Tailored to Circumstances: The diverse characteristics of large-load customers—from established industrial operations to emerging data center developments—require regulatory flexibility rather than one-size-fits-all mandates. Contract terms, financial security requirements, and cost allocation mechanisms should reflect the specific risk profiles and operational characteristics of individual projects.

- Cost-Causation with Recognition of System Benefits: Effective cost allocation must ensure that large-load customers pay for incremental costs they cause while appropriately recognizing legitimate system benefits their projects may provide. This balanced approach protects ratepayers from inappropriate subsidization while maintaining fair treatment that supports economic development.
- Operational Efficiency and Regulatory Coordination: Implementation should leverage existing utility expertise, established customer relationships, and coordination with federal regulatory frameworks rather than creating duplicative or conflicting processes that delay project development.

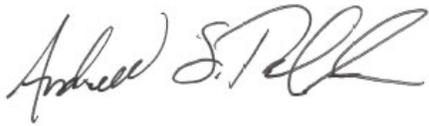
EAP submits that the Commission need not choose between ratepayer protection and economic development. A flexible model tariff that serves as guidance can achieve both objectives by ensuring that large-load customers bear appropriate responsibility for costs and risks while maintaining the regulatory predictability and operational flexibility necessary to attract beneficial investments.

EDCs bring substantial operational experience and technical expertise to large-load customer service, having successfully managed interconnections, cost allocation, and customer relationships for decades. The Commission's model tariff and interconnection framework should leverage this expertise rather than displacing it with rigid procedural requirements that may not account for operational realities. Existing utility processes which govern and support EDC relationships with current large customers provide a road map and demonstrate the flexibility

needed to address project-specific requirements and ensure appropriate risk management while maintaining efficient implementation processes.

EAP and its member companies remain committed to working constructively with all parties to develop regulatory approaches that protect ratepayers, facilitate economic development, and position Pennsylvania as a preferred destination for large-load investment while maintaining safe, reliable, reasonable, and affordable electric service for all customers.

Respectfully submitted,



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