

**PENNSYLVANIA  
PUBLIC UTILITY COMMISSION  
Harrisburg, PA 17105-3265**

Public Meeting held November 6, 2025

Commissioners Present:

Stephen M. DeFrank, Chairman, Statement  
Kimberly Barrow, Vice Chair, Statement  
Kathryn L. Zerfuss, Statement  
John F. Coleman, Jr., Statement, Dissenting  
Ralph V. Yanora, Dissenting

Interconnection and Tariffs for Large  
Load Customers

Docket Number:  
M-2025-3054271

**TENTATIVE ORDER**

**BY THE COMMISSION:**

The Pennsylvania Public Utility Commission (PUC or Commission) held an *En Banc Hearing In re: Interconnection and Tariffs for Large Load Customers* on April 24, 2025, at Docket No. M-2025-3054271 in response to recent impacts of data center growth within the Commonwealth of Pennsylvania, the PJM Interconnection, LLC (PJM) region, and nationally, with data centers, utilities, and ratepayer advocates discussing the value of new load, economic incentives and jobs, infrastructure, and rates. The Commission appreciates the testimony, exhibits, and comments we received from the public to this above-captioned proceeding addressing the complex and evolving nature of regulating Large Load Customers in Pennsylvania's energy market.

Overall, there was broad consensus regarding the fundamental principle of cost causation and the need to protect ratepayers from unreasonable cost shifting. There was general agreement that Large Load Customer guidance is needed in the areas of interconnection costs, interconnection studies, minimum contract terms, exit fees, and collateral, among other areas.

Upon due consideration of the record evidence in this case, we issue this Tentative Order and the attached Appendix for comments to be filed within 30 days of the date of publication in the *Pennsylvania Bulletin*. All timely comments filed to this Docket regarding the instant Tentative Order will be considered before a final order is issued.

## **BACKGROUND**

On April 12, 2025, the Commission issued the *Notice of En Banc Hearing Concerning Interconnection and Tariffs for Large Load Customers* at Docket No. M-2025-3054271, designed to culminate in a proposed model tariff for Large Load Customers. The Commission sought and received testimony and comments on topics such as:

- Appropriate MW size designations for large load tariffs
- Deposits or financial security from Large Load Customers
- Appropriate calculations of contributions in aid of construction
- Minimum contract terms
- Maximum times for interconnection studies and agreements
- Monthly demand charge
- Appropriate fees or expenses for interconnection studies
- Load ramping schedules for customers that may phase in their usage
- Exit or early termination fees
- Distinctions in tariff designs for firm service versus interruptible Large Load

Customers

- Large customers bringing primary or back-up generation to serve their load, and any prudent standby rates
- Transparent cost structures for interconnection
- Optionality for infrastructure upgrades to be made directly by prospective interconnecting Large Load Customers at their own expense.
- Best practices learned from other jurisdictions
- Any other procedures, rules, or tariff designs that can facilitate the efficient and timely interconnection of this unique category of electric customers

On April 24, 2025, the *en banc* hearing was held with Chief Administrative Law Judge Charles Rainey presiding. All Commissioners were present and received evidence directly.

Parties were notified that additional comments could be filed within thirty days of the *en banc* hearing and that reply comments could be filed within fifteen days of the conclusion of the comment period.

Comments were filed by Asset Leadership Network (ALN), Alliance to Stop the Line (Alliance), Amazon Data Services, Better Path Coalition (BPC), Calibrant Energy (Calibrant), Carol Armstrong, Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (Cause PA), Cogentrix Energy Power Management LLC (Cogentrix), Constellation Energy Generation LLC (Constellation), Data Center Coalition (DCC), Delaware Riverkeeper Network (DRN), Duquesne Light Company (Duquesne), Earthjustice, Electrification Coalition, Emerald AI, Energy Association of Pennsylvania (EAP), Eric Epstein, Erik Pedersen, Evergreen Collaborative (Evergreen), Exus Renewables North America (EXUS), FirstEnergy Pennsylvania Electric Company (FE PA), Hannah Wiseman, Homer City Redevelopment, Industrial Energy Consumers of Pennsylvania (IECPA), Lloyd Zeller, Mainspring Energy Inc (Mainspring), MCR Performance Solutions (MCR), Mountain Watershed Association (MWA), Natural

Resources Defense Council (NRDC), NRG Energy Inc. (NRG Energy), Office of Consumer Advocate (OCA), Office of Small Business Advocate (OSBA), Pennsylvania American Water Company (PAWC), PECO Energy Company (PECO), PennFuture, PPL Electric Utilities Corporation (PPL), Protect PT. ProtoGen Inc (ProtoGen), Sara Majorsky et al, Senator Muth, Sierra Club Environmental Law Program (Sierra Club), Stephen Parker, Talen Energy Corporation (Talen), Tenant Union Representative Network (TURN), Vistra Corp (Vistra), Vote Solar, Walmart, and various comments from the public.

Reply comments were filed by ALN, Duquesne, EAP, EXUS, FE PA, IECPA, MCR, OCA, PECO, PPL, Sierra Club, Talen, and Vistra.

## **DISCUSSION**

Upon review of the record, including post-hearing comments filed and through this Tentative Order, we announce the Commission's tentative guidelines for a model large load tariff. We invite interested parties to comment on these tentative guidelines.

### **Appropriate MW Size Designation for Large Load Tariffs in Pennsylvania**

Based on the regulatory proceedings and stakeholder comments, there is no consensus on a specific MW size designation for large load tariffs in Pennsylvania. The discussion reveals significant disagreement among parties, with proposed thresholds ranging widely from as low as 1 MW to as high as 200 MW.

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. However, when it comes to

specific size thresholds, commenters proposed various recommendations that varied greatly.

OCA proposes a minimum threshold of 25 MW for Electric Distribution Companies (EDCs) whose peak load is equal to or above 2,500 MW and 1 MW for those utilities whose peak load is less than 2,500 MW. NRDC references a threshold of 50 MW with a minimum capacity factor of 50%. Vantage Data Centers also support a minimum threshold of 50 MW given the rising energy demand across several industrial industries. Walmart Inc. argues that Large Load Customer Tariffs should provide a minimum 75 MW threshold to protect existing commercial and industrial customers from inclusion in the large load tariffs. The IECPA implies a recommendation of a 100 MW threshold and specifically recommends a lower-bound threshold of no lower than 100 MW for participation in a Large Load rate class. EXUS supports a size definition of at least 100-200 MW. Earthjustice suggests establishing a lower-bound load threshold likely in the range of 25-75 MW.

Several parties advocate for approaches beyond simple MW designations. EAP suggests that any threshold should reflect actual system impact, rather than arbitrary megawatt levels, as a purely megawatt-based approach fails to account for the diverse operational characteristics, load profiles, and grid impacts of different customer types. EAP proposes that a more appropriate question is whether providing service to that customer creates or has the potential to create costs or risks that will be borne by other ratepayers.

Duquesne recommends the Commission consider both a megawatt size designation as well as operational and load characteristics, noting that a size designation alone may not fully capture the cost to serve a customer.

PPL submits that the Commission should focus on limiting customer risk of stranded costs from load not materializing rather than the size of the load, as the size of the customer's load does not necessarily indicate whether system upgrades will be socialized through rate base.

PECO recommends that the Commission does not adopt a specific size designation in the Model Tariff but suggests that the Commission could address other ways of defining Large Load Customers. PECO believes that EDCs should have the flexibility to establish individual size designations in their respective tariffs based on the available and utilized distribution system capacity within their individual service territories, in conjunction with other factors such as power and load factors.

PECO agrees with OCA's testimony that the definition of Large Load Customers should be drafted to reasonably prevent large loads from circumventing its application by connecting at multiple points to the grid or by establishing aggregate control over multiple large load facilities that, on an individual basis, are below the defined size threshold.

## **Disposition**

We find a Large Load Customer should be defined as 50 MW Individually or 100 MW in the aggregate. This threshold aligns with similar tariffs issued in Ohio, Indiana, and West Virginia in the PJM Interconnection LLC (PJM) territory. However, as these states have individual thresholds higher or the same as aggregate thresholds, we invite further comment on defining individual versus aggregate thresholds as well as on the threshold amounts. Within the PJM region, Illinois's (pending) Commonwealth Edison also has a threshold of 50 MW in general. Indiana's (approved) threshold is 70 MW individually and 150 MW aggregate. Virginia's (pending) Appalachian Power has a threshold of 100 MW individual and 150 MW aggregate.

Recently, the Indiana Utility Regulatory Commission adopted a Settlement *In the Matter of the Verified Petition of Indiana Michigan Power Company for Approval of Modifications to its Industrial Power Tariff – Tariff I.P. at Case No. 46097*. In the Indiana Michigan Power case, settling parties including Google, Amazon Data Services, and DCC agreed the modification to Tariff I.P. should apply to customers taking service on Indiana Michigan Power (I&M) Tariff I.P. with contract capacity greater than or equal to 70 MW at an individual plant or 150 MW on an aggregated basis (“Large Load Customer”). Indiana Michigan Power must exercise reasonable discretion when choosing to aggregate premises, with such discretion based on factors including, but not limited to, premises sharing one or more of the following: common owner(s), a common parent company, common local electrical infrastructure, and common control. In addition, the Public Service Commission of West Virginia has recently adopted a Settlement *Appalachian Power Company and Wheeling Power Company: Application for Approval of Revisions to Schedules LCP and IP - Case No. 24-061 I -E-T-PW*. Appalachian Power Company and Wheeling Power Company have adopted the exact same aggregation definition. We adopt the same definition of aggregation as Indiana Michigan Power, Appalachian Power Company, and Wheeling Power Company with the benefit of maintaining consistency across the PJM region.

