

COMMONWEALTH OF PENNSYLVANIA



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December 22, 2025

**Via Electronic Filing**

Matthew L. Homsher, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

Re: Interconnection and Tariffs for Large Load  
Customers; Docket No. M-2025-3054271

Dear Secretary Homsher:

Please find enclosed the Office of Consumer Advocate's (OCA's) Comments for the above-captioned docket. The OCA's Comments were prepared with assistance from Frank A. Felder, Ph.D., of Independent Electricity Consultants, LLC and Matthew T. Hoyt, of Exeter Associates, Inc.

Copies have been served as indicated on the enclosed Certificate of Service.

Respectfully submitted,

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Enclosures

cc: Certificate of Service

CERTIFICATE OF SERVICE

Interconnection and Tariffs for Large Load :  
Customers : Docket No. M-2025-3054271  
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I hereby certify that I have this day served a true copy of the following documents, the Office of Consumer Advocate’s Comments, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 22nd day of December 2025.

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Interconnection and Tariffs for Large  
Load Customers

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Docket No. M-2025-3054271

**Comments of the Office of Consumer Advocate  
Concerning Interconnection and Tariffs for Large Load Customers**

**Docket Number: M-2025-3054271**

**December 22, 2025**

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**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Interconnection and Tariffs for Large  
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Docket No. M-2025-3054271

**I. INTRODUCTION AND SUMMARY**

The Pennsylvania Office of Consumer Advocate (OCA) offers these Comments to the Pennsylvania Public Utility Commission’s (Commission or PUC) Tentative Order on Interconnection and Tariffs for Large Load Customers (Tentative Order) and the Commission’s proposed Model Tariff for Customers at or over 50 MW Individually or 100 MW in the Aggregate (Large Load Customer) (Model Tarriff).<sup>1</sup> The OCA represents the interests of consumers in matters properly before the Commission involving their utility service and is appreciative of the opportunity to provide these Comments on this important topic.

The OCA commends the Commission in proposing a Model Tariff. As stated in the OCA’s prior written testimony and comments,<sup>2</sup> a Model Tariff can achieve the objectives of transparency, non-discriminatory access, fair cost allocation, and protection from stranded investments. Strong ratepayer protections are necessary, given the evolving,

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<sup>1</sup> Pennsylvania Public Utility Commission, Docket Number M-2025-3054271, November 6, 2025. The Large Load Tentative Model Tariff is provided in the Appendix.

<sup>2</sup> OCA, Darryl Lawrence Written Testimony (“OCA Written Testimony”), April 23, 2025, OCA Comments (“OCA Comments”), June 6, 2025, and OCA Reply Comments (“OCA Reply Comments”). June 23, 2025.

dynamic, and uncertain development of Large Load Customers and their underlying industries. A Model Tariff can also provide Large Load Customers and utilities the flexibility to meet legitimate business needs and further economic development. The OCA's substantive discussion is organized in two major parts. In Section II, the OCA responds to each guideline, and in Section III the OCA discusses why it recommends that electric distribution companies (EDCs) file updated Emergency Load Control and Energy Conservation Plans with the Commission, which ensures that Large Load Customers are curtailed before residential customers. Section IV concludes.

## **II. COMMENTS**

In this section, the OCA responds to the Commission's findings and requests for comments.

### **A. Transmission and Distribution Ratepayer Protections**

A common talking point is that states retain exclusive jurisdiction to allocate costs of all FERC-jurisdictional transmission charges among retail ratepayers. Indeed, FERC Commissioner Rosner recently made a similar oral statement at the December 18, 2025 FERC Open Meeting.

Thus, as an overarching matter, the Model Tariff must provide – to the maximum extent possible – both transmission and distribution ratepayer protections in the form of retail-level charges and conditions.<sup>3</sup> While a Large Load Customer is a retail customer

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<sup>3</sup> See FirstEnergy Comments, available at <https://www.puc.pa.gov/pdocs/1882403.pdf> (last visited Dec. 21, 2025), pp. 22-25.

subject to Commission jurisdiction over the retail rate and terms of service for distribution service, FERC maintains jurisdiction over transmission facilities, transmission service, and many related transmission rate issues.<sup>4</sup> Transmission and distribution ratepayer protections take the form of retail-level transmission minimum demand charges, minimum contract lengths, contributions in aid of construction (CIAC), and security requirements – the very mechanisms focused on distribution costs addressed in the Commission’s Tentative Order. In these Comments, the OCA intends to address these ratepayer protections to ensure the maximum protection available under federal and state law in the retail-level charges and conditions. The proposed Model Tariff, mostly focused on distribution costs, aims to safeguard existing customers from stranded costs due to service termination or exit, or from disproportionate costs if the actual load does not meaningfully materialize; similarly, the OCA is concerned that Large Load Customers may increase the transmission costs of other retail loads in the same scenarios.

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<sup>4</sup> Transmission rates are set at four steps: (1) the first step is to determine if the new construction consists of network transmission upgrades that benefit all customers or the system as a whole to be paid for in transmission network rates, or if the new construction relates to direct connection facilities to be directly assigned to the large load; (2) the second step is the use of FERC formula rates to determine transmission owners’ revenue requirement inclusive of investments in network transmission upgrades benefiting all customers or the system; (3) the third step is cost allocation to determine each load serving entity’s (LSE’s) contribution to the Network Service Peak Load (NSPL) based on a variety on inputs to determine the zonal transmission rate (or Network Integration Transmission Service (NITS) rate) that the LSE must pay to PJM; and (4) the fourth step is the LSE’s allocation of NITS to retail customers through retail transmission charges. The Commission only has jurisdiction over the fourth step, while FERC has jurisdiction over the first three steps.

To be clear, for transmission, the minimum demand charges/contract lengths are intended to ensure that the Large Load Customer will pay for any revenue shortfall if demand is less than the set amount (e.g. 85%) during the annual zonal coincident peak, and recovery of the Large Load Customer's share **should then be credited** against the transmission owner's formula rate revenue requirement to the benefit of all customers.<sup>5</sup> While the Commission may not have jurisdiction to require the transmission owner to credit the Large Load Customer's recovered share against the transmission owner's formula rate revenue requirement to the benefit of all customers, a Model Tariff and related agreements entered into by the retail customer, EDC, and transmission owner can provide discrete paragraphs that speak to the transmission facilities, service and rates that are in play, while the remainder of the tariff/agreement can reflect the typical requirements for distribution service. Given the interplay between the Model Tariff and the related agreements, and the overlap of addressing transmission and distribution ratepayer protections in the related agreements, **to ensure proper oversight of these important ratepayer protections**, the Commission should clearly **require that the Model Tariff specify that the Large Load Customer and utility must enter into an agreement as permitted under the tariff and that such agreements must be filed with the**

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<sup>5</sup> FirstEnergy Comments, p. 24. Said another way, if the transmission owner receives incremental transmission revenues from the Large Load Customer that will offset the incremental costs (i.e., revenue requirement) of the Network Upgrades, it should work so that transmission charges paid by other ratepayers will be lower than they otherwise would be absent a tariff and tariff-enabled agreement for the utility to provide service to the Large Load Customer.

**Commission and furnished to the statutory advocates** (subject to proper confidentiality treatment).

In support thereof, costs associated with transmission network improvements driven by Large Load Customers will be recovered through transmission rates and will likely impact the zonal transmission rate. Transmission owners can continue to follow FERC's roll-in rate treatment of network transmission upgrade costs, **with** certain retail-level ratepayer protections: minimum demand charge, minimum contract length, CIACs, and sufficient collateral. Indeed, for example, if the Large Load Customer does not post sufficient collateral to cover transmission-related costs, then other retail loads may bear the risk of paying for stranded costs.<sup>6</sup> This is very important given that Large Load Customers likely will not receive default service from the EDC, and transmission costs will be assessed to their load-serving entity (LSE) based on their Network Service Peak Loads (NSPL), preventing the transmission owner from reallocating transmission costs to Large Load Customers via an augmented quantity like the Minimum Demand Charge for distribution costs. Altogether, requiring posting collateral similar to the proposed Model Tariff, proportionate to a share of transmission costs, and enacting the above recovery scheme would lead to a prudent allocation of costs and safeguard existing ratepayers from stranded costs.

