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VIA ELECTRONIC FILING

Matthew Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor, Room-N201
400 North Street
Harrisburg, PA 17120

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

Dear Secretary Homsher,

Enclosed for filing please find Duquesne Light Company's Reply Comments in the above referenced proceeding.

If you have any questions regarding the information contained in this filing, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "L.A. Baxter".

Lindsay A. Baxter
Senior Manager, Energy Policy and Public Affairs

Enclosure

cc:

James A. Mullins, jamullins@pa.gov
Scott J. Thomas, sjthomas@pa.gov

customers in and around the City of Pittsburgh. As an electric distribution company (“EDC”), delivering safe, reliable, and affordable energy to customers is the Company’s primary mission.

III. COMMENTS

The Commission received 43 sets of written comments filed by diverse stakeholders including utilities, consumer advocates, electricity generation businesses, environmental advocates, and individuals. Due to the volume, the Company does not address every individual comment but rather responds to the more pertinent themes. Of note, on several issues there was broad consensus among parties with often divergent interests. In particular there was largely consensus around the principle of cost causation and the need to protect ratepayers from unreasonable cost shifting, expressed by utilities, the Office of Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), environmental advocates, and others.¹

There was also a high level of agreement on the potential economic benefits that could accrue to Pennsylvania from large load development. The Commission should be guided by this general alignment to ensure that any actions related to large load appropriately balance the potential economic benefits with protections to ensure unreasonable burdens are not placed on current customers. To strike this balance will require flexibility in whatever approach the PUC takes, as supported by multiple commenters.²

¹ CAUSE-PA at 1; EAP at 4-5; Earth Justice at 2; First Energy at 19; NRDC at 4; OCA at 10; OSBA at 9-10; PECO at 5; PPL at 17; Vote Solar at 1-2.

² Data Center Coalition at 4; EAP at 5, 7,8, 10, 11, 12, 13, and 14; PECO at 2; PPL at 7; Vistra at 4.

A. Desire for Increased Data and Transparency

A common theme expressed in Comments was the need for more transparency and data. To this end, several commenters called for increased EDC reporting obligations, especially related to prospective large loads such as data centers.³ Some parties went further to suggest that the state should conduct formal studies before approving large-scale development of data centers. While Duquesne Light agrees that more visibility into emerging load patterns is important, particularly as the grid evolves to accommodate new forms of demand, it cautions the Commission to avoid instituting new reporting requirements without a more comprehensive assessment of the value of such reporting.

Some commenters called for EDCs to report *any* prospective large loads.⁴ The Company cautions that large load customers may be evaluating interconnection with multiple EDCs simultaneously, prior to selecting a location. Reporting *any* prospective inquiry could result in overestimating potential load increases. The Commission should limit any reporting requirements to projects that are very likely to move forward, demonstrated by a commitment by the customer, such as a deposit or other security mechanism. Additionally, stakeholders should be aware that much of this data is already filed with PJM via large load adjustments.⁵ The Commission should continue to engage in PJM's load forecasting process and encourage PJM to continue to improve upon the large load adjustment process, rather than instituting duplicative requirements at the state level.

³ CAUSE PA at 10; Constellation at 4; IECPA at 9; NRDC at 4; OCA at 16; Penn Future at 3.

⁴ NRDC at 4; PennFuture at 3

⁵ PJM Manual 19: Load Forecasting and Analysis, Revision 37, December 18, 2024. www.pjm.com/-/media/DotCom/documents/manuals/m19#:~:text=Load%20Adjustments&text=In%20cases%20where%20the%20load,of%20the%20annual%20load%20forecast.

Finally, the Company cautions against imposing permanent or overly burdensome reporting requirements on EDCs. A balanced approach could consider enhanced data reporting requirements in the early years while the sector is still developing, with a sunset provision or periodic review to evaluate whether continued reporting remains necessary and useful. There is an administrative cost associated with compiling and reporting this information — a cost that is ultimately borne by customers. The Commission must ensure that any reporting requirements provide information that is actually used by the regulator or other stakeholders, not just of interest. As conditions evolve, the PUC must prioritize flexibility and efficiency.

B. Defining Large Load Customers

Duquesne Light noted that a limited number of commenters proposed specific size thresholds in response to the Commission’s question, and that those recommendations varied greatly.⁶ There appears to be general agreement that large loads present unique characteristics and their treatment from a rates perspective should be based on those characteristics, rather than a static megawatt threshold.⁷

Some commenters expressed interest in defining large loads, particularly data centers, as their own rate class.⁸ Duquesne Light does not support this proposal. In the Company’s experience, it is not beneficial to prospectively carve out a narrow set of rate classes unless there is a significant enough number of customers in that rate class to effectively assign costs. At the present moment, the Company does not anticipate that there will be enough large load customers to justify creation of a separate rate class. Recognizing that the extent of large load development

⁶ IECPA at 7; OCA at 10; Sen. Muth at 3; Vistra at 4; and Walmart at 3.

⁷ First Energy at 3; OSBA at 13; PECO at 4; and PPL at 16

⁸ OSBA at 13.

will differ between EDC territories, and that each EDC has different operational characteristics, Duquesne Light recommends the Commission avoid overarching requirements.