Individual Megawatts large load refers to a single commercial or industrial load facility or aggregation of load facilities at a single site that poses a reliability risk to the grid due to its size and operational characteristics. In contrast, Aggregate Megawatts large load refers to a group of Individual Megawatts large loads that together exceed the threshold for high impact large loads, which can lead to more significant reliability challenges. See NERC’s *Characteristics and Risks of Emerging Large, Large Loads Task Force White Paper* dated July 2025. The Commission recognizes there may be future customers below the 50 MW threshold that have substantial grid impacts justifying differential tariff treatment than existing similarly sized customers. The utility retains

authority to propose differential rate treatment, and the Commission will review that rate treatment to ensure justness and reasonableness.

With regards to grid impact reduction through the use of associated generation, we tentatively find that Large Load Customers that may not be using their full interconnection limit by having onsite generation may be entitled to lower stand-by charges or a lower minimum demand charge. However, for purposes of the large load definition in this tariff, behind the meter generation will not be considered as an offset to calculate total customer load.

### **Deposits, Financial Security or Collateral from Large Load Customers**

Multiple parties expressed strong support for collateral requirements as essential risk mitigation tools. CAUSE-PA and TURN recommend that the PUC should require prospective Large Load Customers to put up substantial collateral to be included in large load forecasts. They advocate following the approach of other states to require substantial collateral to be included in the load forecast, with the level of required collateral tiered based on the size of the load and other explicit and quantifiable risk factors.

Sierra Club emphasizes robust financial security, including 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. Similarly, Alliance and Protect PT (and its 14 partner organizations) support cash collateral for Large Load Customers.

Utilities generally support collateral requirements while emphasizing the need for flexibility. PECO recommends that large load contracts should include appropriate customer safeguards including appropriate financial assurances, such as collateral,

minimum demand charges, and exit fees. PECO suggests that collateral requirements and cash deposits for Large Load Customers can supplement existing customer protections in the EDCs' retail tariffs and help mitigate risk to other customers. Currently, PECO requires a \$250,000 deposit for initial analysis, returning any unspent costs if the customer cancels the project and requiring the customer to pay the difference between the initial deposit and the actual study costs if the study costs are higher than \$250,000. PECO may also require the customer to submit additional financial security, such as a letter of credit.

Similar to PECO, Duquesne also requires a deposit in order for a large load developer to be assigned a position in the queue. This deposit pays for engineering and interconnection studies and is fully refundable if the customer decides not to move forward, less any costs already incurred. These large load developers also pay the actual costs of construction (direct and indirect costs, plus applicable taxes).

FE PA requires additional deposits and surety instruments from Large Load Customers to ensure proper cash flow and to cover the risk of non-payment that occurs during regular billing. The Companies require surety instruments, such as a letter of credit or surety bond, from Large Load Customers to cover the financial risk during the construction period.

PPL submits that any deposits or financial security required of Large Load Customers should be tied to the amount of risk for other customers, specifically socialized upgrade costs recovered in transmission rates. They argue that the Commission should allow EDCs to maintain flexibility in the amount of security and security instrument type depending on the customer's creditworthiness, which is evaluated based on two factors: (1) credit ratings from S&P and Moody's; and (2) the customer's liquidity as compared to the tariff's collateral requirement calculation. This evaluation comes from *In the Matter of the Verified Petition of Indiana Michigan Power*

*Company for Approval of Modifications to its Industrial Power Tariff – Tariff I.P. at Case No. 46097.* If required, PPL suggests having collateral be provided in the form of a guarantee from the ultimate parent or corporate affiliate of the Large Load Customer, a standby irrevocable letter of credit, and/or cash. Currently, PPL secures the amount of socialized costs from Large Load Customers, which already provides reasonable protection of other non-Large Load Customers from the risks of early termination. In addition, Large Load Customers are currently required to pay for upgrades on their side of the meter and pay an upfront Contribution in Aid of Construction (CIAC) for upgrades that PPL determines are their responsibility.

Large Load Customers, particularly data center operators, have expressed preferences for various security instruments, including parent company guarantees, rather than more traditional mechanisms such as letters of credit or cash deposits. However, they emphasize that all forms of security must offer appropriate protection against financial risk. EAP also recognizes that 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.

DCC supports collateral requirements that protect the utility's exposure and allow for flexibility. They advocate for a tariff that accepts multiple security forms (parental guarantees, letters of credit, surety bonds, or cash) to give credit-worthy customers the latitude to choose the lowest cost option while still covering the utility's exposure. The Coalition also suggests utilities should allow a realistic runway, often tied to tenant lease milestones, before collateral must be posted, and that collateral should step down on a transparent schedule once the project proves up and utility risk falls. Vantage Data Centers also supports the Coalition's position on having a flexible form of collateral and reducing the collateral over time as risk declines. Vantage Data Centers recommends that collateral should be required only when the utility's financial exposure is at its peak, typically within the year preceding energization.

ProtoGen recommends implementing appropriate financial security requirements proportional to the infrastructure investments needed to serve these facilities. ProtoGen also suggests creating clear cost responsibility mechanisms for grid upgrades that protect existing ratepayers from bearing undue costs.

OCA proposed a specific but flexible combination of high-quality financial guarantees based upon tariff provisions from Ohio. OCA proposes that Large Load Customers provide sufficient, high-quality financial guarantees to cover the minimum monthly payments for a minimum of the next two years or the remaining time in the Large Load Customer's contract. More specifically, OCA proposes that “The customer, if not having both (a) a credit rating of at least A- from S&P Global Inc. (“S&P”) and A3 from Moody’s Corporation (“Moody’s”) and (b) cash and cash equivalents on an audited balance sheet prepared in accordance with Generally Accepted Accounting Principles (“GAAP”) (“Liquidity”) greater than ten times the Collateral Requirement, must provide a guarantee or collateral at the time of signing the contract equal to 50% of the total minimum charges for the full term of the contract (“Collateral Requirement”), calculated based on... [the EDC’s] rates in effect at the time the Collateral Requirement is provided. The Collateral Requirement must be provided in full in one or more of the following forms: (1) a guarantee from the ultimate parent or a corporate affiliate of the customer (so long as the guarantor has both (a) a credit rating of at least A- from S&P and A3 from Moody’s and (b) Liquidity greater than ten times the Collateral Requirement); (2) a standby irrevocable letter of credit issued by a U.S. bank or the U.S. branch of a foreign bank, which is not affiliated with the customer or its guarantor, with a Credit Rating of at least A- from S&P and A3 from Moody’s, or (3) cash. The amount of the Collateral Requirement will be reduced by one year’s minimum charges for each year the customer is energized and makes on-time electric service payments under the contract.” In addition, OCA proposes that the amount of all non-payments by the Large Load Customers is not charged to other ratepayers, whether in rates or any other fees or payments.

MCR recommends that the tariff specify that a Large Load Customer provide refundable deposits or equivalent credit in an amount tied to the estimated cost exposure, such as a percentage of the required CIAC or a percentage of projected revenue. They emphasize that these deposits should be fully refundable, with interest, if the customer achieves the load levels that triggered the infrastructure investment.

IECPA argues that adequate performance assurance in large load contracts should include deposits, guarantees, or other mechanisms to ensure costs are covered if facts on the ground change. OSBA recommends financial security and collateral requirements to balance the need to mitigate risk of exposure to other customers and the allowance of non-discriminatory access to the grid.

NRDC views collateral or deposits as upfront financial commitments that can help filter out speculative customers and prioritize those committed to siting in Pennsylvania.

Calibrant acknowledges that utilities and regulators might implement protective contract structures like collateral requirements to ensure ratepayers are not responsible for infrastructure costs if large-load requests fail or disconnect early. However, they note that from the data center's perspective, it is challenging to accept this risk as it is next to impossible to forecast what utilization rates may be within the rapidly evolving landscape of AI.

## **Disposition**

While there is widespread agreement on the necessity of collateral and cash deposit requirements for Large Load Customers, the record reveals uncertainty about implementation details, flexibility mechanisms, and the appropriate balance between protecting existing ratepayers and enabling non-discriminatory grid access for new Large Load Customers.

Financial security should be graduated based upon the proposed size of load and partially refunded as load ramps up until fully refunded when load has reached its maximum. We tentatively determine that financial security should be sufficient to cover the cost of any Large Load Customers share of network upgrades for which the Large Load Customer is the majority beneficiary and that will be partially allocated to other customers of the EDC. Any financial security or collateral provided should be reduced or refunded over time as load ramp milestones are met and facility costs are paid. The consensus appears to favor tiered, risk-based approaches that can accommodate different customer types while ensuring adequate financial protection.

The Appendix provides guidelines for collateral requirements that are flexible depending upon the customer's credit worthiness as well. These guidelines incorporate suggestions from OCA.

### **Contributions in Aid of Construction**

Multiple parties emphasize that CIAC calculations should be based on established cost causation principles. OSBA agrees that large load interconnection costs must be entirely borne by the Large Load Customer based on cost causation. MCR recommends that CIAC calculations should be transparent and based on cost causation.

Several utilities describe their approach to determining appropriate CIAC amounts based on whether facilities serve only the new customer or provide broader system benefits. FE PA states that appropriate CIAC calculations depend on whether the incremental infrastructure will serve only the Large Load Customer or support service to all customers. If facilities will only serve the new load, they should be funded by that customer through a CIAC payment. However, if upgrades are to be used to serve many customers, they are generally rolled into rate base for recovery through rates charged to all customers. FE PA does not seek to recover through rate base any plant investment

that is supported directly through a customer CIAC payment, though they may seek to recover costs associated with ongoing maintenance of those assets.

PPL utilizes a case-by-case determination of whether each specific upgrade provides reliability benefits to the grid as a whole or if it only benefits the new customer. If the upgrade will not result in broader reliability benefits, it remains the customer's responsibility and will be included in the CIAC. PPL starts with the assumption that the customer pays for all interconnection costs, then determines on a case-by-case basis which upgrades provide broader system benefits. PPL describes this approach as consistent with established cost causation principles.