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<sup>6</sup> See Tentative Order, p. 9 (“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.”)

## **B. Mandatory Filings of Contracts**

The OCA reiterates its position<sup>7</sup> that the contracts, both existing and prospective, between a public utility<sup>8</sup> and the Large Load Customer for utility interconnection and service should be: (1) entered into only pursuant to a Commission-approved tariff schedule (where such schedule has been reviewed in relation to the Commission’s findings and proposals in this Model Tariff docket); and (2) filed with the Commission and made available for review by the Statutory Advocates pursuant to the Commission’s authority under Sections 501 and 508 of the Public Code<sup>9</sup> for review and potential revisions. Any existing agreements that a public utility and Large Load Customer entered into prior to the adoption of a Model Tariff should still be filed and subject to review and potential revision.

Given that new large load interconnections can materially increase both resource adequacy risk and deliverability risk affecting electric utility consumers in Pennsylvania, the Commission can and must avoid a patchwork approach to reviewing and overseeing

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<sup>7</sup> OCA Comments, p. 11.

<sup>8</sup> See 66 Pa. C.S. § 102 (definitions).

<sup>9</sup> See 66 Pa. C.S. § 508 (“The commission shall have power and authority to vary, reform, or revise, upon a fair, reasonable, and equitable basis, any obligations, terms, or conditions of any contract heretofore or hereafter entered into between any public utility and any person, corporation, or municipal corporation, which embrace or concern a public right, benefit, privilege, duty, or franchise, or the grant thereof, or are otherwise affected or concerned with the public interest and the general well-being of this Commonwealth. Whenever the commission shall determine, after reasonable notice and hearing, upon its own motion or upon complaint, that any such obligations, terms, or conditions are unjust, unreasonable, inequitable, or otherwise contrary or adverse to the public interest and the general well-being of this Commonwealth, the commission shall determine and prescribe, by findings and order, the just, reasonable, and equitable obligations, terms, and conditions of such contract. Such contract, as modified by the order of the commission, shall become effective 30 days after service of such order upon the parties to such contract.”)

these tariff-enabled agreements. It can do this by requiring the mandatory filing of agreements entered into pursuant to a Commission-approved tariff schedule consistent with the Model Tariff established in this proceeding.

The Commission's federal counterpart, FERC, requires transmission owners to file the energy services agreements/construction services agreements and like agreements, subject to a FERC review and approval process. This requirement is enforced even where such agreements may address state-jurisdictional issues like distribution-level interconnection and retail-level cost allocation: FERC will expressly avoid ruling on the state-jurisdictional provisions of the agreements.<sup>10</sup> For example FERC recently accepted an Ohio public utility's representation that the construction service agreement was for high voltage service to a retail customer. FERC accepted the agreement for filing and made certain rulings only to the extent of the FERC-jurisdictional service, rates and practices that were described in the agreement.<sup>11</sup> FirstEnergy identified this example in its comments filed in this docket.<sup>12</sup>

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<sup>10</sup> See e.g. FERC Docket No. ER25-192, *Dayton Power & Light*, Order Accepting Construction Service Agreement, 189 FERC ¶ 61,220 at P. 2, 10 (Dec. 20, 2024) (citing *Mansfield Mun. Elec. Dep't v. New England Power Co.*, 97 FERC ¶ 61,134 (2001), *reh'g denied*, 98 FERC ¶ 61,115 (2002); *Ne. Tex. Elec. Coop., Inc.*, 108 FERC ¶ 61,084, at P 48 (2004), *reh'g denied*, 111 FERC ¶ 61,189 (2005)) (accepting the public utility's assertion that the transmission facilities do not satisfy any of the five criteria under FERC's Mansfield test to be considered as integrated into the transmission provider's transmission system now or in the future and thus are properly treated as direct assignment rather than rolled-in for FERC formula ratemaking purposes).

<sup>11</sup> See *id.*

<sup>12</sup> See FirstEnergy Comments, pp. 23-25, available at <https://www.puc.pa.gov/pcdocs/1882403.pdf> (last visited Dec. 21, 2025).

However, where such agreements address distribution-level interconnections and retail-level charges and conditions that protect existing ratepayers, there is currently no formal or disciplined review process at the Commission-level. Instead, it is on an ad-hoc, rate case review basis. The lack of a formal review process of these agreements shows an existing regulatory “gap” in Pennsylvania that does not serve the public interest.

For example, there was recently the Transmission Security Agreement (TSA) between PECO Energy Company (PECO) and Amazon Data Services filed at FERC relating to a large data center planned in Falls Township, Pennsylvania.<sup>13</sup> Under their arrangement, Amazon’s data center will take retail electric service pursuant to a rate schedule approved by the Commission while also following TSA requirements regarding transmission-related cost responsibilities. The TSA includes several ratepayer protection mechanisms designed to prevent transmission costs from being shifted to other customers if the data center fails to materialize, is delayed, or ramps more slowly than forecast. These mechanisms include milestone-based shortfall payments, termination fees, and a committed review contribution equal to 80% of expected load-related transmission revenues. This is an example of an agreement that should be filed with the Commission as well, and served on the Statutory Advocates, subject to a Commission review and approval as serving in the public interest and general well-being of the Commonwealth under Section 508 of the Public Utility Code.

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<sup>13</sup> FERC Docket No. ER25-3492

To protect “the public interest and the general well-being of this Commonwealth”,<sup>14</sup> the Commission can and should implement its oversight responsibilities by requiring mandatory filings of these agreements and establishing a process to review these agreements for the distribution-level interconnections and retail-level charges and conditions that involves service of such agreements on the Statutory Advocates.

### **C. Ratepayer Protections Must Be Viewed as an Interconnected Whole**

The OCA reiterates its position that the combination of individual provisions in the Large Load Tentative Tariff must be considered to ensure that ratepayers are protected from stranded costs.<sup>15</sup> The key consumer protection provisions of the Model Tariff and related contracts, in combination, affect the level of protection for consumers from stranded costs and therefore must be considered together.

### **D. Approximate MW Size Designation for Large Load Tariffs**

The Commission proposes a definition of Large Loads as 50 megawatts (MW) individually or 100 MW in the aggregate.<sup>16</sup> The Commission invites “further comment on defining individual versus aggregate thresholds as well as on the threshold amounts.”<sup>17</sup> The Commission’s reasoning is “[t]his threshold aligns with similar tariffs issued in Ohio, Indiana, and West Virginia in the PJM Interconnection LLC (PJM) territory.”<sup>18</sup>

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<sup>14</sup> 66 Pa. C.S. § 508.

<sup>15</sup> OCA Written Testimony, Appendix p. 2.

<sup>16</sup> Tentative Order, p. 6. Note that the Commission finds, p. 8, and the OCA supports, that “for the 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.”

<sup>17</sup> Tentative Order, p. 6.

<sup>18</sup> Tentative Order, p. 6.

Furthermore, “[w]e [the Commission] adopt the same definition of aggregation [100 MW] as Indiana Michigan Power, Appalachian Power Company, and Wheeling Power Company with the benefit of maintaining consistency across the PJM region.”<sup>19</sup>

The Commission should consider lowering its proposed threshold. OCA’s position is that the threshold for a Large Load Customer should be 25 MW or greater for EDCs whose peak is equal to or exceeds 2,500 MW and a 1 MW threshold for all other EDCs.<sup>20</sup> Such a definition is supported by the Commission’s own reasoning: “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.”<sup>21</sup> However, the Commission proposes to address customers below the 50 MW threshold that have substantial grid impacts on the distribution system on a piecemeal basis, stating: “The utility retains authority to propose differential rate treatment, and the Commission will review that rate treatment to ensure justness and reasonableness.”<sup>22</sup> If the Commission believes Large Loads smaller than 50 MW can have “substantial grid impacts on the distribution system”, the OCA urges the Commission to address those customers in a final order and final Model Tariff and to not punt the treatment of such consumers to the EDCs’ individual, piecemeal discretion that is informed by an erroneous interpretation of

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<sup>19</sup> Tentative Order, p. 7.

