

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

En banc Hearing Concerning Interconnection) M-2025-3054271
and Tariffs for Large Load Customers)

COMMENTS OF THE DATA CENTER COALITION

I. Introduction

The Data Center Coalition (“DCC”) respectfully submits these comments on the Pennsylvania Public Utility Commission’s (“PAPUC” or “Commission”) Tentative Order and model tariff for large load customers. DCC commends the Commission for its proactive focus on the treatment of new large loads and for seeking stakeholder input before electric distribution companies (“EDCs”) make specific filings. As the record in this proceeding already reflects, large load growth presents real planning and cost allocation questions for utilities and regulators, but it also presents a significant opportunity to support system investment and put downward pressure on rates for all customers.

DCC recommends that the final model tariff: (1) remain end-use neutral and rely on objective, system-impact criteria; (2) require EDCs to justify contract term, minimum billing demand, exit provisions, and collateral as an integrated package; (3) avoid stacking every risk tool at the most conservative setting; and (4) pair customer commitments with clear utility-side obligations on study timelines, transparency, and delivery milestones.

In these comments, DCC offers feedback on the model tariff including eligibility thresholds, contract terms and minimum demand provisions, exit fees, collateral, load ramps, utility performance obligations, and reporting. DCC’s goal is to help the Commission finalize a

framework that is durable, transparent, and workable for utilities, large load customers, and other ratepayers alike.

II. About DCC

DCC is the national membership association¹ for the data center industry, representing 38 leading data center owners and operators who maintain data center infrastructure across the country and globe, as well as companies that lease large amounts of data center capacity. DCC empowers and champions the data center community through public policy advocacy, thought leadership, stakeholder outreach, and community engagement. As the voice of the data center industry, DCC also advocates for a highly skilled and diverse technology workforce, greater access to clean energy, and a competitive business environment to support the growth and success of this essential business sector. DCC members are actively investing in growth to continue to build out Pennsylvania’s digital infrastructure. As electricity demand rises, the Commission’s decisions on forecasting practices, rate design, and interconnection policy will shape whether that growth translates into resilient infrastructure and fair prices for all customers.

III. Definition and Applicability of “Large Load Customer”

The Commission’s model tariff applies to customers at or over 50 MW individually or 100 MW in the aggregate, and it defines “Large Load Customer” in those terms. It also treats aggregation as a fact-specific inquiry that can consider common ownership, local electrical infrastructure, and control. DCC supports the Commission’s decision to approach this issue with a load-based, end-use-neutral framework. It is appropriate to define “large load customers” based

¹ The Data Center Coalition is a membership organization of leading data center owners and operators. Public testimony and written comments submitted by DCC do not necessarily reflect the views of each individual DCC member. A list of current DCC Members is accessible at <https://www.datacentercoalition.org/members>.

on size and system impact rather than by reference to a particular industry such as data centers. A framework that focuses on demand characteristics, location on the system, and the scale of required upgrades is more consistent with cost causation, is less likely to become outdated as technologies change, and avoids singling out specific sectors in a way that could be perceived as discriminatory or unstable for long-term planning.

The Tentative Order's proposed thresholds of 50 MW for individual customers and 100 MW in the aggregate are directionally reasonable as a statewide starting point. At the same time, the record in this proceeding and DCC's experience in other jurisdictions indicate that system size, load shape, and local network conditions can vary materially across utilities. DCC therefore recommends that the Commission treat the 50 MW and 100 MW values as baseline guidance in the model tariff, while allowing each electric distribution company to propose higher thresholds where justified by its system characteristics and planning needs, subject to Commission review.

DCC also supports the Commission's goal of preventing artificial fragmentation of projects to evade large load treatment. It is reasonable to aggregate facilities where there is common ownership or control and a shared impact on the local grid, such as multiple buildings on a single campus or closely related projects served by the same substation. However, the final model tariff should make clear that aggregation will not be applied so broadly that it sweeps together unrelated customers or distinct projects that happen to be located in the same general area. Clear, end-use-neutral criteria for when aggregation applies will help utilities and customers understand in advance if particular projects are likely to qualify as large loads under the model framework.

