NARUC
National Association of Regulatory Utility Commissioners

NARUC Virtual Roundtable for Utility Regulators: Large Load / Data Center Tariffs

January 20, 2026

Commissioners and staff from several states participated in the members-only virtual discussion on January 20, 2026, including representatives from Arkansas, Florida, Iowa, Louisiana, Minnesota, Oregon, Texas, Vermont, Virginia, and Washington. States represented a wide range of experience, from those with approved tariffs already in effect to those just beginning to explore the question.

After an initial presentation by Lakin Garth (Smart Electric Power Alliance) about the Database of Emerging Large-Load Tariffs (DELTa), the discussion covered tariff design, cost allocation, risk mitigation, interconnection queue management, load flexibility, public engagement, legislative dynamics, and the question of commission authority over data center siting. Several topics were discussed across the conversation, so the summary below groups participants' remarks by each of 10 topics.

1. State of Data Center Load Growth and Tariff Development

Participants reflected significant variation in how far data center load growth has advanced in their jurisdictions and how far along their regulatory frameworks are.

Some states are deeply engaged. **Virginia** has an exceptionally large and growing data center footprint and a substantial interconnection backlog. Its largest investor-owned utility (IOU) has had a large load tariff approved, with a second utility's filing still pending commission action. **Texas** faces a queue reportedly exceeding 200 gigawatts of new load requests in the ERCOT region, with significant uncertainty about what portion is real versus speculative. **Oregon** has actively recruited data centers through tax incentives for years and is now in active tariff proceedings for its largest IOU, with a second IOU expected to follow. **Washington State** has a large data center presence, though primarily in public utility district (PUD) territories near federal hydro resources, rather than in the IOU service territories the Commission regulates. **Louisiana** has already approved a very large data center project (on the order of 4,000 megawatts for a single tech company) and has developed a new streamlined process called the "Lightning Initiative" to accelerate future approvals.

Other states are earlier in the process. In 2025, **Minnesota's** legislature passed a law requiring its IOU to file a data center tariff by December 15, 2026. **Iowa** has seen meaningful data center and cryptocurrency mining activity and has an existing Individual Customer Rate (ICR) mechanism, but some are concerned that it does not go far enough given the pace of growth. **Florida** has one recently approved large load tariff that is currently under appeal, with a second utility preparing to file. **Arkansas** has historically handled large loads through special rates and is evaluating its first data center special rate, but has no data center-specific tariff. **Vermont** has not yet seen significant data center demand, though it has existing large customer tariffs that were developed for other

loads.

2. Generally Applicable Tariffs vs. Special Contracts

A recurring question was whether to address large loads through generally applicable tariffs or through individualized special contracts or negotiated rates.

States with more data center activity have generally moved or are moving toward standardized tariffs. A key motivation is consistency and transparency: when utilities applied their own informal criteria through special contracts, it became difficult for incoming loads to understand what would be required of them, and difficult for Commissions to exercise meaningful oversight.

Louisiana represents a notable exception. Rather than establishing a separate large load tariff, it applies its standard industrial rate to data centers but requires large loads to separately finance all associated infrastructure investment. This approach has worked effectively given Louisiana's prior experience with large industrial customers.

Arkansas remains closer to the special-rate model, and its largest utility has been resistant to standardized tariffs. Where data center growth has not yet materialized significantly in a utility's service territory, the urgency to move toward a tariff framework is correspondingly limited. **Oregon** noted that its utilities view large loads somewhat differently from one another and have different goals for tariff design, which complicates standardization even within a single state.

Regardless of how each state is handling tariffs, several participants noted the benefit that tariffs, by their nature, are filed and publicly available, making them more visible to ratepayers and advocates than individually negotiated special contracts.

3. Defining "Large Loads:" Thresholds and Applicability

There is no emerging consensus on a single threshold for what constitutes a "large load," and the choice of threshold has significant practical implications.