CAUSE-PA and TURN object to utilities earning a rate of return on utility plant funded by customer CIAC. They maintain that the Commission should adhere to the long-standing practice that utilities cannot rate base utility plant funded by CIAC, for purposes of earning a return. Vote Solar suggests that to maintain ratepayer affordability and align with common practice, CIAC assets should not be rate-based.

Duquesne recovers costs associated with maintaining CIAC-supported assets through base rates but does not earn any return on plant supported by CIAC for the lifetime of the assets. Duquesne requires interconnecting customers to pay the full costs of any upgrade, including direct costs, indirect costs, and any applicable taxes, resulting in little to no infrastructure costs from large load interconnections being spread to other customers.

MCR emphasizes that CIAC should recover the portion of upgrade costs that cannot reasonably be included in rates, with calculations being transparent and based on cost causation. They also recommend appropriate adjustments, such as additional CIAC if a project's load is lower than anticipated or if a project withdraws, to ensure existing customers do not bear previously incurred costs. To address uncertainties in load

forecasting and project completion, MCR suggests that mechanisms such as usage guarantees or refunds can help tailor CIAC to actual usage over time, reducing stranded costs. MCR also suggests that ramp-up schedules can be incorporated so that a project increasing load in phases must pay a proportionate share of CIAC or deposits at each stage. MCR acknowledges the need to balance CIAC requirements between utility needs and data center customers' willingness to invest, noting that high requirements may discourage data center investment in Pennsylvania or shift it to neighboring states with less onerous investment requirements.

EAP raises concerns about tax implications, noting that some EDC tariffs do not permit tax gross-up on CIAC amounts, which may result in cost socialization to other ratepayers.

Vistra supports efforts to encourage expedited timelines for customers who agree to pay for their equipment via CIAC, suggesting that customers willing to pay for costs that would otherwise be socialized should receive a quicker interconnection process.

The Bureau of Investigation and Enforcement (BI&E) also suggests that in order to establish ratepayer protections from stranded costs, any determination of CIAC that relies on an anticipated usage level and associated revenue should contain a provision requiring an alteration of assigned rates or an additional construction contribution in the event that anticipated usage levels do not materialize, or the project is terminated before completion.

## **Disposition**

The comments demonstrate a consensus on the fundamental principle that Large Load Customers should bear interconnection costs that solely benefit the interconnection customer through CIAC, consistent with cost causation principles. EDCs should handle

CIAC for Large Load Customers in the same manner that CIAC is implemented for all other EDC tariff customers. We tentatively find that CIAC and collateral requirements, if properly implemented, should protect ratepayers from uneconomic or stranded infrastructure investment as well as ensuring appropriate cost allocation.

Beyond facilities which solely benefit the new large load, we further tentatively find that given the nature of large loads, they may receive most of the benefits from facilities that would have historically benefited the system as a whole. That is, very large loads may cause network upgrades which benefit the system as a whole, but they themselves still use up most of the benefits. For example, 230 kV facilities that would normally be deemed transmission due to their size have line ratings setting their maximum capacity typically between 250-1000 MW<sup>1</sup> depending on utility and other factors. A new line of this size would historically be allocated broadly because that capacity would be used by many customers. Seeing as many of the loads at issue here could use most of that capacity or even nearly all of the capacity, we tentatively find that the triggering customer should make a CIAC contribution to offset the cost of the line if they receive more than half of the benefit of this line. We seek comments on this finding, the degree of contribution required, and the test for whether a contribution should be required.

We request more comments concerning voluntary CIAC and the validity and appropriateness of a mechanism whereby voluntary CIAC contributions entail supported projects moving up in the construction queue or expediting interconnection times.

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<sup>1</sup> PJM Transmission Ratings, <https://www.pjm.com/markets-and-operations/etools/oasis/system-information/ratings-information>.

## **Minimum Contract Terms**

Various stakeholders have expressed diverse positions regarding minimum contract term requirements for Large Load Customers, with proposals ranging from relatively short-term commitments to multi-decade agreements. The Alliance requests the PUC to set in place requirements for Large Load Customers to give regular demand forecasts, as well as protections in place to ensure there is little to no cost shifting to co-location sites in order for Large Load Customers to evade peak period demand charges. The OCA proposes the most comprehensive framework, recommending a 20-year minimum contract duration with several key provisions: payment of an exit fee for early termination, allowances for contract transfer to another qualified Large Load Customer willing to satisfy the terms and conditions, and a five-year notification period for renewal or non-renewal decisions. The OCA's proposal allows termination only if the facility ceases operations and requires payment of a financial penalty based upon the discounted value, at the EDC's cost of capital equivalent to the remaining monthly payments under the contract.

NRDC supports even longer terms, recommending 20 to 40-year tariff terms to match infrastructure cost recovery periods for new transmission and distribution infrastructure. NRDC also supports exit fees and resizing clauses as part of their comprehensive approach.

CAUSE-PA and TURN advocate for the adoption of minimum demand charges and early exit fees within the tariff to safeguard against stranded costs from speculative or short-lived data center investments, suggesting these should be included in the model large load tariff for statewide consistency.

Sierra Club supports long-term commitments (e.g., 20 years, as recommended by OCA) to align with the life of the infrastructure built to serve Large Load Customers.

They advocate for minimum contract terms and premature exit or termination fees to ensure new Large Load Customers commit to a long-term relationship with the utility that helps pay down the costs of new infrastructure.

OSBA recommends minimum eight to 10-year contract terms, a position that is broadly supported by hearing panelists. OSBA also recommends financial security and collateral requirements to balance the need to mitigate risk of exposure to other customers while allowing non-discriminatory access to the grid.

The IECPA supports including default minimum contract lengths in the Model Tariff, either a fixed amount or one determined by a formula. They also support provisions requiring a reasonable exit ramp before leaving the market, such as five-year evergreen provisions where the contract term is automatically extended unless the customer provides written notice of termination at least five years before the current contract term end date.

EAP advocates for flexible contract terms that balance cost protection for ratepayers with commercial viability, recommending that the Commission encourage flexible contract terms based on customer financial guarantees, creditworthiness, and specific project characteristics rather than establish one-size-fits-all minimum requirements.

Duquesne currently utilizes minimum contract terms generally ranging from five to ten years, with terms based on load size and other characteristics. Duquesne supports the concept of requiring minimum contract terms and exit fees to ensure cost recovery and system stability. Duquesne opposes suggestions that load over a defined size threshold should be served by a tariff rather than a contract, arguing that contracts allow for flexibility and can address unique characteristics of individual applications.

PPL believes that contract terms need to be tied to cost causation principles and should reflect the actual risk to other customers. They emphasize that each Large Load Customer project has a different risk profile and flexibility should be permitted, with any minimum contract terms focusing on risks to other customers related to socialized costs. PPL warns that minimum terms that are too long or restrictive could dissuade Large Load Customers from coming to Pennsylvania.

PECO supports the model tariff including minimum contract terms for Large Load Customers as part of measures to enhance transparency and strengthen protections for all customers, which can supplement existing customer protections and help mitigate risk to other customers. PECO recommends that large load contracts include appropriate customer safeguards including cost-based and non-discriminatory terms and appropriate financial assurances such as collateral, minimum demand charges, and exit fees.

FE PA mentions that exit fees and collateral requirements are necessary to mitigate risk and protect against transitory load so that customers are protected from the substantial investment needed to complete data centers.

FE PA has adopted a 10-year contract model with security for the entire amount of network distribution/transmission upgrades, amortized at 20% per year over the last five years of the 10-year term.

DCC advocates for minimum contract terms and exit fee schedules that provide clear understanding of payment responsibilities and durations. They suggest that contract lengths and fee amounts should be tailored to local conditions, considering factors like transmission upgrade lead times and load growth rates. DCC notes that minimum contract lengths have been established as a key piece of any large load tariff structure.

Amazon Data Services considers reasonable term requirements, along with minimum demand charges and exit fees, as existing commercial obligations of rate payers that are reasonable for consideration within a new large load tariff. They emphasize that the determination of the correct combination should consider operational needs, how tariffs are structured for similar customers, utility commitments, and a data-driven assessment of costs and commitments needed to prevent stranded costs.

MCR believes it is critical to design a tariff with flexible process provisions relating to upfront commitments, minimums, exit fees, and load ramping provisions. They recommend that minimum contract terms and early termination fees, common in special contracts for Large Load Customers, should be included in tariffs for data center customers, suggesting examples like a ten-year minimum term or early exit payment covering unrecovered costs.

Vistra suggests that the model tariff should address minimum contract terms for Large Load Customers as part of baseline requirements.

Calibrant highlights a key challenge from the data center perspective, noting that while utilities and regulators appropriately seek protective contract structures including minimum contract terms, it is challenging for data centers to accept this risk as it is difficult to forecast utilization rates within the rapidly evolving AI landscape.

Residents (as a stakeholder group) support minimum contractual terms, exit fees, cash collateral, and load shedding requirements during peak energy demand or grid stress.

## **Disposition**

There is broad consensus among commenters spanning utilities, advocates, and other organizations supporting the concept of requiring minimum contract terms and exit fees to ensure cost recovery and system stability. However, there are differing perspectives on the appropriate length and structure of these terms. As minimum contract lengths have been established as a key piece of any large load tariff structure and were mentioned by almost all testifying witnesses during hearings, we propose that the EDCs include a minimum contract length of five years; however, we decline to direct a specific number of years contract length beyond that as the determination of appropriate terms involves balancing cost protection for ratepayers with commercial viability, considering local conditions, and ensuring that investments do not result in stranded costs borne by other rate classes, which are unique variables for each EDC. Although we acknowledge the three approved tariffs within the PJM region in Indiana, Ohio and West Virginia have minimum contract lengths of 12 years, a majority of tariffs in the United States for both large loads and data centers have minimum or maximum contract lengths of five years. We have also proposed additional contract terms for Large Load Customers that intend to ramp-up load requirements over time. We invite comments on the five-year minimum contract length tentatively selected, as well as the proposed contract terms for a ramping customer.