The Commission also notes that behind-the-meter generation should not reduce measured load for purposes of determining tariff applicability. DCC agrees that the trigger should turn on

the customer's requested interconnection or contract capacity so the applicability determination stays clear and administrable at the front end of the process.

IV. Contract Term and Load Ramp

The model tariff provides that a Large Load Customer's Initial Contract Term should be not less than five years and permits a Load Ramp Period of up to five years, with the Initial Contract Term commencing after the ramp ends. After the initial term, the contract remains in effect unless either party terminates with written notice no later than three years prior to the requested termination date, and either party may request a Contract Capacity modification with the same notice.

DCC agrees that minimum contract terms are an appropriate tool for aligning large load service with the investments that may be required to serve such customers. The model tariff should signal that multi-year terms are generally expected for large load service, but it should do so by identifying a reasonable range rather than prescribing a single fixed value. A framework that treats something such as a 5 to 10-year minimum base term as a typical range, subject to case-specific justification and Commission review, is more likely to produce outcomes that reflect the actual mix of distribution and transmission investments needed to serve a particular project. Utilities should be expected to explain why a proposed term is appropriate in light of asset lives, planning horizons, and the degree of customer-specific risk involved.

Similarly, DCC supports the Commission's recognition that large loads rarely materialize at full contract capacity on day one and that a load ramp is necessary to reflect how projects are actually built and energized. As with contract term, the model tariff should articulate expectations at a general level—for example, that a ramp period on the order of three to five years is often appropriate for very large new loads—while leaving the specific ramp shape and

milestones to be negotiated in individual service agreements. Those ramp provisions should be coordinated with other elements of the framework, including when minimum billing demand obligations begin to apply, how collateral steps down as the project enters service, and how utility construction milestones are sequenced.

If the Commission retains long notice periods (for example, 3 years), the final model tariff should also require EDCs to provide early, complete drafts of key agreements and to state interconnection milestones and delivery dates with enough specificity that customers can plan site development and financing.

V. Minimum Billing Demand / Minimum Demand Charges

The model tariff defines Monthly Billing Demand as the customer's single-highest 15-minute integrated peak each month, but it also establishes a minimum Monthly Billing Demand such that the monthly demand is not less than the greater of (a) 80 percent of contract capacity for the applicable time period of the Contract Term or (b) the highest established Monthly Billing Demand during the past 11 months. The model tariff also states that Large Load Customers will be subject to a minimum monthly demand charge equal to 80 percent of contracted demand.

DCC agrees that a minimum billing demand can be a useful way to make sure utilities recover the incremental costs of serving very large new loads. If a utility builds facilities based on a customer's planned demand, it is reasonable to expect some level of ongoing payment even if the customer does not use the full amount every hour of every day. But minimum billing demand does not exist in a vacuum. The right level depends on how long the contract runs, how much and what kind of investment is driven by the customer, and what other protections are in place, such as exit provisions and collateral. Simply importing a single percentage from another state, without

looking at these factors, risks setting the bar higher than the actual risk and can discourage projects that would otherwise bring net benefits.

For that reason, DCC recommends that the model tariff frame minimum billing demand as a range rather than a fixed number. Within that range, each utility should explain why its proposed level is reasonable, using quantitative analysis where possible, and should show how the minimum works together with contract term, ramping, exit fees, and collateral. The Commission should also make clear that utilities do not need to push every element of the framework to the most conservative end of the spectrum at the same time. When minimum billing demand, contract length, and collateral are all set conservatively, the combined effect can go well beyond what is needed to protect existing customers.

DCC further recommends that the model tariff acknowledge that minimum billing demand may change over the life of a project. Lower effective minimums may be appropriate during early ramp years, when facilities are still being constructed and energization is staged, with higher steady-state minimums applying once the project is fully built out and the associated infrastructure is in service. In some cases, it may also make sense to differentiate minimum billing demand across different components of service, reflecting how distribution, transmission, and generation costs are incurred and recovered. A structure that ties minimum billing demand to these practical considerations, and evaluates it alongside the rest of the toolkit, is more likely to protect existing customers while still keeping Pennsylvania attractive for new large load investment.