Most tariffs in the SEPA database cluster around 20–25 MW at the lower end, with another cluster at 100 MW and above for loads that are typically transmission-connected. **Virginia** and **Iowa** use a 25 MW threshold. **Florida's** approved tariff used 50 MW. **Minnesota's** new statute applies to loads of 100 MW and above. One participant noted that a 25 MW load, which once seemed very large, feels modest today given that proposals of 500 MW or more are increasingly common.

The appropriate threshold may also differ based on whether the load is distribution-connected or transmission-connected. **Washington's** legislative debate highlighted an additional dimension: whether to call the mechanism a "data center tariff" or a "large load tariff." The data center industry has pressed for the "large load" framing to avoid sector-specific treatment, while some legislators prefer the data center label. Several participants noted that defining applicability by load characteristics rather than customer type is generally more sound from a regulatory standpoint and more durable over time as load types continue to evolve.

4. Risk Mitigation Provisions

Protecting existing ratepayers from costs associated with large loads that fail to materialize or that exit the system early was identified as the central design challenge in large load tariff proceedings. There was broad convergence around the importance of robust risk mitigation, even as the specific mechanisms varied.

Minimum demand / take-or-pay requirements were the most consistently cited tool. **Virginia's** tariff sets an 85% minimum demand requirement for transmission and distribution costs and 65% for generation. These percentages are deliberately on the higher end, reflecting the scale of investment being made to serve existing and anticipated loads. The lower generation percentage reflects the view that generation assets are more marketable and can be redisposed through wholesale markets or utility-to-utility contracts, making stranded cost recovery more feasible than for sunk transmission and distribution infrastructure built specifically for one customer.

Contract terms and exit fees are designed to ensure that large loads cannot walk away from investments made to serve them without consequence. The AEP **Ohio** tariff, frequently cited as a reference point, requires an eight-year minimum contract term; customers seeking to exit after that must provide three years' notice or pay an exit fee equivalent to three years of minimum charges. **Several states** referenced similar provisions as important elements of their own tariff frameworks.

Load ramp periods with defined contract capacity allow loads to interconnect gradually with defined obligations in each year of ramp-up, rather than requiring full capacity from day one. This structure also helps identify non-serious applicants early because defined milestones create natural exit points for speculative customers.

Financial assurances and collateral were described as particularly important for managing speculative or less creditworthy loads. Several tariffs include collateral requirements tied to customer credit ratings and require data centers to pay interconnection study costs upfront. **Louisiana** applies this most stringently: it requires large loads to finance all new generation and associated infrastructure entirely, on the premise that large data center operators are among the wealthiest companies in the world and can afford to do so. **Louisiana** also noted directly that it has had cryptocurrency operations open and "disappear in the middle of the night," reinforcing the importance of financial assurances.

One participant noted that even with robust protections, there are questions about whether risk mitigation provisions will adequately protect ratepayers over 10 to 15 years, and that the durability of these protections over the long term has not yet been tested in any jurisdiction. The AEP **Ohio** tariff's implementation was noted as a potentially informative data point: once substantial financial commitments were required, the interconnection request queue dropped significantly, suggesting that many prior requests had indeed been speculative.

5. Cost Allocation for Infrastructure: Distribution, Transmission, and Generation

How to allocate the costs of new infrastructure—distribution line extensions, transmission network upgrades, and new generation—between the large load customer and existing ratepayers was described by multiple participants as one of the most challenging and unresolved issues, even in states with approved tariffs.

Distribution: **Minnesota's** approved line extension policy for a small co-op represents the clearest position: 100% of distribution line extension costs must be paid upfront by the new large load customer. One commissioner described this as a "no-brainer." If the customer is causing the investment, the customer should pay for it. **Virginia** is moving toward similar provisions and describes this as its next major challenge. **Minnesota** acknowledged that any stranded distribution costs should also be borne by the customer, not shifted to existing ratepayers.