## **Interconnection Studies and Interconnection Agreements**

The interconnection of Large Load Customers to electric distribution and transmission requires certain interconnection applications, studies, and agreements. There is disagreement over establishing maximum time limits and defined timelines for interconnection studies and agreements. Several stakeholders have suggested specific timelines for these studies to provide certainty and expedite the interconnection process,

while other parties have either emphasized flexibility and transparency or strongly opposed maximum time limits for complexity and reliability concerns.

Constellation and Vantage Data Centers both recommend an interconnection study timeline of 3-6 months. Constellation recognizes that a streamlined large load interconnection process will maximize study efficiency and ensure timely integration of large loads, giving the Commonwealth a regional and national advantage in the effort to attract new jobs, expand tax base and grow the economy. In addition to the timeline, Vantage Data Centers also suggest that progression milestones that Large Load Customers need to meet should be set once this study is complete.

Most utilities oppose a universal maximum time for large load interconnection studies and agreements. Duquesne argues that each interconnection is unique and can be very complex, and that by establishing an arbitrary maximum time may risk forcing EDCs to pull resources from projects serving the larger customer base. PPL believes that establishing such limits may undermine an EDC's ability to adequately assess requests, especially particularly complex ones, since each request has different levels of complexity. FE PA highlights the various requirements that must be considered to each customer load request (including customer-specific details, system-specific details, project technical information, potential violations, and potential impacts or harm to the grid), making it difficult to outline a maximum time.

EAP does not support defined interconnection study timelines or service level agreements. EAP argues that rigidly defined study timelines could potentially compromise the thoroughness of system reliability analysis and proper planning. EAP emphasizes that the unprecedented scale of current interconnection requests requires comprehensive evaluation that considers both direct interconnection impacts and broader system effects (including potential reliability implications for existing customers), which requires sufficient time to ensure accurate results that protect system integrity.

OSBA does not support a maximum time. OSBA emphasizes that priority should be given to the quality of feasibility studies rather than the speed of execution. OCA also does not support required maximum timelines for interconnection studies, agreements, and in-service dates. OCA recognizes that the large number and wide variety of interconnection requests, the importance of comprehensive and accurate studies, and the many supply chain challenges confronting the industry make it impractical to determine what these timelines should be.

Vistra does not advocate for a time limit on processing applications but encourages the consideration of additional transparency for customers seeking to interconnect (such as average response time from the initial application, average study time upon receipt of a complete application, or place in the queue). Vistra supports establishing an appropriate and substantial application fee to act as a gating criterion for projects to be included in a load forecast.

Many parties expressed strong support for transparent cost structures, especially when coupled with expedited interconnection opportunities.

IECPA and EAP all support transparent cost structures for interconnection but recognize the need to balance this transparency with the customer's project requirements and sensitive information.

Sierra Club recognizes that tariffs can also be revisited in future rate cases and other Commission proceedings, heightening the availability of information to the public and Commissioners and ensuring that there is public opportunity to evaluate and debate the impacts of the Large Load Customers on existing customers.

MCR concurs with CAUSE-PA and TURN that available tariffs and visible cost structures help prevent hidden cross-subsidies, where other utility customers

unknowingly bear the infrastructure costs triggered by large loads. CAUSE-PA and TURN believe that the use of special contracts for individual users—shielded behind layers of confidentiality—can serve to conflate the metrics and methodologies used to calculate and allocate costs in a rate case, making it exceedingly difficult and cost prohibitive to appropriately unwind. MCR also recognizes that transparent filings make it easier to trace who pays for what, keeping cost allocation aligned with usage and infrastructure impacts. ProtoGen also supports the creation of clear cost responsibility mechanisms for grid upgrades that protect existing ratepayers from bearing undue costs.

Amazon Data Services emphasizes that transparent cost structures for interconnection with expedited development opportunities for users willing to self-construct infrastructure like substation or system upgrades, and source generation capacity at their own expense should enable speed to market.

NRG Energy has proposed a Network Open Season (NOS) model as a solution for managing the interconnection of Large Load Customers, particularly data centers. Specifically, NRG Energy suggests that the Commission consider a NOS model that directly allocates the incremental costs of interconnection, distribution, and transmission expansion to customers requesting access to the grid. Under NRG's proposed model, the direct allocation of costs could be refundable to the customer over a period of 7-10 years if the customer continues to pay the tariffed transmission rate applicable to its class of service. NRG Energy specifically argues that the characteristics of the scale and optionality of data-center load growth make the NOS approach well suited to the power sector. In addition to the NOS approach, NRG Energy has also mentioned other methods to accelerate Large Load Customer interconnections, including Large Load Customer demand flexibility and demand response using a cluster interconnection process in which several Large Load Interconnection requests are processed at the same time instead of sequentially.

We note that in Indiana, I&M agreed in its settlement to meet with stakeholders to discuss the process and implications of interconnecting Large Load Customers, including but not limited to the appropriate bar for entry into I&M's queue, queue management, interconnection requirements and load ramping requirements. I&M also agreed to make a good faith effort to implement reasonable improvements that are identified through discussions. Various Independent System Operators (ISOs) have differing cluster study periods.

## **Disposition**

Similar to Indiana, we encourage utilities to meet with stakeholders to discuss the process and implications of interconnecting Large Load Customers, including but not limited to the appropriate bar for entry into EDCs' queues, queue management, interconnection requirements and load ramping requirements. EDCs should make a good faith effort to implement reasonable improvements that are identified through discussions.

Utilities should have some flexibility for determining study timelines, ensuring high-quality results; however, we encourage utilities to give additional transparency to customers looking to interconnect (ex. periodic updates, average response times, queue position, expected timelines, etc.) and tentatively find that six months is a reasonable amount to maximum time to complete interconnection studies unless there are exigent circumstances. After six months, independent studies conducted by approved contractors at the Large Load Customers' expense should be an option if an EDC cannot meet this deadline. We also believe that failure of an EDC to complete the required studies in a timely manner should result in remuneration to the applicant. We propose that 50% of the application fee be refunded to the applicant for each 90-day period beyond the six-month completion deadline. The costs for the interconnection studies should not be recovered from other ratepayers.

We propose that biannually (2-times per year), during a specified Network Open Season, Large Load Customers may apply for interconnection studies, which will be analyzed as cluster studies. The costs for the studies will be allocated to the Large Load Customers requesting the interconnection studies in a pro rata share.

Additionally, we propose that EDCs make available on their public websites a list of Large Load Customer interconnection applications by zip code listing the date accepted, the MW interconnection amount sought, and the stage of interconnection study process.

### **Minimum Demand Charges**

Various proposals were received in comments regarding a minimum demand charge (or minimum billing demand) within the large load tariff with most supporting some form of minimum demand charge. Recovery of costs, preventing cost-shifting, and ensuring that Large Load Customers pay their fair share are some reasons for the support.

In addition, Constellation believes that minimum demand charges coupled with netting of generation and load for the purpose of determining volumetric charges may present a strong incentive to co-locate while still ensuring that the Large Load Customer uses and pays for service from the grid, contributing to the overall cost of the grid.

While Vantage Data Centers do not believe a minimum demand charge is necessary, they recommend demand charges not to exceed 75%, with ramping provisions in place, and implementation beginning no earlier than six to twelve months after energization.

EarthJustice advocates for a monthly demand charge of at least 90% of the highest of (a) the customer's on-peak contract capacity or (b) the customer's highest previously

established monthly billing demand during the past 11 months or (c) the customer's maximum demand created during the billing month. EarthJustice recognizes that a high minimum billing demand would help protect Pennsylvania utilities and their customers while still allowing Large Load Customers sufficient flexibility.

CAUSE-PA and TURN advocate for the adoption of minimum demand charges and early exit fees within the tariff to safeguard against stranded costs from speculative or short-lived data center investments, suggesting these should be included in the model large load tariff for statewide consistency.

OCA strongly recommends a monthly demand charge of 90% of the large load's MW size. OCA also suggests that (1) when the Large Load Customer's demand charge exceeds the minimum demand charge, it pays the actual demand charge, and (2) the demand charges should begin when the Large Load Customer is able take service because the EDC and transmission utilities have made the necessary investment and associated expenditures in Network Facilities and need to start recovering those costs. Specifically, the OCA proposes a ramping schedule where the Large Load Customer's demand that is invoiced must be ramped up over no more than four years, starting when the Large Load Customer's interconnection is complete and ready to be energized.

However, there is significant opposition to the OCA's 90% proposal. Both PPL and EXUS disagree with OCA's proposal. EXUS argues that a 90% minimum demand charge is overly prescriptive, and OCA has not provided any technical or economic assessment supporting the use of a 90% minimum demand charge, especially given some minimum demand charges may range from 60% to 85%. EXUS suggests that any minimum demand charge should be substantiated by economic and technical analysis or additional comments. EXUS also recommends a reasonable range of minimum demand percentages to be utilized at the EDC's discretion, recognizing that 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.

Duquesne Light recommends contract demand provisions and minimum charge provisions, such as a percentage of contract demand, to ensure reliable forecasts from large-load additions. FE PA supports minimum monthly demand billing for Large Load Customers to ensure reliable forecasts. They propose a distribution demand charge consisting of the greater of actual demand or 85% of the customer's stated demand, with charges applied at 85% should the customer's demand fall below this floor.

IECPA supports inclusion in the Model Tariff of a minimum billing demand requirement to ensure that investments in the system will be utilized and paid for by the data centers that create the need for such investments, even if the data center has lower usage than anticipated.

