



Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, Pennsylvania 17120

June 23, 2025

*Submitted Electronically*

Re: Reply Comments of the Sierra Club, *En Banc Hearing* Concerning Interconnection and Tariffs for Large Load Customers Docket No. M-2025-3054271

Dear Commissioners,

Thank you for the opportunity to contribute to this docket. Please find enclosed reply comments submitted by the Sierra Club concerning the Interconnection and Tariffs for Large Load Customers in the above-referenced proceedings.

### Reply Comments

As demonstrated by the comments submitted in this docket there is a broad consensus among consumer, environmental, and business advocates: the OCA and CAUSE-PA, business representatives from OSBA and IECPA, and environmental organizations including Earthjustice and NRDC all agree that the explosive growth of data centers presents significant risks of stranded assets, environmental degradation, and unjust cost-shifting if not managed with proactive safeguards. As discussed in the Sierra Club's initial comments, as well as in comments from the OCA, OSBA, Earthjustice, NRDC, and even existing industrial customers like IECPA and Walmart, a large load tariff is an important tool to protect Pennsylvania ratepayers from these risks. Such a tariff should include strong, front-loaded financial commitments, as well as:

- **Minimum Contract Terms:** A long-term commitment (e.g., 20 years, as recommended by the OCA) to align with the life of the infrastructure built to serve them.
- **Early Exit Fees:** Fees calculated to recover the remaining value of utility investments if a customer terminates their contract prematurely.
- **Minimum Demand Charges:** A requirement for customers to pay for a high percentage of their contracted capacity to ensure the fixed costs of the system are recovered, even if their usage dips.

- **Robust Financial Security:** Mandatory collateral, escrow, or demonstration of financial viability to cover the cost of infrastructure investments, ensuring utilities and their ratepayers are not at risk for project failure.

In addition, there is consensus that the Commission should mandate demand management and demand response capability. Technology providers like Emerald AI and Calibrant confirmed in their comments that the software and hardware to make data centers dispatchable grid assets exists today and can defer or eliminate the need for billions in costly grid upgrades.<sup>1</sup> As noted in Sierra Club’s comments, even a small amount of demand management or demand response at data centers could relieve congestion and utility strain, reduce capacity requirements, and allow new renewable energy to serve more requirements. Crucially, as Earthjustice and NRDC cautioned, this demand response must be clean. The model tariff must be explicitly designed to disincentivize the use of polluting on-site diesel generators for demand response, preventing a scenario where grid benefits come at the expense of clean air for Pennsylvania’s communities.

Further, new load from data centers must be met with new, 24/7 clean energy. EDCs serving data centers must offer rigorous 24/7 clean energy tariffs to ensure that this massive new demand is met with locally-sourced, additional, zero-emissions energy on an hourly basis. This approach directly addresses the widespread concern (such as those voiced by environmental groups NRDC, Better Path Coalition, and Delaware Riverkeeper Network), that data center growth will otherwise be powered by polluting fossil fuels.

Finally, the Commission should mandate transparency in planning and accountability to the public. Following the recommendation of advocates like NRDC, utilities should be required to base their forecast only on firm, committed large loads that are backed by substantial financial security deposits. There should also be periodic reports to the state legislature on the impacts of large load customers, including effects on electricity affordability, infrastructure needs, and environmental quality. This recommendation aligns with the calls for greater oversight from public officials like Senator Muth. This creates a crucial feedback loop, ensuring that the development of this new industry serves the public interest of all Pennsylvanians.

This strong consensus, however, stands in contrast to the positions of a minority of commenters with direct ties to the data center industry who advocate for a status quo that fails to adequately protect Pennsylvanians. These opponents argue that establishing a separate tariff to address the unique and significant risks posed by data centers is somehow “discriminatory,” that utilities require “flexibility” in tariff design rather than a uniform standard, that network upgrade costs from data centers should be socialized by “rolling them in” to rates for all customers; and that requiring demand flexibility is infeasible for them.

These arguments are without merit and must be rejected by the Commission. The claim of discrimination misinterprets the foundational principle of cost causation: as existing industrial customers IECPA and Walmart recognize, treating data centers differently is justified because their unique risk profiles and massive system impacts are fundamentally different from

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<sup>1</sup> Emerald AI comments at 2; Calibrant comments at 3-4.

traditional industry. Tariffs can and should be designed based on the risks and challenges posed by customer classes, and can here be defined by traits such as “high energy use density” or where “permanency of service cannot be reasonably assured.”<sup>2</sup> This approach allows utilities to create appropriate rate structures for volatile or high-risk customers.

Moreover, any claim that network upgrades necessary for data centers should be paid for by all customers ignores that these multi-million-dollar investments would not be needed “but for” the data center, making them a direct subsidy from the public. Finally, any assertion that demand flexibility is infeasible is directly refuted by technology providers like Emerald AI and Calibrant, who confirmed in this proceeding that market-ready solutions exist to make data centers flexible grid assets without impacting their customers.<sup>3</sup>

### Conclusion

Thank you again for this opportunity to comment. The Sierra Club appreciates that the Commission is engaged in forward-looking policy assessment, and notes again that there is broad consensus around this Commission taking the sensible steps outlined above to protect Pennsylvania ratepayers.

Sincerely,

/s/ Zachary M. Fabish  
Zachary M. Fabish  
Senior Attorney  
The Sierra Club  
50 F Street, NW - 8th Floor  
Washington, DC 20001  
zachary.fabish@sierraclub.org

Logan R. Rajendran  
Law Program Intern  
The Sierra Club  
50 F Street, NW - 8th Floor  
Washington, DC 20001  
logan.rajendran@sierraclub.org

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<sup>2</sup> See, e.g., Stacy Sherwood, *Review Of Large Load Tariffs To Identify Safeguards And Protections For Existing Ratepayers* 22 (2025), <https://energyfuturesgroup.com/wp-content/uploads/2025/01/Review-of-Large-Load-Tariffs-to-Identify-Safeguards-and-Protections-for-Existing-Ratepayers-Report-Final.pdf>.

<sup>3</sup> Emerald AI comments at 4-5; Calibrant comments at 3-6.