If the Commission keeps an “11-month lookback” ratchet, the final model tariff should clarify how it works during the Load Ramp Period and after customer-driven curtailments, so the ratchet does not turn a short-term operational spike into a permanent obligation that does not match the contract-capacity commitment.

VI. Exit Fees and Capacity Reduction

The model tariff permits a Large Load Customer, without an exit fee or penalty, to reduce contract capacity by up to 20 percent in total after five years or after the Initial Contract Term, whichever is greater, with at least 42 months' written notice prior to the start of the PJM Delivery Year for which the reduction is sought. For termination or reductions beyond the 20 percent allowance after the first five years, the model tariff applies an Exit Fee and calculates that fee as the greater of (1) the difference between the cost of Network Improvements and Interconnection Facilities, less revenues received from the Large Load Customer, or (2) the nominal value of the remaining Minimum Charge for the terminated or reduced capacity (in excess of the 20 percent allowance) for each year of the Exit Fee Period.

Exit and early termination provisions are another important part of a large load framework. If a utility makes significant investments based on a customer's long-term plans, and the customer later reduces or ends service early, it is reasonable to have a mechanism to address unrecovered costs. At the same time, exit provisions should not be designed to guarantee that utilities never face any risk or to penalize customers for making good-faith adjustments when circumstances change. Overly punitive exit charges can freeze customers in place, discourage efficiency improvements, and make Pennsylvania less attractive for new projects.

DCC recommends that the model tariff focus on clear principles rather than a single detailed formula. In our view, exit charges should be tied to unrecovered, prudently incurred costs or foregone revenues that are reasonably attributable to the large load, after taking into account the utility's ability to remarket capacity to other customers. The tariff should encourage utilities to use transparent methods, show their assumptions, and provide simple examples that customers can understand at the time they are making siting and investment decisions. The goal should be to

address genuine stranded-cost risk, not to turn exit fees into a second source of earnings or a deterrent to any change over the contract term.

Related to this, the framework should recognize that large projects sometimes need to adjust their capacity over time. It is reasonable to expect customers to give meaningful notice and to live with the contractual commitments they make, but there should also be a pathway for planned, orderly reductions in contract capacity. DCC recommends that the model tariff signal that customers should have a baseline right to reduce a defined share of their contract capacity with advance notice and no penalty, and that additional reductions may be allowed when the utility can reasonably re-market the capacity. Any charges associated with capacity reductions should be time-limited, not open-ended. That type of structure gives both utilities and customers a way to manage change without undermining the core protections the framework is meant to provide.

The Commission should reduce the default notice period to a more workable window (for example, 24 to 36 months) and explicitly allow capacity transfers to the next-in-queue customer, with clear rules for crediting replacement revenues. The Commission should also update the assignment restriction to allow for transfers to lenders, investors, affiliates, tenants or successors in interest upon notice, provided that the EDC consent is not unreasonably withheld.

VII. Collateral and Credit Requirements

Collateral is one of the sharper tools in this toolkit. Used well, it gives utilities and other customers confidence that a large new project is real and can stand behind its commitments. Used poorly, it piles risk protections on top of each other and stops good projects before they get out of the gate.

In practical terms, collateral should be tied to the risk the utility actually faces, not to the full headline value of a long-term contract. When a large load customer drives specific upgrades

that would not be built but for that project, there is a legitimate concern about what happens if the load does not show up or leaves early. In that situation, it is reasonable to set collateral at a defined share of the at-risk investment or a capped portion of the minimum billing demand over the minimum term. On the other hand, collateral that simply mirrors 100 percent of all future minimum charges, on top of those same minimum charges, long terms, and exit provisions, quickly moves from “risk management” into “triple coverage” for the same exposure. The model tariff should steer utilities toward the first approach and away from the second.

Timing also matters. In many recent cases, the most productive structures tie the start of material collateral obligations to clear milestones: for example, when the utility commits to long-lead equipment, when construction on customer-specific facilities begins, or a set number of months before energization. That is when the utility’s exposure starts to ramp up, and it is also when a serious project should be prepared to demonstrate its commitment. By contrast, heavy collateral very early in the process, long before the utility is spending material capital, can lock out projects that are still finishing site control, land-use approvals, or PJM studies, even though those projects may ultimately be strong, creditworthy customers. The model tariff should reflect that collateral is meant to track risk over time, not front-load it.