<sup>20</sup> OCA Comments, pp. 14-15.

<sup>21</sup> Tentative Order, p. 7.

<sup>22</sup> Tentative Order, pp. 7-8.

the utility’s “obligation to serve”<sup>23</sup> under the Public Utility Code and that could result in less reliable distribution utility service to existing consumers.

A lower size threshold at or greater than 25 MW is further supported by the Department of Energy (DOE) and the North American Electric Reliability Corporation (NERC). The DOE proposed in its Advanced Notice of Proposed Rulemaking (ANOPR)<sup>24</sup> to the Federal Energy Regulatory Commission (FERC) a threshold of 20 MW. By lowering its threshold, the Commission would be better aligned with proposed FERC policy and avoid the timely, potentially contentious issue of reviewing individual utility decisions that propose or do not propose differential rate treatment. NERC finds that there is no minimum definition of a large load. NERC defines “large loads – including data centers, cryptocurrency mining facilities, hydrogen electrolyzers, manufacturing facilities, and arc furnaces – as ‘[a]ny commercial or industrial load facility or aggregation of load facilities at a single site behind one or more point(s) of interconnection that can pose reliability risks to the BPS [Bulk Power System] due to its demand, operational characteristics, or other factors.’”

Alternatively, if the Commission intends to rely on utility discretion to determine whether a large load of less than 50 MW should be subject to the provisions of the Model

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<sup>23</sup> The EDCs’ obligation to serve applies to all customers not just new ones. To the extent that interconnecting new loads reduce the reliability below industry standards and practices, the obligation to serve existing loads is not being met.

<sup>24</sup> U.S. Sec’y of Energy, Letter Communicating Advanced Notice of Proposed Rulemaking on Large Load Interconnection (Oct. 23, 2025), (DOE ANOPR) <https://www.energy.gov/sites/default/files/2025-10/403%20Large%20Loads%20Letter.pdf>.

Tariff, then the Commission should at least establish clear criteria to guide the reasonable use of discretion by specifying the demand, operational characteristics, and other considerations that the utility should assess to determine whether the load addition would pose a substantial grid impacts on the distribution system with respect to safety and/or reliability. Without such criteria to apply for the purposes of classifying the large load addition, the exercise of utilities' discretion across the Commonwealth will vary, creating a patchwork of sub-50 MW large load enforcement that will become difficult to review and regulate and could improperly incent utilities to adopt more favorable terms even if the risk of reliability concerns is clear. Using a 25 MW threshold, by contrast, will reduce the risk of such a patchwork dramatically, and permit consistent application across the Commonwealth without concerns that not enough large loads are subject to the terms of the Model Tariff.

Regarding the aggregate limit, the OCA reiterates its position supporting an aggregation limit, but with a 25 MW threshold instead of 100 MW for the same reasons stated above regarding the threshold for a single data center. As the Commission observes based upon a NERC white paper<sup>25</sup>, “[i]n 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.”<sup>26</sup> Data

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<sup>25</sup> NERC, Characteristics and Risks of Emerging Large Loads, Large Load Task Force White Paper, July 2025, cited in the Tentative Order, p. 7, available at <https://www.nerc.com/globalassets/who-we-are/standing-committees/rstc/whitepaper-characteristics-and-risks-of-emerging-large-loads.pdf>.

<sup>26</sup> Tentative Order, p. 7.

centers should not be allowed to circumvent the lower single-facility size threshold by splitting a data center into two or more aggregated facilities and then being subjected to a higher threshold. For instance, if a 99 MW data center splits into two, 49.5 MW data centers, it circumvents both the individual threshold of 50 MW and the aggregate threshold of 100 MW.

The definition of aggregation that the Commission adopts allows for EDC “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.”<sup>27</sup> In addition to setting the aggregate threshold at 25 rather than 100 MW, the OCA urges the Commission to clarify the definition of aggregation that it be on the condition that EDCs should be required to file a petition with the Commission of any proposed application of the aggregation criteria and that the Commission specify a procedure for such petition proceeding in the event an answer or intervention is filed.

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

The Commission adopted OCA’s proposal regarding deposits for financial security, or collateral from Large Load Customers.<sup>28</sup> Furthermore, “[w]e [the Commission] 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

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<sup>27</sup> Tentative Order, p. 7.

<sup>28</sup> Tentative Order, p. 13.

the majority beneficiary and that will be partially allocated to other customers of the EDC.”<sup>29</sup> The OCA supports the Commission’s disposition. It is important that any deposits or financial security required of Large Load Customers should be tied to the amount of risk for other customers relating to distribution investments recovered in distribution rates and relating specifically to socialized upgrade costs recovered in transmission rates.

The OCA also reiterates its proposal that the amount of all non-payments by the Large Load Customers for distribution facilities is not charged to ratepayers, whether in rates or any other fees or payments, because by making the EDCs financially liable for non-payments for distribution facilities instead of ratepayers, EDCs have the financial interest to implement sound financial guarantees and diligently monitor the financial status of Large Load Customers.<sup>30</sup>

#### **F. Contributions in Aid of Construction**

With regard to Contributions in Aid of Construction (CIAC), the OCA supports and agrees with the following statement by the Commission: “We [the Commission] tentatively find that CIAC and collateral requirements, if properly implemented, should protect ratepayers from uneconomic or stranded infrastructure as well as ensuring appropriate cost allocation.”<sup>31</sup>

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<sup>29</sup> Tentative Order, p. 13.

<sup>30</sup> OCA Comments, p. 14.

<sup>31</sup> Tentative Order, p. 16.

The OCA supports CIAC and collateral requirements to ensure that Large Load Customers pay 100% of the costs of their Direct Interconnection Facilities (transmission and distribution facilities that do not materially benefit other customers).<sup>32</sup>

For network upgrades to transmission or distribution facilities, the Commission further tentatively finds “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.”<sup>33</sup> “Beyond facilities which solely benefit the new large load, we [the Commission] 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.”<sup>34</sup> In connection therewith, the Commission proposes the following definitions in the Model Tariff:

“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.*<sup>35</sup>

The Model Tariff further provides that Large Load Customers are subject to a fee for

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<sup>32</sup> OCA Comments, p. 10.

<sup>33</sup> Tentative Order, p. 16.

<sup>34</sup> Tentative Order, p. 16.

<sup>35</sup> Tentative Order, Appendix, Definition of Terms (emphases added).

Interconnection Facilities costs and Network Improvements Costs through CIAC.<sup>36</sup>

At its essence, the OCA interprets the Commission's proposal to mean that when the Large Load Customer benefits 51% or more from Network Improvements (distribution or transmission), the Large Load Customer must pay upfront for that upgrade through a CIAC, and the amount they pay is commensurate with the benefit they receive. Thus, if a Large Load Customer benefits 51% from the upgrade, the customer pays for 51% of the costs of the distribution and transmission upgrade in an upfront CIAC. The remaining 49% presumably is recovered in transmission and distribution rates, and the Large Load Customer will pay, along with other customers, its share based upon its demand obligation through a demand charge<sup>37</sup> but need not provide up-front payment in the form of a CIAC.

The OCA's position is as follows: that if a Large Load Customer is the but-for cause of distribution or transmission Network Improvements – i.e., but for the Large Load Customer, those upgrades would not have been needed – then the Large Load Customer should be responsible 100% of the cost of those upgrades. The OCA **applauds** the Commission for requiring a portion to be paid upfront in a CIAC that can equal the portion of benefits to be received by the Large Load Customer, as this is a strong ratepayer

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<sup>36</sup> Tentative Order, Appendix, Other Matters, Contributions in Aid of Construction.