Transmission: The picture is more complicated for transmission than distribution. **Minnesota's** working position is that large customers should bear 100% of network upgrade costs they trigger, consistent with the same cost-causation principle. However, **Oregon** described teasing out incremental transmission costs as very difficult in practice. **Virginia** faces the same challenge. **Washington** noted that BPA's operation of approximately 75% of the transmission network in the state actually helps bring the right parties to the table for transmission cost discussions because public utility districts take power directly from BPA—a structural feature that has been helpful for broader planning conversations.

Generation: The generation cost allocation framework is the least settled. **Virginia's** lower minimum demand percentage for generation (65% vs. 85% for T&D) reflects recognition that stranded generation can be more readily mitigated through wholesale markets. **Louisiana** requires large loads to pay entirely for new generation facilities associated with their projects. **Minnesota** referred to the AEP **Ohio** tariff as a useful reference point. Several participants agreed that generation cost allocation is likely to be the most contested dimension of future tariff proceedings.

6. Interconnection Queue Management and Speculative Load

Managing a large backlog of interconnection requests, many of which may be speculative, emerged as a major operational and regulatory challenge.

Texas described a queue of 200+ gigawatts of nominal new load, with wide acknowledgment that a significant portion is not 'real.' **Oregon** has a substantial queue in both IOU and consumer-owned utility service territories and noted that data center developers are showing some movement toward consumer-owned utility territory simply because those utilities have more flexibility in how they manage their queues. One participant expressed concern that one of **Iowa's** utilities seemed to be accepting new interconnection requests and "figuring it out later," while another was more disciplined, an uneven landscape within a single state.

Texas is moving toward commission-established queue criteria applied uniformly by all

utilities rather than allowing each utility to apply different informal factors. This mirrors **Virginia's** move to require its utilities to file their queue rules with the Commission.

A related issue is the speed at which some loads can interconnect. Cryptocurrency miners using containerized equipment were described as capable of adding approximately 10 megawatts of load in 30 days. A commissioner from **Iowa** described a situation in which a crypto miner moved into a small municipal utility's territory and nearly doubled its load within that timeframe, without the municipal utility notifying its wholesale power provider. This example illustrated a communication gap between smaller utilities (munis and co-ops) and their suppliers that presents a real risk. **Virginia** noted that its largest IOU has offered to assist smaller munis and co-ops within its footprint with load forecasting and technical evaluation of incoming requests.

7. Load Flexibility and Interruptibility

The willingness and ability of large loads to reduce demand during peak or emergency conditions was discussed as an important design variable in tariff development and as a meaningful differentiator between types of large loads.

Cryptocurrency miners were identified as relatively more willing to accept interruptible service in exchange for lower rates. **Multiple states** already offer interruptible rate treatment to crypto miners, and their ability to shed load quickly and typically with little advance notice makes them more manageable from a system operations standpoint, even if their speed of deployment creates interconnection queue challenges.

Traditional cloud computing and AI data centers were described as essentially unwilling to accept interruptibility, given the operational requirements of the workloads they support. The distinction among types of large loads (e.g., cloud computing, AI training and inference, crypto mining) was raised as important context for tariff and flexibility design. **Virginia** noted that most of its existing load is cloud-computing and that developing flexibility provisions for this class is the "next tranche" of its policy work.

Texas indicated that it is incorporating load flexibility into its competitive framework for queue management: customers willing to accept flexible interconnection terms may be able to move more quickly through the queue, creating a market-based incentive for flexibility without mandating it through tariff provisions.

8. Public Engagement, Affordability Concerns, and Legislative Dynamics

Virtually every participant described significant public concern about data centers and their impacts on electricity rates, the environment, and quality of life and further noted that this concern is reshaping state legislative sessions.

The primary public concern in most states is affordability. Public perception is that data centers are driving up electricity rates for residential and commercial customers. **Virginia** described substantial outreach efforts to explain its large load tariff, including plain-language orders, press releases, and materials for General Assembly members, but noted that six months after the decision, constituents still believe data centers are causing their

rates to rise. **Oregon's** legislature has made residential ratepayer protection an explicit priority. **Florida** described holding public service hearings around the state in connection with a large load rate case and hearing consistent concerns about where data centers would be located and what they would mean for local communities. **Iowa** identified water usage as the loudest public concern, with data center water consumption emerging as a more galvanizing issue than electricity costs in some areas.