The amount of collateral should also come down as a project performs. Once a customer has taken service, ramped load, and paid its bills on time for several years, the risk that drove the original collateral requirement is no longer the same. Step-down schedules that reduce collateral in stages after energization, often keyed to years of performance or to the amount of contract demand that is actually in service, is necessary. A structure along those lines—clear at the outset, with defined triggers for reduction—gives utilities and customers a shared road map and avoids perpetual “maximum” collateral for projects that are already proving themselves.

Creditworthiness deserves similar attention. Not all large load customers present the same risk profile. A project backed by a well-capitalized parent with strong credit metrics is not in the same position as a thinly capitalized special-purpose entity with no track record. The model tariff should recognize that difference by allowing reduced or zero incremental collateral when a customer meets objective tests, such as a minimum credit rating, a minimum tangible net worth threshold, or a demonstrated ability to self-fund obligations of the size at issue. For other customers, enhanced collateral can still be reasonable, but it should be calibrated to that higher risk, not to an abstract worst case.

Form of security is another area where clarity and flexibility both matter. Many large load customers can most efficiently provide a parental or affiliate guarantee backed by a strong balance sheet. Others may prefer a standby letter of credit from a reputable bank, or a mix of cash and other instruments. A model tariff that insists on cash-only collateral, or that disfavors reasonable alternatives without explanation, will tend to drive up financing costs for projects without meaningfully improving protection for existing ratepayers. DCC recommends that the Commission affirm that guarantees, letters of credit, surety bonds, and cash-equivalent instruments are all acceptable, subject to standard credit and legal review.

Finally, collateral should not be viewed in a vacuum. It interacts directly with contract term, minimum billing demand, exit provisions, and even interconnection timelines. A utility that proposes a long mandatory term, a high minimum billing demand, a strict exit formula, and collateral set at a large fraction of total minimum charges is not just managing risk; it is layering multiple conservative protections on top of one another. The model tariff should direct utilities to explain how their proposed collateral levels fit with the rest of the package and to show that the combined effect is proportional to the real risk to the system. That kind of integrated, risk-based

approach will give the Commission a solid basis to protect existing customers, while still leaving room for serious large load projects to commit, build, and serve as long-term contributors to the grid.

VIII. Utility Obligations

If the Commission expects large load customers to sign long-term contracts, accept minimum billing demand, and post collateral, there needs to be a corresponding set of expectations on the utility side. From DCC's perspective, that symmetry is not just a fairness issue; it is central to making these arrangements work in practice. Customers can only commit to firm timelines and ramp schedules if they have a reasonable level of confidence that the utility will deliver the requested capacity on the dates assumed in their own construction and procurement plans.

For that reason, the model tariff should make clear that utilities are expected to meet defined milestones for interconnection studies, upgrade construction, and initial energization, subject to standard force majeure protections. Where those milestones are missed for reasons within the utility's control, the framework should provide for practical remedies—such as bill credits, schedule adjustments, or modifications to term or minimum billing obligations—so that customers are not paying for capacity that is not yet available. The tariff should also reinforce basic transparency obligations: clear communication of study results and upgraded scopes, regular status updates on large load projects, and meaningful reporting to the Commission on how large load investments and revenues are tracking expectations. A framework that pairs customer commitments with comparable utility responsibilities will be more durable and will give both sides a clearer basis for making long-term decisions.

The model tariff assigns Full Planning Studies solely to the Large Load Customer and contemplates a biannual 'Network Open Season' process with cluster studies allocated on a pro

rata basis among participating applicants. DCC generally supports customer payment for incremental study costs that do not benefit the broader system, but the final model tariff should state clear rules for cost allocation when upgrades provide system-wide benefits and should require transparent study scopes and budgets before customers commit to pay.