## **Disposition**

The comments demonstrate a range of perspectives on appropriate minimum billing demand levels, with proposals ranging from 60% to 90%, and emphasis on the need for flexibility, cost causation principles, and protection of other ratepayers. Regarding a minimum demand charge, we tentatively adopt approximately 80% of contracted demand as an opening position considering that Indiana and West Virginia have their tariff at 80% and Ohio has theirs at 85%. Ohio Power's Data Center Tariff states that customers have an 85% minimum demand provision to incentivize accurate load estimates. In Michigan, Consumers Energy proposed that new data center customers be required to pay for a monthly Minimum Billing Demand for the term of their rate contract, to be 80% of the data center's Contract Capacity. In Indiana and West Virginia, these jurisdictions recently approved tariffs with 80% minimum billing demand. Similarly, we agree that 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 and invite comments to this tentative tariff provision.

## **Load Ramp Schedule**

There is a consensus among stakeholders that load ramping schedules should be implemented for Large Load Customers. PECO and NRDC have expressed their support for load ramping provisions, citing various reasons such as customer protection, better project development timing, resource adequacy planning, and transparency. However, there is disagreement over how the load ramping schedule should be implemented.

DCC suggests a negotiated, multi-year ramp of 3-5 years as the default, with the specific milestones worked out case by case. The Coalition recognizes that load ramps help both the utility and the customer by allowing both parties the flexibility to ramp up their respective activities.

OCA proposes a more specific load ramping schedule, starting at 50% in Year 1, increasing to 65% in Year 2, 80% in Year 3, and reaching 90% in Year 4 of the contract capacity. With this schedule, the invoiced demand would gradually increase over a maximum of four years, beginning when the customer's interconnection is complete and ready to be energized.

Several utilities supported the concept of addressing load ramping provisions through individual contracts rather than through the large load tariff. PPL supports the idea that load ramping schedules should be handled within individual contracts. PPL believes that provided that the customer agrees to take service long enough to cover the cost of socialized upgrades, load ramping can be adequately addressed on a case-by-case basis through an agreement with the customer. Duquesne is also in support of PPL's

comments, asserting that load ramping is best addressed via individual contracts, as compared to a blanket provision in a tariff.

OSBA also suggests that if projects are ramped up or phased over time, feasibility studies may need to be updated or refined to reflect current system conditions. Large Load Customers should be responsible for any associated costs, and there should be flexibility within contracts to adjust costs accordingly with study outcomes.

## **Disposition**

As minimum contract lengths have been established as a key piece of many large load tariff structures and were mentioned by almost all testifying witnesses during the hearing, we encourage the EDCs to include a multi-year ramp of 3-5 years as the default, with the specific milestones worked out case by case. The determination of appropriate terms involves balancing cost protection for ratepayers with commercial viability, considering local conditions, and ensuring that investments do not result in stranded costs borne by other rate classes, which are unique variables for each EDC, respectively. Although we acknowledge Indiana and West Virginia have minimum contract terms of 12 years in addition to a maximum load ramp period of five years and Ohio sets a minimum contract term of 8 years with a maximum load ramp period of four years, there are currently 21 approved tariffs nationwide and the contract terms in these tariffs vary from no term to 20 years. The majority of tariffs in the United States for both large loads and data centers have minimum or maximum contract lengths of five years. As a special note, Nevada's large load tariff, the Clean Transition Tariff, declares the contract length to match the lifetime of the new clean energy facility contracted to deliver energy to the Large Load Customer. The large majority of tariffs do not specify a ramp up period. Three tariffs within the PJM region (Indiana, West Virginia, and Ohio) have the ramp up period included within the contract term. Oregon has a ramp up period of 12 months but does not specify its contract terms.

In the state of Georgia, the Georgia Public Service Commission approved an order on January 23, 2025, that allows Georgia Power to charge new Large Load Customers using more than 100 MWs of energy in a manner that will protect ratepayers from cost shifting, *Order Approving Revisions to Georgia Power Company's Rules and Regulations*, Ga.P.S.C. No. 44280, 2025 WL 388303 (2025). New Large Load Customers may be billed using terms and conditions beyond those used for standard customers to address risks associated with these large-load users, such as costs incurred by upstream generation, transmission, and distribution. The order also states that any new Georgia Power contract with a company that fits the 100 MW usage category must be submitted to the Georgia Public Service Commission for review.

Only the three tariffs within the PJM region (Indiana, West Virginia, and Ohio) separated the ramp up period from the contract term. As Pennsylvania, Indiana, West Virginia and Ohio are member States in PJM, we invite comment on tentatively finding that load ramping schedules should be 3-5 years.

### **Exit or Early Contract Termination Fees**

There is broad consensus among stakeholders supporting the general practice of exit or early termination fees. These stakeholders include EDCs such as PECO, and FE PA; consumer and environmental advocates such as Sierra Club, CAUSE-PA, and Earthjustice; and industries such as DCC, MCR, ProtoGen and IECPA. These parties cited various reasons, such as consumer protection, financial assurance, and mitigating risks.

Currently, EDCs are practicing different implementations of exit and early termination fees. Duquesne does not currently utilize exit fees as the prospective customer assumes all costs for studies and infrastructure. FE PA does not have a set

universal exit or early termination fee, utilizing individual service agreements to implement these fees.

PECO and DCC support addressing exit and early termination fees through individual contracts rather than through tariff provisions. PECO believes that the use of customized contracts is a valuable tool to accommodate unique operational or locational characteristics. Currently, PPL calculates its termination fee as the difference between the costs placed into rates less the revenues received from the interconnecting customer.

Sierra Club, OCA, and PennFuture support a tariff-based approach to exit and early termination fees. Sierra Club believes that unlike a one-off special contract that provides each data center with unique terms and conditions, a tariff ensures that all data centers pay under the same terms and that the impact of new customers is addressed by considering the full picture of the utility's costs and revenue. PennFuture also argues that the Commission should shift data centers away from special contracts in favor of a tariff that standardizes terms and conditions for future data center customers.

Amazon Data Services recognizes that exit fees are related to existing commercial obligations of ratepayers, and reasonable for consideration within a new large load tariff.

OCA supports a termination financial penalty based upon the discounted value at the EDC's cost of capital that is equivalent to the remaining monthly payments under the contract.

Earthjustice believes that the exit fee should be the value of the remaining minimum bill charge for the terminated or reduced capacity for the duration of the contract. Earthjustice also supports establishing a minimum notice period for early contract termination or service discontinuance.

The Alliance has requested that the PUC establish requirements for Large Load Customers to provide regular demand forecasts and implement safeguards to prevent cost shifting to co-location sites to evade peak period demand charges.

I&M has implemented a 42-month notice requirement in their Industrial Power Tariff Settlement. Under this arrangement, customers may reduce their load by up to 20% with 42 months' notice and may terminate a contract after the first five years with an exit fee.

West Virginia Utilities have similar provisions. Both Appalachian Power Company and Wheeling Power Company's large load tariff require 42-months' notice for a contract capacity reduction and limit such reductions to 20% absent payment of an exit fee, unless there is a mutual Large Load Customer, utility, and all other customers.

Additionally, I&M's tariff specifically requires that data centers provide 42-months' notice before reducing capacity and prohibiting reductions in contracted capacity during the first five years of a contract.

## **Disposition**

These examples demonstrate that 42-month notice periods are being implemented as a standard practice in Large Load Customer contracts across multiple utilities, primarily as a mechanism to provide utilities with adequate planning time for capacity adjustments while limiting the financial impact of customer load reductions. We are tentatively adopting a similar 42-month notice period. We invite comments on whether a 48-month notice period would be appropriate to align with the PJM load forecast for the delivery year in which the Large Load contract would terminate.

We agree with the stakeholders that an early exit or termination fee should be included and have proposed such fees under the heading “Contractual Flexibility” within the proposed model tariff. We recognize that the amount of the exit fee should account for what has already been paid by the Large Load Customer and what costs have yet to be recovered by the utility. Accordingly, we have proposed language that takes these principles into account.

We begin by recognizing that the contract term is likely already set in a way that the utility’s costs are likely to be recovered during its term if all of the contract provisions are met. Thus, as we propose, if a Large Load Customer reduces its contract for capacity by no more than 20% after the initial term of the contract has passed and the Large Load Customer provides notice of this reduction at least 42 months in advance of the PJM Delivery Year for which the reduction is sought, there should be no exit fee required. This proposal accounts for the timing of the PJM Base Residual Auction (BRA) schedule, which typically purchases capacity three years in advance of a delivery year. By requiring notice of a load reduction three-and-a-half years in advance allows PJM to account for this load reduction in determining its resource requirements to be acquired in the BRA. Reflecting the Large Load Customer’s reduction in the BRA allows PJM to avoid purchasing capacity that otherwise would have been purchased for the Large Load Customer, thus avoiding stranded costs paid for by other customers.

If, however, the Large Load Customer were to reduce its contracted capacity requirement by more than 20% after the initial term of the contract and provides the 42-month notice, the proposal requires the Large Load Customer to pay a capacity reduction/termination fee. We propose that the exit fee be the difference between the costs placed into rates less the revenues received from the Large Load Customers, like how PPL currently calculates its termination fees. Alternatively, we propose a fee that is calculated as the nominal value of the remaining Minimum Charge for the reduced capacity in excess of the 20% allowed reduction for each year of the exit fee period. The

exit fee period is defined as the Large Load Customer's then remaining initial contract term, or any agreed extension of that term, not to be less than one year or exceed five years.

We have also proposed language to require the utility to use reasonable efforts to mitigate the exit fee amount owed by evaluating opportunities to assign the reduced capacity requirement to other Large Load Customers. We have also proposed a process for utilities and Large Load Customers to resolve disputes regarding the exit fee between themselves before either party utilizes the Commission's formal complaint process to seek the Commission's resolution of the dispute. Finally, we have proposed language to prevent a Large Load Customer from assigning any of its rights or delegating any of its obligations under the contract without written consent by the utility.