A theme that emerged from **Florida** and **Virginia** was the tendency for data center operators to organize and present joint proposals in commission proceedings. **Virginia** described data centers with initially diverse positions on tariff provisions eventually converging on a joint settlement proposal to the utility. This creates negotiating advantages for data centers but also complexity in terms of whether other stakeholders such as consumer groups and environmental groups are adequately represented in the negotiation.

Legislative activity is occurring in many states. **Multiple states** described legislative sessions in which proposals range from prescriptive tariff structures to new reporting requirements to changes in Commission authority. **Washington's** legislature is considering requiring annual facility-by-facility reporting of energy and water usage to the Commission and the state Department of Ecology, though the industry has raised competitive concerns about that level of disclosure. **Washington** also flagged a creative idea from the governor's work group: tying existing sales tax exemptions for data center equipment to companies that bring new generation or transmission to the state. This proposal has not advanced in the current legislative session.

9. Data Center Siting and Commission Authority

An emerging and sensitive question in several states is whether Utility Commissions should take on a role in approving the siting of data centers, a function that currently rests primarily with local governments.

In **Minnesota**, a coalition including at least one major data center company, labor unions, and environmental groups has been pressing legislators and the governor's office to designate the PUC as the responsible governmental unit for data center siting, requiring it to gather permits and issue decisions on tariffs, siting, water usage, and air emissions on a set timeline. The Commission has pushed back, noting that no State Utility Commission in the country currently oversees data center siting, that such a role would represent a significant and unfunded administrative expansion, and that the Commission would bear costs of defending its decisions in court that are currently borne by local governments. Participants also noted that some outcomes sought by environmental groups, such as requiring onsite generation, would require statutory authority the Commission does not currently have.

Virginia described nearly identical proposed legislation introduced just two days before the roundtable, which would require the Commission to consider a broad list of factors and issue (or deny) a certificate of operation. **Virginia's** Commission has similarly

argued that it does not regulate end-use customers and that accepting this role would be an unprecedented expansion of jurisdiction.

The two states' situations illuminate different motivations. In **Minnesota**, the push appears to be largely driven by data center advocates who believe Commission-led siting would overcome local opposition and streamline approvals. In **Virginia**, the same mechanism is being sought by anti-data center interests who see Commission review as one way to constrain the utility's duty-to-serve obligation and limit the number of data centers that come online. Both Commissions expressed significant reservations about accepting this role, citing administrative burden, cost, and the mismatch between utility regulatory expertise and the full range of siting considerations involved.

10. Coordination Across Utility Types and State Agencies

A cross-cutting theme was the difficulty of coordinating across different utility types (e.g., IOUs, co-ops, munis, and public utility districts) and across state agencies with overlapping authority.

Multiple participants noted communication gaps between smaller utilities and their wholesale providers when large loads arrive quickly. The crypto miner scenario described in **Iowa** illustrated the risk: a municipal utility nearly doubled in load before notifying its power supplier. **Virginia** encourages its largest IOU to proactively offer forecasting assistance to munis and co-ops within its footprint; this was noted as one practical response to this coordination gap.

Oregon described its governor actively working to align state agencies on how to manage large load interconnection and new transmission development, but noted that different agencies approach the issues from different angles and that it is not yet clear who is "in charge." **Virginia** noted that once need is established its transmission siting process focuses primarily on routing—meaning that a data center's interconnection is treated as a given, which limits the commission's ability to use transmission siting as a lever to manage load growth in areas that are already heavily built out.

Washington's situation differs somewhat: because BPA operates approximately 75% of the transmission network in the state, and most public utility districts take power directly from BPA, any broad transmission planning conversation naturally draws BPA to the table, providing a useful convening mechanism. This situation was characterized as a structural advantage relative to states where transmission planning is more fragmented across utilities and RTOs.