<sup>37</sup> The OCA recognizes that not all EDCs include a demand charge for existing rate classes in which Large Load Customers would be included because they configure their interconnections for high-voltage service to include only interconnection facilities and customer-related costs. However, the OCA recommends the adoption of demand charges for customers served under the Model Tariff for the amount of distribution network investment which is classified as demand-related, instead of customer-related, in a cost of service study.

protection that does not uniformly exist currently for transmission upgrades/extensions.<sup>38</sup> As for the remaining portion of the distribution Network Improvements recovered from the Large Load Customer in minimum distribution demand charges, the utility should credit the recovered share against the utility's revenue requirement to the benefit of all consumers. For the remaining portion of costs recovered from the Large Load Customer in minimum transmission demand charges, the transmission owner **should credit** the recovered share against the transmission owner's formula rate revenue requirement to the benefit of all customers. The OCA's position is just and reasonable and consistent with the proposal in the DOE ANOPR, which proposes that Large Load Customers pay for all transmission facilities that they cause.<sup>39</sup> While the Commission may not have jurisdiction to require the transmission owner to credit the Large Load Customer's recovered share against the transmission owner's formula rate revenue requirement to the benefit of all customers, to ensure proper oversight of these important ratepayer protections, the Commission should clearly require that the Model Tariff specify that the Large Load Customer and utility must enter into an agreement as permitted under the tariff and that such agreements must be furnished to the Commission or statutory advocates upon request (subject to proper confidentiality treatment).

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<sup>38</sup> In contrast, CIAC protections do uniformly exist in EDC tariff for distribution line and facility extensions and upgrades.

<sup>39</sup> "Eighth, load and hybrid facilities should be responsible for 100% of the network upgrades that they are assigned through the interconnection studies." DOE ANOPR, p. 12, P25.

The Commission's Tentative Order is silent on what happens where a Large Load Customer is a cost causer (although not clearly the "but-for cause") of a network improvement and benefits less than 51% from the improvement. Under the Tentative Order, the Large Load Customer would **not** be directly assigned any of the costs for that Network Improvement. This is unreasonable because all ratepayers would be financially obligated to pay for that network improvement predominately caused by the cost-causer – the Large Load Customer. It also presents heightened risk for stranded costs: if the Large Load Customer terminates its contract with the EDC after the initial contract runs its course, but the plant the Customer caused the utility/transmission owner to place into service has not yet fully depreciated – which is highly likely – all remaining ratepayers must pay for the stranded costs of that upgrade over its remaining life, which could span decades.<sup>40</sup>

Therefore, in the scenario where a Large Load Customer is a cost causer (although not clearly the "but-for cause") of a network improvement and benefits less than 51% from the improvement, the OCA urges adoption of the Commission's solution and reasoning above. That is, the Model Tariff should require a CIAC in an amount equal to a percentage of the total costs of the Network Improvement that is commensurate with the benefit that the Large Load Customer receives. For example, where a Large Load Customer is a cost causer of a network improvement, and benefits 49-50% from the improvement, it should pay a CIAC equal to 49-50% of the total costs of the network improvements. The remaining

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<sup>40</sup> The OCA reiterates the importance of protecting ratepayers from stranded costs. See the OCA Reply Comments, pp. 3-6.

50-51% is recovered in rates, and the Large Load Customer will pay, along with other customers, its share based upon its demand obligation through a demand charge. Finally, the Commission should allow utilities to file a Large Load Tariff that contains provisions that are more protective for retail electricity consumers of stranded costs, such as the provisions that the OCA just proposed.

The Commission's tentative order is silent on how to determine the Large Load Customers' benefits from the Network Improvement. In all scenarios, the Commission needs to prescribe a transparent and just and reasonable methodology to guide the analyses that determine what percentage the Large Load Customer benefits from the Network Improvements rather than leaving it to the sole discretion of the utility. Additionally, or alternatively, in all scenarios, the OCA recommends that the Commission require the utility to conduct and file with the Commission an incremental cost of service study for all Large Load Customers and to serve it on the Statutory Advocates. The results of the incremental cost study will be able to support the utility's claim of the extent to which the Large Load Customer benefits from the Network Improvements.

Finally, the Commission requests "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."<sup>41</sup> The OCA urges Commission consideration of mechanisms whereby voluntary CIAC contributions entail supported projects moving up in the

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<sup>41</sup> Tentative Order, p. 16.

construction queue or expediting interconnection times, so long as all reliability studies and standards are completed and abided by, existing interconnection requests prior to the establishment of this mechanism are not adversely affected, and a comprehensive mechanism is proposed, reviewed, and commented upon by all stakeholders. The interconnection study process should comply with all NERC guidelines and reliability standards and not be accelerated at the expense of reliability or accuracy of identifying network upgrades. NERC is actively developing interconnection study guidelines for large loads due to their complexity and challenges.<sup>42</sup> As part of these efforts, NERC has also distributed preliminary guidelines for resource adequacy analysis for large loads.<sup>43</sup> A

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<sup>42</sup> NERC, Preliminary DRAFT Reliability Guidelines Risk Mitigation for Emerging Large Loads, May 2026, [https://www.nerc.com/globalassets/who-we-are/standing-committees/rstc/draft\\_reliabilityguideline\\_riskmitigationforemerginglargeloads.pdf](https://www.nerc.com/globalassets/who-we-are/standing-committees/rstc/draft_reliabilityguideline_riskmitigationforemerginglargeloads.pdf).

<sup>43</sup> NERC, Preliminary DRAFT Reliability Guidelines Risk Mitigation for Emerging Large Loads, May 2026, p. 10, [https://www.nerc.com/globalassets/who-we-are/standing-committees/rstc/draft\\_reliabilityguideline\\_riskmitigationforemerginglargeloads.pdf](https://www.nerc.com/globalassets/who-we-are/standing-committees/rstc/draft_reliabilityguideline_riskmitigationforemerginglargeloads.pdf), states the following:

“Given that large loads frequently seek connection to the grid faster than transmission can be built and due to the size of these large loads, they can pose risks to resource adequacy as documented in the NERC LLTF White Paper: Characteristics and Risks of Emerging Large Loads section on Resource Adequacy.”

“Demand may outstrip generation supply as large loads are added faster than the addition of generation resources. These large loads are expected to require firm service, limiting their ability to be considered flexible or providing limited demand-response capabilities. This directly impacts BPS reliability through the reduction of BA Operating Reserves. To address this, RPs should model scenarios in their evaluation of resource adequacy that incorporate accelerated large load additions coupled with delayed generation additions to assess worst-case scenarios.”

mechanism for ensuring resource adequacy is discussed further below in section E, Interconnection Studies and Interconnection Agreements.

### **G. Minimum Contract Terms**

The Commission proposes “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.”<sup>44</sup> The Commission’s reasoning is that “...a majority of tariffs in the United States for both large loads and data centers have minimum or maximum contract lengths of five years.”<sup>45</sup>

The OCA’s original position was that the contract should be for twenty years. A five-year contract length does not protect ratepayers from stranded costs and is unjust and unreasonable. The OCA can support minimum contract lengths of **no less** than a ten-year period exclusive of the Load Ramp Period, meaning, the Load Ramp Period is in addition to the ten-year contract period that sets the minimum demand charges. Distribution and transmission assets are long-lived assets with depreciation schedules that are much longer than five years, and other ratepayers should be protected from the risk of stranded costs.

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“Additionally, Tos should establish a FAC-001 process to verify with RPs [Resource Planners] that there is sufficient generation adequacy prior to interconnecting new large loads.”

<sup>44</sup> Tentative Order, p. 21.

<sup>45</sup> Tentative Order, p. 21.

Data centers may require extensive distribution and transmission investments, but some will not be operating after five years, leaving their costs to be paid by other ratepayers. Based upon a national database of large load tariffs, the OCA finds that out of the 66 listed tariffs, 15 had numerical contractual terms that ranged from one to 20 years, with the most frequent duration being 15 years.<sup>46</sup> A ten-year minimum contract would help EDCs to structure contracts with its suppliers and contractors. The Commission's leadership is necessary to enable utilities to structure appropriate minimum contract lengths that will result in just and reasonable rates for all consumers and serve the public interest, notwithstanding the preferences of the data center/AI industry for shorter contract lengths.

The OCA notes that the contract period starts after the ramp-up period concludes, which in effect adds several years to the data center's commitment.<sup>47</sup> However, the ramp-up period should not be counted in the minimum period for contracting because during the Load Ramp Period the EDC is not fully recovering the distribution costs of network improvements that are identified and built to meet the Large Load Customer's full demand and are not otherwise recovered in a CIAC.