### **Interruptible Service and Standby Rates for Large Load Customers**

Multiple parties have expressed diverse perspectives on distinctions for interruptible service options compared to firm service.

PennFuture recommends classifying data center loads as "interruptible customers" whose power can be turned off under prescribed circumstances. PennFuture also recommends designating data centers as "controllable loads" that are required to reduce power consumption under prescribed conditions. PennFuture justifies this flexibility mandate by highlighting that these strategies could defer infrastructure upgrades necessary for new data centers. ProtoGen and residents (as a stakeholder group) take the classification to the next step, suggesting the establishment of data centers as a distinct customer class with rates and terms reflecting their unique characteristics and risks. ProtoGen highlights the contradiction that Large Load Customers advocated against what they termed "discriminatory" ratemaking while simultaneously requesting special

treatment in the form of flexible terms, expedited interconnection options, and preferential demand response considerations.

While PPL recognizes that successful implementation of interruptible service could decrease the amount of system upgrades needed, possibly reducing the costs that would otherwise be socialized in rates and also help address resource adequacy concerns, PPL maintains that the Commission lacks the authority to require a customer to take an interruptible rate, even if this rate option were to exist in the tariff. However, PPL believes that a large load tariff should be able to accommodate firm or interruptible service.

OCA supports having large load tariff provisions that enable interruptible load as long as ratepayers are protected from stranded costs.

Vistra suggests that the tariff should not be overly prescriptive on customer-specific choices like interruptible service, highlighting that customers must be allowed to select the arrangements that best serve their business need.

Duquesne expressed strong opposition regarding the development of different rates or classes for customers taking firm service versus interruptible services. Duquesne highlights that the operational and planning implications of these distinctions are substantial, and that the 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. Duquesne pushes for flexibility regarding prescriptive guidance and requirements for interruptible service.

Mainspring recommends the Commission clearly delineate retail tariff classes between traditional firm services and non-firm, interruptible services, highlighting

benefits from encouraging flexibility in large loads mentioned in Duke University's *Rethinking Load Growth*.

Vantage Data Centers mention successfully participating in interruptible load programs in other service territories. Vantage Data Centers recommends simplifying the interruptible load process (highlighting structures that require utility customers to export energy to the grid and become a FERC Generator Operator) as well as receiving expedited load interconnections to develop interruptible load resources.

Calibrant suggests exchanging the flexibility offered through interruptible services (such as using battery energy storage systems) for an expedited interconnection process rather than a rate discount in tariff design.

FE PA recommends coordinating any distinction between tariff designs for firm service versus interruptible Large Load Customers with PJM's demand response program as well as including firm ceilings and floors to protect the EDCs, transmission companies, and their customers.

NRDC supports a framework where Large Load Customers should maintain flexibility and curtail load with day-ahead notice, noting that requiring Large Load Customers to respond to emergency load reduction events should be deemed necessary to maintain grid reliability and stability.

The Bureau of Investigation and Enforcement (BI&E) recommends leaving the determination of whether a data center request for firm service is appropriate to the jurisdictional utility. BI&E highlights the importance of extensive analysis to make a properly informed decision as well as the idea that it is better to inform the new Large Load Customers at the start to allow them to seek opportunities to increase capacity. To this end, BI&E also suggests that (1) the Commission should be informed of all analyses

performed to further ensure that jurisdictional customers will continue to receive safe and reliable service, (2) the analyses performed by the local jurisdictional utility should be extensive and extend beyond its own jurisdictional borders when considering future capacity, and (3) if necessary, the utility should engage outside experts to analyze the proposed customer load relative to local generation and transmission capacity and anticipated demand growth in its own territory and from adjoining users of the grid segment.

Emerald AI has demonstrated the feasibility of transforming data centers into flexible power consumers capable of delivering grid services and responding reliably to reduce system-coincident peak demand. In its Phoenix, Arizona demonstration, Emerald AI claimed it was able to reduce the IT load of a fully operational cloud data center by up to 40% during peak-load events and react dynamically during a simulation of a historical CAISO critical grid event.

There is significant disagreement over whether Large Load Customers should be required to bring their own generation (BYOG). Comments on BYOG were mixed, with some commenters expressing support, others offering caution, and some opposing it. 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. Additionally, some other commenters raise concerns about siting, emissions, and grid impacts. Constellation argues that requiring Large Load Customers to BYOG would be unduly discriminatory and likely to exacerbate the very resource adequacy issues it purports to address.

Some parties advocate for a requirement that very large loads bring their own generation or source of generation supply while other parties cautioned against requiring very large loads to bring their own new generation. Duquesne and Vantage Data Centers argue that Large Load Customers should bring their own new generation, but

Constellation disagrees with this approach, considering it unduly discriminatory and likely to worsen resource adequacy issues.

## **Disposition**

We tentatively find it is beneficial to develop programs so that large load grid service may be interrupted under certain prescribed conditions. Additionally, lower rates or minimum demand charges for Large Load Customers willing to take interruptible service need not be discriminatory among the class of Large Load Customers as a whole. Stand-by charges, for customers that may not be using their full interconnection limit of have onsite generation, could be lower for customers on interruptible service.

As an agreement to take interruptible service is equivalent to a reduction in the total request for firm service, we find that minimum demand charges could be reduced proportionally as an incentive for large load customers willing to opt-in to interruptible service. The reduction in minimum demand charges may be based on the overall share of a Large Load Customer's service that will be interruptible or on the number of hours per year of interruptions.

We therefore tentatively find that Large Load Customers that may not be using their full interconnection limit by having onsite generation may be entitled to lower stand-by charges or possibly a lower minimum demand charge.

## **Infrastructure Upgrades by Large Load Customers**

There was significant disagreement on whether Large Load Customers should be allowed to directly construct infrastructure upgrades. Positions range from strong support to significant opposition, with various concerns and conditions proposed.

Multiple parties strongly support customer self-construction, especially when rewarded with expedited interconnection. Vistra, OSBA, and Mainspring all favor expedited processes for self-construct infrastructure at the customer's own expense. Vantage Data Centers believes that having appropriate tariff subcategories to accommodate self-construction options, which should be incentivized with expedited load interconnections, will allow for faster deployment of resources without sacrificing reliability and safety. Amazon Data Services and Constellation also support efforts for customers to self-fund upgrades to enable speed to market, with Constellation highlighting the additional benefit of preventing cost socialization to existing customers.

Several utilities have expressed strong opposition regarding customer self-construction. PECO believes that it is essential that EDCs continue to retain control over the construction of infrastructure within their service territories to ensure continued safety and reliability for all customers. PPL also opposes allowing Large Load Customers to directly make system upgrades, highlighting their experience with interconnecting wholesale independent power producers (IPPs) and how IPPs who built system upgrades may pay less attention to details and perform practices not acceptable or consistent with EDC practices. Duquesne also opposes customer self-construct, citing several challenges including securing/maintaining rights of way, supply chain challenges, and ensuring compliance with North American Electric Reliability Council (NERC) standards. Duquesne believes that if the Commission allows customer self-construction, the Commission should limit what aspects of a project a customer can build (for example, a substation that only serves the customer's needs rather than a line extension that may serve other customers). In addition, Duquesne suggests that EDCs must have the ability to establish technical specifications as well as approved contractors, to ensure interoperability of equipment once in service.

FE PA will consider proposals for non-transmission infrastructure being built by the customer, such as a radial facility that will interconnect with the integrated

transmission network. However, such work must meet the Companies' standards, incorporating their designs, materials, and approved vendors/contractors. Talen opposes requiring Large Load Customers to bring their own generation as this would be unduly discriminatory and could worsen existing resource adequacy concerns. The NRDC suggests exploring energy self-supply models where customers fund new, additional supply ideally from zero emissions resources in a location deliverable to the data center customer. NRDC proposes co-location with self-funded renewable energy generation and storage in "energy parks." MCR suggests that large energy users, specifically hyperscalers, finance and develop infrastructure needed to serve their load, with these resources potentially being made available at certain times to broadly benefit the utility system. However, MCR notes that the economic and rate design issues around such arrangements could be complicated.

EAP expresses concerns over the ability of customers to self-construct infrastructure, recognizing that utility infrastructure construction requires specialized expertise developed through decades of experience with specific system characteristics. EAP believes that even if third-party construction technically meets minimum standards, subtle variations in construction practices can compromise safety and reliability standards and create long-term reliability vulnerabilities that may not be immediately apparent.

OCA believes that EDCs should have flexibility in the tariff so that they are allowed, but are not required, to provide for the self-provision and self-construction of interconnection facilities. OCA does not support requiring EDCs to allow for equipment self-provision or self-construction by Large Load Customers due to reliability considerations in proper equipment procurement, installation, maintenance, and operation.

## **Disposition**

We agree with OSBA, Vistra, and other commenters who support a self-construct option for customers willing to fully fund infrastructure upgrades. While the concerns set forth by the EDCs, OCA, and EAP regarding safety, reliability and adherence to industry building standards regarding self-construction of interconnection facilities are valid, those same requirements can be extended to any infrastructure constructed by the customer. We agree with FE PA that existing utility standards may be imposed on customer funded construction, even in instances of infrastructure connected to the transmission system. Therefore, any customer construction would be required to meet any standards in the Public Utility Code for the inspection, maintenance, and repair of their facilities. Transmission interconnection facilities are subject to FERC-mandated rules and processes that customers constructing infrastructure would be required to follow.

The question of whether utilities should earn returns on customer-funded infrastructure and how to appropriately allocate costs are issues that may better be addressed in a separate proceeding. We recognize fundamental tension between customer desires for expedited service and utility responsibilities for maintaining safe, reliable service to all customers. Therefore, while we include such a provision in the proposed model tariff, we encourage additional comments on how safety, reliability, and adherence to industry building standards can be assured.