Similarly, some commenters recommend developing different rates or classes for customers taking firm power versus those that can accept interruptible service.⁹ The operational and planning implications of these distinctions are substantial. Duquesne Light does not currently offer an interruptible rate and encourages the Commission to avoid such a requirement. While load management programs and demand response can be effective grid management tools for smaller loads, like individual buildings or electric vehicle (“EV”) chargers, the size of large load customers is too significant to rely on a customer’s ability to curtail usage during a grid emergency. Failure of a customer to comply with the interruptible tariff could result in significant grid impacts; thus the system will need to be built to account for potential contingencies. Further, it is the Company’s impression that many large load customers, such as data centers, will require 24-7 power, as compared to other customers that may have the ability to tailor operations to accommodate interruptions. Finally, the Company notes that EDCs differ in their technological capabilities, which could influence the ability to offer an effective interruptible tariff. The PUC should ensure flexibility across EDCs and service territories by avoiding prescriptive guidance or requirements with regard to interruptible service.

C. Contract Provisions

Many commenters — spanning utilities, advocates, and other organizations—support the concept of requiring minimum contract terms and exit fees to ensure cost recovery and system stability. These mechanisms are critical to protecting long-term investments and ensuring that the

⁹ PennFuture at 3; Mainspring at 2.

costs of infrastructure upgrades are not socialized across all ratepayers if a customer exits prematurely. CAUSE-PA, however, asserted that load over a defined size threshold should be served by a tariff and not a contract. The Company opposes this suggestion. Contracts allow for flexibility, which can benefit all customers. A contract can be structured to include important protections against the spreading of costs to other customers. Contracts can address the unique characteristics of an individual application, potentially allowing a project to move forward that otherwise may not. It would be inappropriate to issue a ban on the use of contracts based on a megawatt size threshold alone.

D. Bring Your Own Generation

Comments on the topic of Bring-Your-Own-Generation (“BYOG”) were mixed, with some commenters expressing support, others offering caution, and some opposing. For example, NRDC showed support noting the potential for systemwide benefits and mitigating price increases.¹⁰ Exus Renewables was also supportive and suggested that customers who BYOG should be prioritized for faster generation.¹¹ In contrast, OSBA, while supportive of BYOG in general, warned that it should not garner preferential treatment.¹² PPL questions whether the PUC has legislative authority to address BYOG, and Constellation opposes it, citing concerns about the potential of driving development to states without this requirement.¹³ Additionally, some other commenters raise concerns about siting, emissions, and grid impacts.

The Company clarifies that BYOG does not necessarily mean co-location of generation and load. Duquesne Light supports BYOG that utilizes in front of the meter, networked

¹⁰ NRDC at 5-6.

¹¹ Exus at 4.

¹² OSBA at 9.

¹³ PPL at 13; Constellation at 12.

generation. Securing *new* generation to match load prevents these large load customers from exacerbating expected shortfall. The Company recommends the Commission give further consideration to this topic.

E. Load Ramping

The Company supports the comments of PPL and First Energy regarding load ramping. As PPL explains “ultimately the large load customer decides what its load ramping schedule will be, and this dynamic does not lend itself to a prescriptive tariff provision.”¹⁴ First Energy provides more detail on how load ramping schedules are refined throughout the process, until the time of construction.¹⁵ Duquesne Light agrees with the comments of both companies on this topic and asserts load ramping is best addressed via individual contracts, as compared to a blanket provision in a tariff. The Company opposes OCA’s recommendation that demand ramping requirements be addressed via a large user tariff.¹⁶

F. Impact on Transmission Costs

PPL Electric notes that the interconnection of these large load customers will reduce transmission costs to other customers. Duquesne Light is more cautious, noting in its comments that the growth of large load customers *may* result in reduced transmission costs for others. The Company is not confident transmission savings will result and could even foresee circumstances where costs could be shifted to other customers. For example, if large load customers are able to

¹⁴ PPL at 20

¹⁵ First Energy PA at 5

¹⁶ OCA at 14

curtail usage during the coincidental peak (i.e. “1 CP”), the risk of transmission costs spread to other customers could potentially increase.

The Company notes that each EDC follows its own Commission-approved rate design methodologies, and thus the potential cost impacts — positive or negative — will differ between service territories. This point further amplifies the need for flexibility, as compared to a one-size-fits-all approach.

G. Out of Scope Comments

Finally, many commenters addressed topics which are outside of the scope of the current proceeding. For example, the Electrification Coalition submitted comments regarding interconnection of electric vehicle (“EV”) charging.¹⁷ While the new load associated with EV charging, and in particular DC fast chargers, can have grid impacts, these applications are typically far smaller than the scale of large load customers being addressed within this proceeding. Additionally, EV charging load will likely be more geographically dispersed than a single large load customer. Duquesne Light seeks to enable transportation electrification for the benefit of the customers it serves and encourages stakeholders to continue conversations on how to minimize any potential grid impacts associated with EV charging. However, the Company opposes addressing this topic through the current proceeding focused on large load tariffs and interconnection.

¹⁷ Electrification Coalition at 1

IV. CONCLUSION

The Company encourages the Commission to build on the areas of consensus that have emerged while retaining flexibility wherever possible, recognizing the evolving nature of large loads. Maintaining a balanced approach that emphasizes fairness, transparency, and system reliability will be essential to enabling this economic development in Pennsylvania. Duquesne Light appreciates the opportunity to provide these reply comments and welcomes continued dialogue on this important issue.

Respectfully submitted,



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