The Model Tariff also proposes a minimum three-year notification period for contract termination.<sup>48</sup> Finally, the Commission proposes that a data center that triggers a distribution facility should pay for it. These three provisions help mitigate the risk of

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<sup>46</sup> DELTa: Database of Emerging Large Tariffs. Smart Electric Power Alliance (SEPA) and North Carolina Clean Energy Technology Center (NCCETC). Retrieved December 8, 2025, from <https://sepapower.org/large-load-tariffs-database/>.

<sup>47</sup> Large Load Model Tariff, Definition of Terms, no page number provided.

<sup>48</sup> Large Load Model Tariff, Terms of Contract, no page number provided.

stranded costs, but nonetheless, without a just and reasonable minimum contract period that reflects the life of facilities, there is an unreasonable risk of stranded investments and costs borne by other ratepayers.

The Commission should make clear that EDCs, not ratepayers, are responsible for stranded investments that should have been paid by the Large Load Customer but were not because the utility did not sign a contract of sufficient duration. EDCs that sign contracts with Large Load Customers that are less than 20 years of duration should be required to inform the Commission and provide justification why such a contract will not result in stranded investment.

## **H. Interconnection Studies and Interconnection Agreements**

### **1. Interconnection Studies**

The Commission "...tentatively find that six months is a reasonable amount to maximum time to complete interconnection studies unless there are exigent circumstances."<sup>49</sup> The Commission further states:

"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."<sup>50</sup>

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<sup>49</sup> Tentative Order, p. 25.

<sup>50</sup> Tentative Order, p. 25.

The OCA does **not** support maximum timelines for interconnection studies, agreements, and in-service dates for distribution-level interconnection requests. “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.”<sup>51</sup>

The OCA believes that Large Load Customers should be allowed to self-fund interconnection studies conducted by independent contractors approved by the EDCs. If EDCs are financially liable for interconnection studies that they are unable to complete within six months, the Commission must ensure that EDCs are not conducting incomplete interconnection studies to avoid rebating study fees to Large Load Customers.

The Commission also proposes a Large Load Customer interconnection queue. “We [the Commission] propose that biannually (two times per year), during a specified Network Open Season, Large Load Customers may apply for interconnection studies, which will be analyzed as cluster studies.”<sup>52</sup> “Additionally, we [the Commission] 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.”<sup>53</sup>

The OCA supports establishing a transparent and innovative process that accelerates the interconnection of Large Load Customers to the distribution system, so long as all

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<sup>51</sup> OCA Reply Comments, p. 22.

<sup>52</sup> Tentative Order, p. 26.

<sup>53</sup> Tentative Order, p. 26.

required interconnection and other studies are conducted in a comprehensive and technically rigorous manner and service reliability to existing consumers served by the grid is assured.

The OCA reiterates that NERC is reviewing and revising its study requirements and the importance of conducting comprehensive and technically sound studies for interconnections to the interstate transmission system. On July 10, 2024, a 230kV transmission line fault led to the simultaneous loss of 1,550 MW of large loads that was not anticipated by system operators.<sup>54</sup> This event illustrates the importance of comprehensive, technically sound planning and operations to prevent similar events in the future; on this matter, any advice from NERC and other electrical engineers should be heeded.

## **2. Interconnection Agreements and Reliability**

The OCA further recommends that the Commission require that the Model Tariff include language making it explicitly clear that the EDC must postpone or otherwise condition the approval of the Large Load Customer's interconnection to the distribution

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<sup>54</sup> NERC, Comments of the North American Electric Reliability Corporation, Docket No. EL25-49-000, AD24-11-000, EL25-20-000, April 23, 2025, Attachment B, NERC Incident Review: Considering Simultaneous Voltage-Sensitive Load Reduction, [https://www.nerc.com/globalassets/who-we-are/legal--regulatory/filings--orders/nerc-filings-to-ferc/2025/comments-re-large-loads-el25-49\\_signed.pdf](https://www.nerc.com/globalassets/who-we-are/legal--regulatory/filings--orders/nerc-filings-to-ferc/2025/comments-re-large-loads-el25-49_signed.pdf). In Attachment B, pp. 8-9, NERC lists additional possible actions for interconnection studies such as “require dynamic response models of large loads in their facility interconnection requirements,” “perform studies to determine the potential magnitude of load for system disturbances(faults), and “take into consideration the potential for voltage-sensitive load loss when configuring automatic reclosing schemes.”

system unless and until the governing RTO determines that the Large Load Customer's interconnection to the transmission system can be commenced on the basis that there exists sufficient resource adequacy, as defined by the RTO's FERC-, NERC-, or Regional Entity-approved benchmarks, to serve the load.

The Commission clearly has the existing statutory authority and duty to prescribe the conditions under which new Large Load Customers are permitted to interconnect to the distribution system as new retail load while ensuring the utility's continued provision of electric utility service to existing customers that is adequate, reasonable, reasonably continuous, without unreasonable interruptions or delay and reliable.<sup>55</sup> A utility has a duty and obligation to serve but such obligation can and must be conditioned where "the rendering of such service does not result in an unreasonable burden on its other service"<sup>56</sup> unless and until the factor causing the unreasonable burden is sufficiently mitigated. Indeed, with the authority to approve interconnections to the distribution system comes the authority to not approve if approval would mean a degradation in service quality to existing consumers, as required under Section 1501 (requiring utility service that is adequate,

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<sup>55</sup> See 66 Pa. C.S. § 1501; *see also* 66 Pa. C.S. § 2805(a) ("The commission, Pennsylvania electric utilities and all electricity suppliers shall work with the Federal Government, other states in the region, the North American Electric Reliability Council and its regional coordinating councils or their successors, interstate power pools, and with the independent system operator or its functional equivalent to ensure the continued provision of adequate, safe and reliable electric service to the citizens and businesses of this Commonwealth.").

<sup>56</sup> *Ridley Twp. v. Pa. PUC*, 94 A.2d 168, 171 (Pa. Super. 1953) (discussing service entitlement by affected members of the public and customer participation in the cost of construction of service extensions in appropriate circumstances). The Commission's line extension regulations at 52 Pa. Code § 57.19(b) was enacted prior to the passage of the Electricity Competition Act and Section 2805(a) of the Public Utility Code.

reasonable, reasonably continuous, without unreasonable interruptions or delay) and Section 2805(a) (requiring adequate, safe, and reliable electric service). In other words, a utility's obligation to serve its existing customers reliably, including ensuring resource adequacy, is not diminished by the utility's obligation to offer interconnection to new, prospective customers within its certificated service territory; otherwise, new, prospective customers would be offered preferential treatment by the utility, in contravention of the Public Utility Code.<sup>57</sup>

While Pennsylvania is restructured and relies on PJM to plan for resource adequacy when load is connected to the PJM transmission system, the Commission under Section 2805 of the Public Utility Code is required to work with PJM "to ensure the continued provision of adequate, safe and reliable electric service to the citizens and businesses of this Commonwealth."<sup>58</sup> The Commission must coordinate with PJM and where PJM is identifying a resource shortage, the Commission and the EDC must be concerned with preventing rolling blackouts and service curtailments for existing consumers. The Commission and the EDC can condition the Large Load's interconnection to the distribution system with postponement, ramp ups, and interruptible service (where service is interrupted as a pre-emergency step to avoid curtailments to other consumers), or any combination thereof, provided such conditions will assure that the EDC can continue to render adequate, reasonable, safe, and reliable electric service to the EDCs' existing

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<sup>57</sup> 66 Pa. C.S. § 1502.

<sup>58</sup> 66 Pa. C.S. § 2805(a).

consumers. Doing so would not amount to an “unreasonable difference as to service...as between classes of service” because Large Load Customers, unlike residential, commercial, and industrial customers, are the but-for cause of the growing resource inadequacy situation within the PJM region and are uniformly able to mitigate the impact of curtailments through alternative supply options.<sup>59</sup>

Currently, at the point of Large Load interconnection, the EDCs are not considering the impact of the Large Load interconnection on the transmission grid or grid resource adequacy. However, the OCA recommends that the EDCs can and must consider this in tandem with and subject to the RTO’s determinations on grid reliability and their own determinations as to distribution service continuity and reliability considering the risks and consequences of emergency curtailments. This recommendation is in addition to the OCA’s recommendation above that the tariff-enabled agreements be filed with and approved by the Commission after a review considering the “public interest and the general well-being of this Commonwealth”. Thus, in effect, the Commission too will be responsible for determining that the proposed Large Load can be served reliably from both a deliverability and resource adequacy perspective, and without degrading the reliability of service to existing customers.