## **Universal Service Cost Allocation**

CAUSE-PA and TURN disagree with the current policy of assigning universal service costs solely to the residential customer class, advocating instead for Large Load Customers to take responsibility for their impact on rates through a nonbypassable systems benefits charge. Currently, with limited exception, universal service costs are only allocated to the residential class. While the Commission has explicitly recognized

that the residential class is not ‘causing’ energy poverty, it has not taken action to change its longstanding policy of assigning the costs of universal service programs solely to the residential customer class.

## **Disposition**

We agree with CAUSE-PA and TURN that the addition of Large Load Customers has an impact on the rates all customers pay for electricity, especially in relation to capacity and transmission rates. As such, we have proposed a requirement that Large Load Customers contribute to the utility’s hardship fund annually, with the minimum amount to be contributed based on the Large Load Customer’s peak demand. We seek comments on whether there should be a required contribution to a utility’s low-income program and whether the utility’s hardship fund is the appropriate program and whether the amounts proposed are appropriate.

## **Reporting Requirements**

The Commission tentatively determines that certain reporting requirements related to Large Load Customers would be informative. We request comments on the following:

- (a) An EDC should report to the Commission on a semiannual basis the information identified below subject to the protection of confidential and competitively sensitive information (“Confidential Information”) in the report. The reported Confidential Information should be exempt from public disclosure. The confidential portions of the report should not be provided to the Large Load Customers or other competitively interested stakeholders. The confidential portion of the report will be provided to the statutory advocates subject to agreed procedures (or, in the absence of agreement, Commission ordered procedures) for the protection of the Confidential Information.
- (b) The confidential report should include the following with respect to Large Load Customers:

- i. The number of executed ESAs and transmission letters of agreement ("LOAs") (semi-annual additions and cumulative total);
  - ii. Contract Termination Fees assessed (number of fees assessed and dollar amount of each);
  - iii. Notices of reduction to contract capacity with each MW reduction separately identified;
  - iv. Status update on prospective Large Load Customers providing the number of customers and total load at the following development stages: (1) expressed interest; (2) undergoing Transmission Planning internal analysis; (3) Executed LOA; (4) executed electric service agreement; (5) site in service;
  - v. Summary information regarding aggregate investments made by EDC to serve Large Load Customers including, but not limited to, direct connect facilities, local network upgrades, other transmission investment, and other distribution system investment (if applicable) as quantified in executed LOAs;
  - vi. Aggregate Large Load Customer MW in service; and
  - vii. Aggregate Large Load Customer MWh in service.
- (c) The first semi-annual report will be filed within six months of a Commission Final Order approving this guideline requirement. Upon Commission request following the filing of any semi-annual report, copies of executed Energy Service Agreement (ESAs) and transmission Letter of Authorization (LOAs) should also be provided to the Commission, the Office of Small Business Advocate (OSBA), Office of Consumer Advocate (OCA) and the Commission's Bureau of Investigation and Enforcement (BI&E) subject to agreed upon or, in the absence of agreement, Commission ordered terms of protection of the Confidential Information.

Additionally, we propose the following annual reporting requirement:

On or before March 31 of each year, the Company shall file with the Commission, on a confidential basis, a compliance report covering the prior calendar year. The report shall include:

- Revenue vs. Forecast – Actual revenues collected from Large Load Customers compared to forecasted revenues under approved tariff rates.
- Distribution System Impacts – Identification of any significant distribution system upgrades, reinforcements, or operational issues attributable to Large Load Customers, and the extent to which such costs were directly assigned or recovered from those customers.
- Curtailment Enforcement – A record of any Company-initiated distribution-level curtailments or interruptions applicable to Large Load Customers, including any failures to comply and penalties assessed.

- Equity and Outreach – A description of measures undertaken to mitigate potential impacts of Large Load Customer rates on low-income or disadvantaged communities, and a summary of customer education and outreach efforts.

## CONCLUSION

Pursuant to 66 Pa.C.S. § 331(b)(4) and with this Tentative Order, the Commission begins the process of establishing a model large load tariff. The Commission seeks comments on the proposals contained in the Tentative Order and the accompanying Appendix - Model Tariff for Customers at or Over 50 MW Individually or 100 MW in the Aggregate; **THEREFORE,**

### IT IS ORDERED:

1. That a copy of this Tentative Order shall be served upon the Office of Consumer Advocate, the Office of Small Business Advocate, the Commission's Bureau of Investigation and Enforcement, the Energy Association of Pennsylvania, all jurisdictional electric distribution companies, and all parties that filed comments or testified at Docket No. M-2025-3054271.
2. That the Secretary shall deposit a Notice of this Tentative Order with the Legislative Reference Bureau for publication in the *Pennsylvania Bulletin*.
3. That comments filed in response to this Tentative Order are due no later than thirty days from the date the Notice of this Tentative Order is published in the *Pennsylvania Bulletin*. Interested parties may submit comments (an original with no copies), to the Secretary, Pennsylvania Public Utility Commission, Commonwealth Keystone Building, Second Floor, 400 North Street, Harrisburg, PA 17120. Comments

may also be filed electronically through the Commission e-File System. No reply comments shall be permitted.

4. That a Word-formatted copy of comments shall be electronically mailed to the Bureau of Technical Utility Services at [pc-puc-tus-energy@pagov.onmicrosoft.com](mailto:pc-puc-tus-energy@pagov.onmicrosoft.com). Attachments may not exceed three megabytes.

5. That the contact person for technical issues related to this Tentative Order is Darren D. Gill, Bureau of Technical Utility Services, 717-783-5244 or [dgill@pa.gov](mailto:dgill@pa.gov). The contact for legal or process issues related to the Tentative Order is Elizabeth Barnes, Law Bureau, 717-772-5408 or [ebarnes@pa.gov](mailto:ebarnes@pa.gov).

**BY THE COMMISSION,**

A handwritten signature in black ink, appearing to read "Matthew L. Homsher".

Matthew L Homsher

Secretary

(SEAL)

ORDER ADOPTED: November 6, 2025

ORDER ENTERED: November 6, 2025

## **APPENDIX**

**MODEL TARIFF  
FOR CUSTOMERS AT OR OVER 50 MW INDIVIDUALLY  
OR 100 MW IN THE AGGREGATE  
(LARGE LOAD CUSTOMER)**

ISSUED: (Issued Date)

EFFECTIVE: (Effective Date)

BY: (Name and Title of Responsible Company Representative)  
(Company Address)  
(Company Telephone Number)

Issued: (Issued Date)

Effective: (Effective Date)

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Availability

Due to anticipated data center and industrial manufacturing load growth in the Commonwealth, this tariff is applicable to customers at or over 50 MW individually or 100 MW in the aggregate.

Large load refers to a single commercial or industrial load facility or aggregation of load facilities at a single site that poses a reliability risk to the grid due to its size and operational characteristics. In contrast, aggregate large load refers to a group of individual megawatts large loads that together exceed the threshold for high impact large loads, which can lead to more significant reliability challenges. Aggregation can also be ascertained based on a number of factors, including but not limited to common ownership, local electrical infrastructure, and control.

Definition of Terms

The following words and phrases, when used in this tariff, shall have the meanings assigned below unless the context clearly indicates otherwise:

“Contract Capacity” means the mutually agreed amount of monthly peak load requirements for each month during the remaining term after the Load Ramp Period as set forth in the contract for service, whereby the Company agrees to provide all of the components of retail electric service subject to the terms and conditions in its tariffs and the customer agrees to purchase service at that level for the stated term of the contract under the same terms and conditions.

“Contract Term” is the Load Ramp Period plus the Initial Contract Term.

“Customer Installation” means all wires, meter sockets, breaker or fuse panels, switches, appliances and apparatus of every kind and nature used in connection with or forming a part of an installation for utilizing electric energy for any purpose, ordinarily located on Customer's side of point of delivery and including the service leads, whether such installation is owned outright by Customer or used by Customer under lease or otherwise.

“Interconnection Facilities” means all facilities used for providing electric service to the Large Load Customer which solely benefit the Large Load Customer.

“Large Load Customer” means a customer with maximum Contract Capacity of over 50 MW individually or multiple closely located customers with maximum Contract Capacity of 100 MW in the aggregate.

“Load Ramp Period” is the later period of time from:

- (a) when electric service is available to the Large Load Customer; or
- (b) the Large Load Customer is scheduled to begin taking electric service, until the time the Large Load Customer's maximum contract capacity is billed.

“Network Improvements” means all incremental facilities needed to provide electric service to the Large Load Customer while maintaining reliable service to the remainder of the grid, if the Large Load Customer receives the majority of benefits from that incremental facility. The term does not include Interconnection Facilities.

“Network Improvements Costs” means the share of costs for Network Improvements that are allocated to Large Load Customers. Network Improvements Costs will be equivalent to the benefits received by the Large Load Customers multiplied by the costs of the Network Improvement facility.

#### Terms of Contract

A Large Load Customer’s Initial Contract Term should be made for a period of not less than five (5) years. A Customer may designate a Load Ramp Period, which should be no greater than five (5) years. If the Large Load Customer designates a Load Ramp Period, the Initial Contract Term should commence after the Load Ramp Period ends.

After the initial term, Contracts shall remain in effect unless terminated by either party by providing written notice to the other party no later than three (3) years prior to the requested date of termination. After the initial term, either party may request a modification to the Contract Capacity by providing written notice to the other party no later than three (3) years prior to the requested modification date. During the initial term of the Contract, the customer will be financially responsible to pay the minimum charges regardless of the customer choosing to curtail, reduce, suspend, or terminate service.

The Company shall not be required to supply capacity in excess of the Contract Capacity except by mutual agreement.

To sign a contract under this Schedule, the customer must designate a specific site at which its Large Load project will be constructed and served by the Company, and the customer must own or have the exclusive or shared right to use the land for this purpose.

