



July 24, 2026

Via Electronic Filing

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

**Re: Potential Regulations for Interconnecting Electric Loads;
Load Interconnection Rulemaking Questions**
[Docket No. L-2025-3059032](#)

The Natural Resources Defense Council (“NRDC”) respectfully submits these brief, supplemental comments in response to the Pennsylvania Public Utility Commission’s (“PUC” or “Commission”) Load Interconnection Rulemaking Questions, first issued in a Secretarial Letter on June 22, 2026, and officially published in the *Pennsylvania Bulletin* on July 4, thereby opening a 20-day comment period.¹

NRDC is an international non-profit organization with over 700 lawyers, scientists, and other environmental specialists working since 1970 to protect our public natural resources, health, and climate. NRDC has over three million members and online activists worldwide.

This docket follows from the Commission’s Public Meeting held on December 4, 2025, where Vice Chair Kimberly Barrow made a motion² directing the Law Bureau, in consultation with the Bureau of Technical Utility Services, to prepare a Notice of Proposed Rulemaking (“NOPR”) to address revisions to Pennsylvania’s interconnection rules (first promulgated in 2006).

¹ <https://www.pacodeandbulletin.gov/Display/pabull?file=/secure/pabulletin/data/vol56/56-27/942.html>

² <https://www.puc.pa.gov/pcdocs/1906951.pdf>

In addition to the comprehensive set of responses provided in the Joint Energy Advocates' filing, NRDC writes separately to elaborate on the proposed idea (referenced in the joint comments) of the PUC utilizing its broad authority under Title 66 of the Public Utility Code to oversee interconnection auctions for large load customers.

NRDC's comments herein are relevant to Questions 6 through 11 in the Secretarial Letter, as they pertain to large electric loads, e.g., data centers. Specifically, NRDC recommends the Commission consider adopting an interconnection auction to: (1) efficiently allocate scarce physical grid capacity by location; (2) filter out speculative load; and (3) prioritize load that is willing to pay more to interconnect. Proceeds from the interconnection auction could fund utility investments necessary to interconnect large load customers, and any remainder could be applied to put downward pressure on rates or otherwise address energy affordability priorities.

This recommendation is predicated on the idea that an auction would generally be the best means for price discovery and for allocating scarce resources among willing participants. Data center demand is notably uncertain – some proposed projects may not materialize, which risks clogging interconnection queues and possibly resulting in sunk investments.

Short of an auction, it is difficult to determine how to prioritize data centers for limited grid capacity and how to set an appropriate fee for interconnection requests. If the set fee is too low, speculative requests will persist because data centers may consider the option value – i.e., the ability to come online or not – worth the fee. If the fee is too high, then useful loads that could otherwise be reliably served will not come online.

NRDC recommends the following approach to organize an interconnection auction:

- Geographic capacity assessment: rather than accommodating data centers on an ad-hoc, first-come-first-served basis, utilities and grid operators should proactively plan for data center clusters in specific geographic zones. This strategic approach can capture significant transmission and distribution economies of scale. System upgrades designed for a cluster can be optimally sized for total anticipated load rather than incrementally upgraded as individual data centers connect, avoiding costly rebuilding cycles. First,

utilities identify constrained substations, transmission corridors, or distribution feeders, then determine available interconnection capacity over prescribed time periods (0-18 months, 18-36 months, 3-5 years).

- Location-specific bidding: large load customers bid for interconnection rights at specific locations/zones, specifying (1) desired capacity (MW), (2) timing window, and (3) maximum price. Customers could be eligible to include multiple location/timing combinations.
- Minimum reserve price: establish minimum prices reflecting location-specific network upgrade costs.
- Clearing price auction by location: for each location and time period, bids are ranked by price, and available capacity is awarded to the highest bidders at the clearing price. Clearing prices should vary by location based on grid constraints, upgrade costs, and overall demand.
- Rights and obligations: winning bids would receive (1) tradeable rights to reserved interconnection capacity; (2) queue priority; and (3) defined timelines for interconnection. For example, data center projects unable to use their interconnection rights obtained at auction could trade those rights to other prospective data centers.

Electric utilities would still comply with their obligation to serve by prioritizing those data centers that clear the interconnection auction first, and customers that fail to clear would be eligible to participate in a subsequent auction. The PUC should ensure that utilities within the Commonwealth coordinate the terms and conditions of each auction to prevent data centers from forum shopping.

In addition to an interconnection auction, which is directly responsive to several of the Rulemaking Questions, NRDC also recommends that the PUC and electric utilities set the stage for a complementary distributed generation capacity auction that would efficiently allocate rights to firm service and provide similar benefits as the interconnection auction – price discovery, efficient allocation of distributed generating capacity, and proceeds to fund grid infrastructure upgrades.

To be clear, NRDC’s auction recommendation is specific to large load customers (for consistency, we would endorse the thresholds included in the Commission’s Large Load Model Tariff³ of 50 MW individually or 100 MW in aggregate to define a “large load”). NRDC does not recommend applying the auction concept to interconnection of load beneath these thresholds. There are significant details to be addressed to effectuate this approach, but we propose this conceptual framework at this stage to invite further consideration and discussion among the PUC and relevant stakeholders.

We sincerely thank the Commission for its commitment to developing a rulemaking to modernize Pennsylvania’s interconnection regulations and urge the Commission to move forward consistent with our comments here and those of the Joint Energy Advocates. NRDC also respectfully recommends the Commission provide similar, additional opportunities for public engagement to help shape the critical, multi-faceted, and nuanced policies to improve the reliability and affordability of our electric grid.

³ <https://www.puc.pa.gov/pcdocs/1929842.pdf>