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<sup>59</sup> The OCA supports large loads and hybrid facilities that interconnect to the system only if they bring sufficient capacity (either through generation and reserves or capacity-backed demand response) to offset the additional load brought onto the grid. *See* The Pennsylvania Office of Consumer Advocate, Executive Summary of the Pennsylvania Office of Consumer Advocate’s Proposal in the PJM CIFP-LLA Stage 4 Process, November 10, 2025, available on the PJM CIFP website, <https://www.pjm.com/committees-and-groups/cifp-lla>.

### 3. Reliability Impact Concerns

Large load interconnections can materially affect electric system reliability through both resource adequacy and transmission deliverability impacts. First, large increases in load raise peak demand and, in turn, the amount of planning reserves that must be procured to maintain reliability. If new generation and other capacity resources are not developed and placed into service on a timeline that keeps pace with the load increase, system reliability is degraded. This risk is heightened under current market conditions, where generation development faces well-documented challenges including supply chain constraints, longer construction timelines, interconnection delays, and heightened financing uncertainty.<sup>60</sup> Record-high PJM capacity prices in recent auctions—including those associated with a reported 6.6-gigawatt (“GW”) capacity shortfall—are consistent with a system experiencing tightening resource adequacy conditions.<sup>61</sup>

Second, reliability is determined by the ability to deliver power to specific load pockets where large loads, such as data centers, are interconnected. Rapid concentration of large loads in a given area can stress the transmission system and give rise to localized reliability concerns, including: thermal overloads on lines/transformers; voltage and

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<sup>60</sup> The Brattle Group & Sargent & Lundy (Apr. 9, 2025), available at <https://www.pjm.com/-/media/DotCom/committees-groups/committees/mic/2025/20250411-special/item-1-02-revised-cone-report-final.pdf> (last visited Dec. 22, 2025).

<sup>61</sup> PJM 2027/2028 Base Residual Auction Report (Dec.17, 2025), available at <https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2027-2028/2027-2028-bra-report.pdf> (last visited Dec. 22, 2025).

reactive power deficiencies; protection system and short-circuit duty concerns; and higher contingency risk (N-1/N-1-1 planning and operating constraints).

Either inadequate generation supply or insufficient transmission deliverability can reduce reliability. These concerns are especially acute at the bulk power system level, where the scale and concentration of large load interconnections can quickly exceed the assumptions embedded in prior planning studies and infrastructure configurations.

For customers in EDC service territories where Large Load Customers are located, these reliability risks have direct and tangible consequences: increased risk of manual load shed in response to PJM-initiated brown- or black-outs.

#### **4. New “Availability” Language for the Model Tariff**

The Model Tariff must address these conditions to service. Accordingly, the OCA recommends modifying the first paragraph of the "Availability" section of the Model Tariff as shown below (additions shown in bold format):

##### Availability

Due to anticipated data center and industrial manufacturing load growth in the Commonwealth, this tariff is applicable to customers **at or over 25 MW individually or in the aggregate and service is available pursuant to an agreement entered into under this schedule and filed with and approved by the Commission. Applications for interconnection shall be postponed or otherwise reasonably conditioned unless and until (1) the EDC’s governing RTO determines that the Large Load Customer’s interconnection to the transmission system can be commenced on the basis that there exists sufficient resource adequacy, as defined by the RTO’s-approved reliability benchmarks, to serve the load, and (2) the EDC determines that it can serve the customer while continue the provision of adequate, reasonable, reasonably continuous, without unreasonable interruptions, and reliable electric service to existing customers.**

## **I. Minimum Demand Charges**

“Regarding a minimum demand charge, we [the Commission] 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%.”<sup>62</sup>

The OCA supports a monthly demand charge of 90% of the Large Load Customer’s MW size. The Large Load Customer pays the greater of the minimum demand charge and the actual demand charge, and the demand charge begins when the Large Load Customer is able to take service.<sup>63</sup> The 90% threshold should be adopted by the Commission and added to the proposed Model Tariff. A 90% threshold better protects ratepayers from the risk of stranded costs than an 80% threshold. Large Load Customers should be able to accurately estimate their actual demand and thereby mitigate the risk that the threshold will exceed it

## **J. Load Ramp Schedule**

Based upon tariffs in the PJM region (Indiana, West Virginia, and Ohio),<sup>64</sup> the Commission encourages “the EDCs to include a multi-year ramp rate of 3-5 years as the default, with specific milestones worked out case by case.”<sup>65</sup>

The OCA supports four-year load ramping schedules. Specifically, the OCA proposes a Ramping Schedule of 50% in Year 1, 65% in Year 2, 80% in Year 3, and 90%

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<sup>62</sup> Large Load Tentative Order, p. 28.

<sup>63</sup> OCA Comments, pp. 13-14.

<sup>64</sup> Tentative Order, p. 31.

<sup>65</sup> Tentative Order, p. 30.

in Year 4 of the Contract Capacity.<sup>66</sup> The OCA also supports separating the ramping schedule from the contract term and having it apply before the contract starts, as in the Large Load Tentative Model Tariff.<sup>67</sup>

If the Commission does not specify both the duration of the ramping schedule and the minimum annual demand as part of that schedule, the OCA is concerned it will have to review and potentially contest each ramping scheduled agreed to by the EDC and Large Load Customer. All such agreements must be filed with the Commission, with appropriate confidentiality provisions, and subject to review by the Statutory Advocates under Section 508 of the Public Code for potential revisions.

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

The Commission is “tentatively adopting a similar 42-month notice period”<sup>68</sup> for exit or early contract termination fees based upon its finding that this is standard practice across multiple utilities.<sup>69</sup>

The OCA supports a five-year (60-month) notice provision.<sup>70</sup> The Commission requests comments on whether a 48-month notice would be appropriate, which OCA prefers over 42-month notice because, as the Commission notes, it would help ensure the notification period is sufficiently long to align with the PJM load forecast for the delivery

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<sup>66</sup> OCA Comments, p. 13.

<sup>67</sup> Large Load Tentative Model Tariff, Terms of Contract, no page number provided, which states “If the Large Load Customer designates a Load Ramp Period, the Initial Contract Term should commence after the Load Ramp Period ends.”

<sup>68</sup> Tentative Order, p. 33.

<sup>69</sup> Tentative Order, p. 33.

<sup>70</sup> OCA Comments, p. 13.

years in which the Large Load contract would terminate.<sup>71</sup> The OCA understands that the Model Tariff is structured so that financial instruments such as letters of credit or cash will serve as collateral to be utilized when the contract is terminated to serve as protection against stranded distribution costs. The OCA agrees that these positions can be reduced or refunded as the customer pays through ongoing rates.

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

The Commission makes several tentative findings regarding interruptible service and standby rates for large load customers. Interruptible service is when a customer voluntarily reduces its electricity service from the EDC in exchange for a reduced rate or other benefit. Manual load shed or curtailment is when the EDC involuntarily disconnects a customer due to a reliability problem on the distribution or transmission system. In section III of this document, the OCA proposes actions to be taken during manual load-shedding or curtailment emergencies.

The Commission finds that “it is beneficial to develop programs that large load grid service may be interrupted under certain prescribed conditions.”<sup>72</sup> The Commission believe that such service could lower rates for those willing to take interruptible service and need not be discriminatory.<sup>73</sup>

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<sup>71</sup> Tentative Order, p. 33.

<sup>72</sup> Tentative Order, p. 39.

<sup>73</sup> Tentative Order, p. 39.