#### Monthly Billing Demand

The Monthly Billing Demands for Large Load Customers in kW for each plant will be taken each month as the single-highest 15-minute integrated peak in kW, as registered at

such plant during the month by a demand meter or indicator but the monthly demand so established should in no event be less than the greater of:

- (a) Eighty (80) percent of the Large Load Customer's contract capacity specified for the applicable time period of the Contract Term; or
- (b) Eighty (80) percent of the Large Load Customer's highest previously established Monthly Billing Demand during the past 11 months. The Metered Voltage adjustment, as set forth above, should not apply to the Large Load Customer's minimum Monthly Billing Demand.

#### Minimum Demand Charge

Large Load Customers will be subject to a minimum monthly demand charge equal to 80% of contracted demand.

#### Collateral Requirements

For purposes of the collateral requirement under this section, “Large Load Customer” shall include both the customer and the customer’s financial sponsor as long as the sponsor is a co-signor on the contract with the Company.

Collateral requirements should be provided in sufficient amounts to fully cover Network Improvements Costs and Interconnection Facilities costs. As construction and load ramp milestones are achieved, collateral should be reduced and refunded to the Large Load Customer to reflect the reduced risk to other EDC customers.

Large Load Customers with credit ratings of at least A- from S&P and A3 from Moody's and liquidity greater than ten times the Collateral Requirement may provide a guarantee from a parent or corporate affiliate for the Collateral Requirements. A Large Load Customer that does not have a credit rating from S&P and Moody's but maintains liquidity greater than ten times the Collateral Requirement (evidenced by providing quarterly financial statements and certification that on the date financial statements are provided that the Large Load Customer's liquidity meets the ten times threshold) are exempt from 50 percent of the Collateral Requirements not to exceed an exemption of more than \$250 million.

Collateral Requirements shall be provided in one or more of the following forms:

- (a) A guarantee from the ultimate parent or a corporate affiliate of the Large Load Customer for the full Collateral Requirement, so long as the guarantor has both

- i. a credit rating of at least A- from S&P and A3 from Moody's; and
  - ii. liquidity greater than ten times the Collateral Requirement; or
- (b) A standby irrevocable letter of credit ("Letter of Credit") for the full Collateral Requirement if the Letter of Credit is issued by a U.S. bank or the U.S. branch of a foreign bank, which is not affiliated with the Large Load Customer or its guarantor, with a Credit Rating of at least A- from S&P and A3 from Moody's. Such security must be issued for a minimum term of 360 days. The Large Load Customer must cause the renewal or extension of the security for additional consecutive terms of 360 days or more no later than 30 days prior to each expiration date of the security. If the security is not renewed or extended as required herein, the Company will have the right to draw immediately upon the Letter of Credit and be entitled to hold the amounts so drawn as security. The Letter of Credit must be acceptable to and approved by the Company; or
- (c) Cash for the full Collateral Requirement.

### Contractual Flexibility

#### (a) Exit Fee

A Large Load Customer is permitted, without payment of an exit fee or any penalty to reduce its contract capacity after five years or the initial contract term, whichever is greater,<sup>2</sup> by up to 20% in total by providing an EDC at least 42 months written notice prior to the beginning of the PJM Delivery Year for which the reduction is sought.

A Large Load Customer is permitted, subject to the Exit Fee, to terminate its contract or reduce its contract capacity beyond 20% at any time after the first five years of the contract by giving the EDC at least 42 months written notice prior to the beginning of the PJM Delivery Year for which the reduction or termination is sought, subject to payment of a capacity reduction/termination fee payable to the Company upon the effective date of the termination of the contract or the effective date of the capacity reduction.

The Exit Fee will be calculated as the greater of (1) the difference between the cost of Network Improvements and Interconnection Facilities less the revenues received from the Large Load Customer, or (2) the nominal value of the remaining Minimum Charge for the terminated/reduced capacity in excess of the 20% allowed reduction for each year of the Exit Fee Period.

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<sup>2</sup> Note: The Commission tentatively defines the minimum contract term as no less than 5 years. Consequently, this structure does not have an effect, as the initial contract term would always exceed 5 years. Nevertheless, the structure of the provision is maintained to provide guidance regarding other options during either the final model tariff or in implementation.

The Exit Fee Period is defined as the Large Load Customer's then remaining Initial Contract Term, or any agreed extension. The Exit Fee Period will not be less than one year and will not exceed five years.

Following receipt of proper notice, through the Exit Fee Period, the Company will use reasonable efforts, consistent with its obligations as a public utility, to mitigate the Exit Fee amount owed or paid by the Large Load Customer by evaluating the opportunity to assign the terminated/reduced capacity to serve new Large Load Customers, to expand service to existing Large Load Customers, or otherwise secure offsetting expected revenues.

#### (b) Dispute Resolution

If there is a dispute concerning the calculation of the Exit Fee or mitigation amounts, that either the Company or Large Load Customer view as in need of escalation, either the Company or the Large Load Customer may request escalation. Such request should be made in writing and within 14 business days of the Large Load Customer being notified regarding the Exit Fee calculation. In such instance, management representatives for the Company and the Large Load Customer will discuss and seek to resolve any issues. The management discussion should occur within 14 business days of a request, unless otherwise agreed to in writing by the Company and Large Load Customer. The Company and Large Load Customer agree to use this escalation process in good faith, escalating only those matters appropriate for management's consideration. This dispute resolution process does not limit or otherwise affect the ability of either Large Load Customer or the Company to file a formal proceeding requesting the Commission to resolve the dispute.

A Large Load Customer may not assign any of its rights or delegate any of its obligations under the Contract without the written consent of the Company. An assignment or delegation in violation of this Section is null and void.

#### Existing Large Load Customer Contracts

Contract requests from existing Large Load Customers shall continue to be addressed by the Company consistent with the Company's existing tariff requirements.

#### Full Planning Studies:

Full Planning Studies, including steady-state and dynamic studies and any cluster studies required because of the potential addition of a Large Load Customer will be paid solely by the Large Load Customer.

Network Open Season Planning Studies:

Biannually (2-times per year) during a specified Network Open Season,<sup>3</sup> Large Load Customers may apply for interconnection studies, which will be analyzed as cluster studies. The costs which will be allocated to the Large Load Customers requesting the interconnection studies is their pro rata share.

Maximum Times for Interconnection Studies:

Interconnection Studies will be completed within six (6) months from the date that an application for interconnection study is accepted by the Company as complete. The Company will provide confirmation of a completed application. After six (6) months, the Large Load Customer may seek to hire an independent and unbiased third-party contractor to conduct the study at the Large Load Customer's expense. Also, after six (6) months, the Company will refund the applicant 50% of the application or study fee for each 90-day period beyond the six-month completion deadline. The costs of these interconnection studies will not be recovered from other ratepayers.

Public Interconnection Queue

The Company will make available on its public website a list of Large Load Customer interconnection applications by zip code listing date accepted, MW interconnection amount and stage of interconnection study process.

PJM Emergency Procedures:

The Company will provide the Large Load Customer with its emergency response customer requirements, including required actions that would be necessary to respond to an emergency load shed event called by PJM.

Large Load Customer Contract Service Interruptible Power

- (a) Contract Service for Interruptible Power will be available to Large Load Customer customers based on the Company's existing interruptible tariff provisions.

Additionally, the Company may offer eligible Large Load Customers an opportunity to receive service under options that provide mandatory capacity interruptions and discretionary energy interruptions pursuant to a contract agreed to by the Company and the Large Load Customer. Minimum interruption

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<sup>3</sup> Note: The Commission does not define the structure of Network Open Seasons and we seek comment on that structure.

requirement will be the minimum requirement under the PJM Interconnection, LLC (PJM) Emergency Load Response Program for capacity purposes, or successor thereto.

- (b) Upon receipt of a request from the Large Load Customer for interruptible service not already expressly described within the tariff, the Company will provide a written offer containing rates and related terms and conditions of service. The contract will provide full disclosure of all rates, terms, and conditions of service and any and all agreements related thereto, subject to designation of confidentiality.
- (c) The Company reserves the right test or otherwise verify a Large Load Customer's ability to curtail. Any test or verification may involve physical interruption or curtailment if required by PJM's Emergency Load Response Program.
- (d) If a Large Load Customers taking service under the interruptible rate fails or refuses to curtail or interrupt load when directed by the Company, the Customer shall be subject to the penalty detailed in the interruptible tariff schedule, or if a negotiated interruptible rate, the penalty shall be equal to the difference between the interruptible rate charges paid and the charges that would have applied under the otherwise applicable firm (non-interruptible) rate, calculated for the entire contract term.

In addition, the Large Load Customer shall be immediately removed from the interruptible rate schedule and transferred to the applicable firm rate schedule for the remainder of the contract term and thereafter, unless and until otherwise authorized by the Company.

The Company reserves the right to manually curtail a Large Load Customer subject to this section in addition to the penalty described above.

- (e) Large Load Customers bringing their own onsite generation and not using their full interconnection limit may be offered lower minimum demand charges and/or standby charges. A Large Load Customer bringing onsite generation and using that generation to offset demand for the Large Load Customer's grid services during a curtailment event will be treated as having curtailed.

#### Other Matters

- (a) Universal Service Fund Contributions

Large Load Customers are to make an annual contribution to the Company's Hardship Fund based on the following schedule based on peak demand:

- (1) At least 25 megawatts but less than 75 megawatts: \$250,000.
- (2) At least 75 megawatts but less than 100 megawatts: \$400,000.
- (3) At least 100 megawatts but less than 500 megawatts: \$500,000.
- (4) 500 megawatts or more: \$1,000,000.

(b) Contributions in Aid of Construction

Large Load Customers are subject to a fee for Interconnection Facilities costs and Network Improvements Costs through CIAC.

(c) Infrastructure Upgrades by Large Load Customers

EDCs shall allow the construction of network integrated infrastructure by Large Load Customers. Any customer upgrades must be completed according to existing engineering standards of the EDC and meet any standards in the Public Utility Code for the inspection, maintenance, and repair of the facilities