The model tariff includes utility-side provisions intended to improve predictability and transparency in interconnection processing. It requires interconnection studies to be completed within six months from the date an application is accepted as complete. If the Company misses that deadline, the model tariff allows the applicant to hire an independent and unbiased third-party contractor to conduct the study at the applicant's expense, provides for a 50 percent refund of the application or study fee for each 90-day period beyond the six-month deadline, and states that interconnection study costs will not be recovered from other ratepayers. The model tariff also requires a public interconnection queue by zip code showing the date accepted, MW interconnection amount, and the stage of the interconnection study process.

DCC supports these timing and transparency provisions and recommends that the final model tariff define "complete" applications with clear, objective criteria so study clocks do not stop and start informally. DCC also recommends that the Commission address symmetry in delivery obligations. If customers must commit to long terms, minimum demand, and collateral, the model tariff should require EDCs to provide reasonable upgrade and energization milestones and periodic status updates, and it should provide practical adjustments if delays within the EDC's control prevent timely service (for example, aligning the start of minimum demand obligations with the date capacity is actually available).

Participation in interruptible or curtailment programs should remain voluntary. If an EDC offers interruptible service, the tariff should avoid punitive 'one strike' penalties and should clearly

describe testing, notice, and dispute resolution. Curtailment language should apply in a non-discriminatory manner to similarly situated large loads, not a single industry category.

DCC supports allowing large load customers to build certain network-integrated facilities to speed up delivery, subject to EDC engineering standards and clear ownership and maintenance rules. The final model tariff should also clarify CIAC treatment so customers pay once for incremental facilities and receive appropriate credits if facilities later serve other customers.

IX. Grandfathering and Existing Customers

Any new framework for large load service needs to be clear about how it applies to customers that are already here and already serving under existing contracts. From DCC's perspective, the default should be straightforward: the model tariff should apply prospectively, to new service agreements and new capacity additions, and should not retroactively change the terms that existing customers relied on when they made siting and investment decisions. Moving the goalposts after a customer has signed an ESA, funded interconnection work, and begun operations cuts against regulatory stability and will make future customers think twice about treating Pennsylvania commitments as durable.

At the same time, the Commission can and should give utilities and customers tools to transition willingly into the new framework where that makes sense. The model tariff can make clear that existing customers may opt into a new large load structure—either for all of their load or for a defined increment—if they and the utility agree and the Commission finds the arrangement reasonable. That gives everyone flexibility without forcing a one-size outcome on parties that already bargained for different terms.

Finally, the tariff should address how it applies to expansions by existing customers. A workable rule of thumb is that truly incremental capacity, above a defined threshold and driving

new investment, can be evaluated under the model framework, while the original block of load remains under its existing terms unless the parties agree otherwise.

X. Conclusion

DCC appreciates the Commission's decision to tackle large load issues through a model tariff before a wave of individual filings arrives. That choice sets Pennsylvania up to deal with large new loads in a thoughtful way. The record in this proceeding, and experience in other jurisdictions, shows that large load growth can either strain the system or help support investment and moderate rates for everyone, depending on how the rules are drawn. The Tentative Order moves in the right direction by putting structure around eligibility, contract terms, minimum billing demand, exit provisions, collateral, interconnection timelines, and reporting. The refinements DCC proposes are aimed at making that structure more workable, more risk-based, and more durable in practice.

In summary, DCC recommends that any framework should remain end-use neutral and focused on load characteristics, not on singling out particular industries. The tools in the model tariff—minimum terms, ramps, minimum billing demand, exit provisions, and collateral—should be treated as a coordinated package calibrated to actual risk, not as independent levers all pushed to their most conservative setting. The Commission should set clear principles and expectations while leaving room for project-specific agreements to address the details. Customer commitments should be met with corresponding utility obligations on timing, transparency, and capacity delivery. And the new framework should apply prospectively, with clear rules for expansions and voluntary opt-in, so that it enhances rather than undermines regulatory stability.

If the Commission incorporates those principles into the final model tariff, Pennsylvania will be better positioned to attract and retain high-value large loads, protect existing customers

from unreasonable risk, and give utilities a predictable path to plan and recover prudent investments. DCC stands ready to continue working with the Commission, its Staff, and other stakeholders as the model tariff is finalized and as utilities begin to bring forward specific proposals under that framework.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lucas Fykes".

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