The OCA supports consideration of interruptible service, among other innovations, and the OCA will provide comments on full-fledged proposals.<sup>74</sup> “Interruptible large loads and those with primary or backup generation could reduce the amount of transmission and distribution interconnection, upgrade, and expansion costs compared to large loads that do not have these capabilities.<sup>75</sup> Thus, having large load tariff provisions that enable interruptible load and backup generation is appropriate so long as ratepayers are protected from stranded costs.”<sup>76</sup>

The key is making it crystal clear what the term “certain prescribed conditions” means. If Large Load Customers are offered an interruptible rate, they must commit to being interrupted an unlimited number of times and for unlimited amounts of time. Otherwise, there is a chance that non-interruptible customers that are paying more for distribution service may be interrupted before interruptible ones that are paying less. To ensure reliable electric service for existing consumers on the distribution system, the anticipated large forecasts for Large Load Customers combined with PJM’s current unwillingness to ensure resource adequacy by managing the interconnection of Large Load

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<sup>74</sup> OCA Reply Comments, pp. 16-17.

<sup>75</sup> Norris, T.H., T. Profeta, D. Patino-Echeverri, and A. Cowie-Haskell, [Rethinking Load Growth: Assessing the Potential for Integration of Large Flexible Loads in US Power Systems](#), 2025.

<sup>76</sup> Testimony, of Darryl Lawrence, Acting Consumer Advocate, Interconnection and Tariffs for Large Load Customers; Docket No. M-2025-3054271, April 23, 2025, Appendix pp. 3-4.

Customers to the transmission system<sup>77</sup> may result in frequent and extensive need to rely on interruptible load. Finally, any distribution interruptible service that is considered must also work within the existing PJM service offerings to ensure that it is clear under what conditions and by whom service is interrupted.

The Commission also tentatively finds “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.”<sup>78</sup> Presumably, this finding applies to firm distribution services, but the Commission should clarify whether it does not.

Large Load Customers’ demand must be metered separately from any onsite generation. Large Load Customers that take firm service should not be allowed to net meter using their onsite generation.<sup>79</sup> Otherwise, Large Load Customers could avoid paying distribution and transmission charges even though they are using the distribution and transmission system. The Model Tariff should make clear that Large Load Customers with generation and energy storage facilities may also be subject to distribution and transmission tariff provisions relevant to generation and storage interconnection, operations, and

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<sup>77</sup> *Independent Market Monitor for PJM v. PJM Interconnection L.L.C.*, Docket No. EL26-30-000 (filed Nov. 25, 2025) Complaint of the Independent Market Monitor for PJM, at p. 3.

<sup>78</sup> Tentative Order, p. 39.

<sup>79</sup> Reply Comments of The Pennsylvania Office of Consumer Advocate, Delaware Division of The Public Advocate, and the People of the State of Illinois by the Office of the Illinois Attorney General, Docket No. RM26-4-000, December 5, 2025, p. 16.

standby rates, and that they cannot circumvent those provisions as customers.<sup>80</sup> Large Load Customers use the transmission and distribution system during maintenance, during random outages of their onsite generation facilities, and, in some situations, to start up their co-located power plants.

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

The Commission supports “a self-construct option for customers willing to fully fund infrastructure upgrades.”<sup>81</sup> The Commission finds that safety, reliability, and adherence to industry building standards regarding self-construction of interconnection facilities can be extended to any infrastructure constructed by the customer.<sup>82</sup>

The OCA’s position is that EDCs should be allowed, but not required, to provide for self-provision and self-construction of interconnection facilities.<sup>83</sup> If the Commission allows Large Load Customers to self-construct, they should be liable for self-construction and have sufficient insurance or equivalent commercially acceptable financial guarantees to cover the costs of any damages resulting from their facilities not being built to the EDC’s requirements. Under no circumstances should ratepayers be held financially responsible for the failure of the self-constructed facilities of Large Load Customers.

Regarding “whether utilities should earn returns on customer-funded infrastructure and how to appropriately allocate costs are issues that the Commission found may be

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<sup>80</sup> OCA Comments, p. 12.

<sup>81</sup> Tentative Order, p. 42.

<sup>82</sup> Large Load Model Tariff, p. 42

<sup>83</sup> OCA Reply Comments, pp. 22-23.

addressed in a separate proceeding.”<sup>84</sup> The OCA’s position is that EDCs should not be allowed to earn a return on any facilities self-constructed by Large Load Customers.<sup>85</sup> A separate proceeding is not necessary because EDCs should not earn a return on a customer’s investment because the investment comes without risk of recovery to the EDC. There is no reason this is necessary, and if allowed, it would open the door to an endless parade of possible non-investments for which EDCs would request returns.

#### **N. Universal Service Cost Allocation**

The Commission proposes 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 [the Commission] 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.”<sup>86</sup> The proposed schedule is \$250,000 for 25 or less than 75 MW, \$400,000 for 75 or less than 100 MW, \$500,000 for 100 or less than 500 MW, and \$1,000,000 for 500 MW or more.<sup>87</sup>

OCA supports robust funding of programs to protect low-income utility consumers from rising energy costs. The monetary amounts in the proposed schedule should be tied

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<sup>84</sup> Tentative Order, p. 42.

<sup>85</sup> Reply Comments of The Pennsylvania Office of Consumer Advocate, Delaware Division of The Public Advocate, and the People of the State of Illinois by the Office of the Illinois Attorney General, Docket No. RM26-4-000, December 5, 2025, p. 25.

<sup>86</sup> Tentative Order, p. 43.

<sup>87</sup> Large Load Model Tariff, Other Matters, (no page number provided). Note that the first two ranges of 25-75 MW and 75-100 MW are below the Model Tariff’s definition of Large Load Customer.

to inflation with the base year being 2026. Furthermore, the monetary amounts collected under the proposed schedule should be allocated across all utilities' hardship funds, not just to the utilities with Large Load Customers. The location of anticipated Large Load Customers in PJM is disproportionately in the service territory of one utility, PPL,<sup>88</sup> but the impacts on rates from wholesale energy, capacity, and transmission cost increases are borne by all Pennsylvania ratepayers across all EDCs.

OCA also believes that the proposed monetary amounts are too low. A 1,000 MW data center that has a 90% load factor and pays the Pennsylvania average industrial rate for electricity of 7.87 cents/kWh<sup>89</sup> will annually spend more than \$620 million on electricity.<sup>90</sup> The proposed hardship fund contribution is \$1 million or less than 0.2% of the data center's annual electricity budget. Furthermore, data centers are and may continue to cause substantial increases in residential electricity bills.

However, the OCA notes that contributions to EDCs' Hardship Funds are insufficient to address the overall impact that the interconnection of Large Load Customers

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<sup>88</sup> PJM Load Analysis Subcommittee Presentation (Molly Mooney), Load Adjustment Requests Summary for 2026 Load Forecast – Preliminary, November 24, 2025, p. 30 available at <https://www.pjm.com/-/media/DotCom/committees-groups/subcommittees/las/2025/20251124/20251124-item-03---large-load-adjustment-requests-summary.pdf>.

<sup>89</sup> US EIA, Table 2.10. Average Price of Electricity to Ultimate Consumer by End-Use Sector,

[https://www.eia.gov/electricity/annual/html/epa\\_02\\_10.html#:~:text=Table\\_content:%20header:%20%7C%20%7C%20Residential%20%7C%20Industrial,%7C%20Residential:%2017.77%20%7C%20Industrial:%207.87%20%7C](https://www.eia.gov/electricity/annual/html/epa_02_10.html#:~:text=Table_content:%20header:%20%7C%20%7C%20Residential%20%7C%20Industrial,%7C%20Residential:%2017.77%20%7C%20Industrial:%207.87%20%7C)

<sup>90</sup> 7.87 cents/kWh \* 1000 kWh/MWh \* 1000 MW \* 0.9 \* 8,760 hours/year = \$620,470,800.

has on customers, especially low-income customers. Hardship Fund grants – while important to the recipients – are not the most effective tool to ensure that customers at risk of disconnection due to nonpayment remain connected. Instead of requiring Hardship Fund contributions, the Large Load Customers should contribute to EDCs’ universal service programming through a non-bypassable “system benefits charge” which offsets the universal service riders charged by the EDCs to residential customers. As customers’ bills increase due to the transmission, capacity, and energy market impacts of the interconnection of Large Load Customers, the cost to provide credits through EDCs’ Customer Assistance Programs (CAPs) increases for all customers who do not participate in a CAP percentage of income program. The effect on low-income customers is doubled: rates increase due to higher costs, and rates increase again due to the higher costs of administering CAP.

If Large Load Customers contribute to funding for universal service programming through a systems benefits charge – similar to contributions through Act 129 riders<sup>91</sup> or the distribution system improvement charge<sup>92</sup> – then the cost increases associated with administering CAP will be mitigated. By contrast, contributions to an EDC’s Hardship Fund do not offset or mitigate the cost to consumers associated with increases to universal service programming costs from higher bills. The OCA’s recommendation is consistent with the comments made by Commissioner Zerfuss in her Statement on the Tentative

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<sup>91</sup> 66 Pa. C.S. § 2806.1.

<sup>92</sup> 66 Pa. C.S. § 1357(d)(1).

Order.<sup>93</sup> While a contribution to Hardship Funding recognizes the effect that Large Load Customers will have on low-income customers, it is not sufficient to provide system-wide benefits at the distribution level or to mitigate the risk of terminations associated with the rate impact of interconnecting Large Load Customers. As a result, the OCA urges the Commission to include a non-bypassable system benefits charge for Large Load Customers to contribute to the costs of universal service programming in its Model Tariff.

### **O. Reporting Requirements**

The Commission proposes and seeks comment on both a list of semi-annual (twice a year) and annual reporting requirements, with, when appropriate, confidentiality provisions that allow access to the non-public materials by Statutory Advocates.

The OCA supports the Commission's proposed reporting requirements. It further recommends that Commission staff develop a uniform data reporting methodology that is periodically revisited and updated so that data is collected efficiently, consistently, and in an accessible and useful format. The OCA also recommends that hourly load profiles of Large Load Customers be collected, subject to confidentiality provisions. Such hourly load profiles are critical for evaluating resource adequacy, assessing transmission and distribution upgrades, and determining of cost allocations.

In addition to tariff-enabled agreements between utilities and Large Load Customers and the listed materials above, other information should be made available, subject to

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<sup>93</sup> *Interconnection and Tariffs for Large Load Customers*, docket No. M-2025-3054271, Statement of Commissioner Zerfuss (entered Nov. 6, 2025).

reasonable non-disclosure provisions, to the Statutory Advocates if requested.<sup>94</sup> Summaries of these documents and redacted versions that do not disclose sensitive commercial information should also be made available as part of the Commission's normal course of business.<sup>95</sup> These additional information requests include the following:

- All supporting studies, analyses, and documents (not just the number of executed agreements as listed in (a) i.<sup>96</sup>) that involve the use of EDC interconnecting distribution facilities.
- All Large Load Customer Interconnection studies and all supporting studies, analyses and documents.
- All incremental Large Load cost of service studies, as discussed above.
- EDCs with transmission affiliates must report to the Commission how their transmission tariff protects transmission customers from stranded costs and whether such protections, on a provision-by-provision analysis, are as stringent as those in the final Model Tariff.

### **III. ADDITIONAL ISSUES FOR THE COMMISSION TO CONSIDER**

#### **A. Additional Reliability Concerns**

See the discussion above under Interconnection Studies and Agreements. In addition to that discussion, the OCA notes that there are no existing provisions to differentiate treatment of large loads at a PJM level. During an emergency, PJM follows a stepped

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<sup>94</sup> OCA Comments, p. 11.

<sup>95</sup> OCA Comments, p. 11.

<sup>96</sup> Tentative Order, p. 44.

approach to balance the system consistent with the provisions of PJM Manual 13 (Emergency Operations).<sup>97</sup> Initially, PJM deploys all available operating reserves and emergency generation, issues maximum generation and load management actions, and calls on committed demand response resources. If, however, conditions continue to deteriorate, subsequent steps lead to PJM declaring a load management emergency and directing transmission owners and distribution utilities to implement manual firm load shed. Load shed amounts and locations are determined by real-time system needs, transmission constraints, and voltage conditions, and are executed by local utilities.

Large loads are not subject to any differentiated treatment during manual load shed events under the EDCs' current tariffs or Emergency Load Control Procedures. The Commission and the EDCs have not asserted that Large Load customers will be treated differently from other customers. However, a failure to differentiate is not aligned with the scale of risk created by rapid large load growth. The Commission should require that new large loads be interruptible or curtailable during PJM- or utility-directed emergency conditions, including as a condition of interconnection, with clear performance expectations and consequences for noncompliance.

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<sup>97</sup> PJM Interconnection. PJM Manual 13 : Emergency Operations, Rev. 97 (Effective Nov. 20, 2025), available at <https://www.pjm.com/pjmfiles/directory/manuals/m13/index.html#about.html> (last visited Dec. 22, 2025).

## **B. Emergency Load Control and Energy Conservation Procedures**

Given the concerns that Large Load Customers will adversely affect the reliability of PJM,<sup>98</sup> EDCs must have Emergency Load Control and Energy Conservation procedures on file with the Commission for Commission and public review as required by law.<sup>99</sup> The Commission should require the EDCs' tariffs and Emergency Load Control Procedures to subject Large Loads to differentiated treatment during manual load shed/emergency curtailment events. Reliability-related service conditions should not exist solely in customer-specific agreements. They should be reflected in enforceable tariff language, and EDCs should be directed to update their tariffs Emergency Load Control Procedures to implement the Commission-approved priority and curtailment framework for large loads in a transparent and administrable manner.

## **C. Emergency Curtailments**

The interconnection of Large Load Customers is likely to result in more electricity demand than available supply, and, as a result, emergency situations, i.e., rolling blackouts,

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<sup>98</sup> *Independent Market Monitor for PJM v. PJM Interconnection L.L.C.*, Docket No. EL26-30-000 (filed Nov. 25, 2025), 3 (“Complaint” or “IMM Complaint”), pp. 2-3.

<sup>99</sup> 52 Pa. Code 57.52(b): “A utility shall establish procedures for controlling load and emergency conservation.

(1) These procedures shall include schedules of load shedding priorities to be followed in compliance with subsection (a).

(2) These procedures may be revised by the utility, and shall be revised if required by the Commission.

(3) A copy of the procedures or of the revision currently in effect shall be kept available for public inspection at the office at which the utility maintains a copy of its tariff for public inspection, and another copy shall be kept on file with the Commission's Bureau of Conservation, Economics and Energy Planning.”

may arise when PJM must instruct Transmission Owners (TOs) and EDCs to curtail retail load. PJM does not specify which retail electricity consumers are disconnected. Instead, TOs and EDCs disconnect retail customers based on the TOs and EDC's customer prioritization in their Electricity Emergency Load Control and Energy Conservation Procedures.<sup>100</sup> Unlike Large Load Customers, which have backup generation and access to substantial financial resources, residential consumers typically cannot manage the risk of power outages. Residential power outages threaten public safety and public health. It is therefore imperative that the Commission require utilities' curtailment plans be updated to make clear that the non-critical load of Large Load Customers be curtailed before and to the extent of preventing curtailments of residential customers.

Large loads should be required to support implementation measures that make curtailment workable and verifiable, including: service on dedicated or otherwise segregable feeders where practicable; clear identification of any "critical" load segments, with those segments separated behind the meter to the extent the customer seeks higher continuity of service; and telemetry and communications capability sufficient for EDCs to execute and confirm curtailment actions during emergency operations.

These reliability requirements are consistent with the same foundational ratemaking principles discussed earlier in these Comments. If new large loads increase the probability or severity of emergency operating actions, then it is appropriate that they face

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<sup>100</sup> PJM Presentation, Large Load Additions Pre-CIFP Education, September 2, 2025, p. 12.

differentiated service conditions designed to mitigate the incremental reliability risk they introduce. Existing customers should not bear increased outage exposure as a result of accommodating a subset of exceptionally large new loads.

#### **IV. CONCLUSION**

This section concludes OCA's Comments. The OCA's Comments were prepared in consultation with, and with the assistance of, Frank A. Felder, Ph.D., of Independent Electricity Consultants, LLC and Matthew T. Hoyt, of Exeter Associates, Inc.

Respectfully submitted,

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