



# NARUC

National Association of Regulatory Utility Commissioners

April 13, 2026

The Honorable Laura Swett, Chairman  
The Honorable David Rosner, Commissioner  
The Honorable Lindsay See, Commissioner  
The Honorable Judy Chang, Commissioner  
The Honorable David LaCerte, Commissioner

Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: Docket No. RM26-4-000

Dear Chairman Swett and Commissioners Rosner, See, Chang and LaCerte:

We are writing today to supplement earlier comments submitted in this Docket, given the significant activity that has taken place within the states addressing large load interconnection since the Advance Notice of Proposed Rulemaking (ANOPR) was released. The National Association of Regulatory Commissioners (NARUC) continues to recognize that interconnecting large load end-use customers in an expeditious and non-discriminatory manner is of paramount importance.<sup>1</sup> To that end, we emphasize the following key points as you weigh your options moving forward:

- The abundance of recent state undertakings demonstrate that state commissions are in the best position to ensure rational and efficient interconnections of new large loads while protecting *all* customers (including residential, commercial and large manufacturing customers) from improper cost-shifts or unfair interconnection processes.
- Recent state experience shows that the data center landscape continues to be incredibly dynamic, both nationally and on a state-by-state level. Data center infrastructure investments, siting decisions, and strategic planning continue to rapidly evolve. As data center proliferation grows, new opportunities and challenges associated with retail cost allocation, stranded asset risk, and system planning are emerging – and these opportunities and challenges are not necessarily the same for every state or region. Federal regulation of large load interconnections will impede states' abilities to (i) adapt quickly to industry

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<sup>1</sup> Initial Comments of NARUC, Docket No. RM26-4-000 at 2, 4, 6 (filed November 21, 2025); Reply Comments of NARUC, Docket No. RM26-4-000, at 2 (filed December 5, 2025).

changes or region-specific challenges as they emerge, and (ii) adequately protect the affordability of service to other retail customers.

- State commissions have the authority, regulatory tools, and unique expertise necessary to allocate transmission costs associated with large load interconnections directly to those end-use customers. There is no regulatory gap. To the extent state commissions require additional information to effectuate cost allocation policies, the states will continue to work with FERC, RTOs/ISOs, and other regulatory partners to share and obtain such information.

A central role of state public utilities commissions is to ensure that regulated public utilities provide non-discriminatory access to safe and reliable service at just and reasonable rates. State public utilities commissions have continued to review and approve either utility tariff language or contracts between the utility and large load to ensure efficient non-discriminatory interconnection, while also balancing and protecting the interests of other retail ratepayers. The Edison Electric Institute submitted a list of what actions its members have taken, as well as a list of state public utility commission dockets, providing ample evidence that best practices are already being appropriately developed by the states in a timely and efficient manner.<sup>2</sup> NARUC also recognizes and supports the general conclusions of the Concentric Energy Advisors Whitepaper recently submitted into the record by WIRES, which highlights the potentially significant negative cost consequences to other retail customers of federal pre-emption of the large load interconnection process.<sup>3</sup>

NARUC will not duplicate the extensive lists of state commission actions here. Rather, NARUC wishes to highlight that states are moving with speed to create best practices either by tariff or contract that work within their specific regions and regulatory structures. NARUC highlights six examples how the states are effectively handling large load customers and the surrounding issues:

#### Virginia State Corporation Commission

On November 25, 2025, as part of its biennial review of Dominion Energy Virginia's rates, the Virginia State Corporation Commission ("Virginia SCC") approved creation of a new GS-5 rate class for large loads. Among other things, this new large load tariff requires a minimum contract term of 14 years, a maximum ramp period of four years, minimum collateral requirements, and minimum demand charges based on contracted capacity. All these protections will ensure that costs are not shifted to non-large load customers.

Also as part of that proceeding, the Virginia SCC directed Dominion to file its large load interconnection queue procedures with the SCC, which Dominion filed in February 2026.

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<sup>2</sup> Comments of Edison Electric Institute, Docket No. RM26-4-000 at 4-16 (filed March 12, 2026). In addition, the Smart Electric Power Association has compiled a separate list of various state level activities in the interconnection space. <https://sepapower.org/large-load-tariffs-database/>.

<sup>3</sup> Supplemental Comments of WIRES, Docket No. RM26-4-000 (filed March 30, 2026).

This assessment considers all large loads, not just data center loads. If FERC issues different federal rules for interconnection of data center loads, this may lead to increased costs or discriminatory procedures for other important end-use customers, such as Virginia manufacturers developing critical components needed for infrastructure buildout required to serve data centers (e.g., Virginia Transformer Corp. located in Roanoke, VA). Moreover, it remains unclear how cost allocation would work if some large loads have already paid for network upgrades through a federal interconnection process, making them exempt from other transmission costs at the retail level. This could lead to costs being shifted to other retail ratepayers, while limiting the states' ability to appropriately allocate costs and protect other customers.

Finally, as part of its November 2025 biennial review order, the Virginia SCC directed Dominion to propose alternative transmission cost allocation methodologies, including the potential for direct assignment, for large load customers. Dominion will file these proposals in its next transmission cost rate proceeding, expected in May 2026.

#### Georgia Public Service Commission (PSC)

In April 2024, the Georgia PSC entered an order directing Georgia Power to ensure that data centers would decrease, not increase, other retail ratepayers bills, to provide the PSC with quarterly reports on the growth of data center load, and to file cost allocation reports to track and ensure that data centers were paying the total costs. In 2025, the PSC issued numerous orders approving a new framework for data centers including a minimum billing framework and longer contract terms. This new framework is to ensure data centers continue paying for new infrastructure even if they leave the state. The PSC further ordered that utility contracts with companies with over 100 MW of potential usage must be filed with the PSC 30-days prior to execution. The PSC also ordered a 3-year rate freeze for retail ratepayers and instructed the PSC staff to refine load forecasting for large loads. During this 3-year rate freeze, the Commission indicated that it will continue its mission to prevent new data centers from shifting costs to residential customers.

#### Public Utilities Commission of Ohio

The Public Utilities Commission of Ohio, in July 2025, issued an order approving a new tariff for AEP Ohio. The tariff requires data centers larger than 25 MW to pay a higher minimum demand charge (85% for the largest data centers), commit to a long-term contract of at least eight to twelve years, pay exit fees if they do not fulfill their full contract term, and post collateral or meet certain credit requirements. These terms ensure large loads pay their share even if they use less power than planned and prevent potential stranded asset costs from being passed to other retail ratepayers. The Public Utilities Commission of Ohio

indicated that this tariff aided the utility in the improvement of its load forecast and removed speculative projects that were unlikely to be built. Through the process, AEP's load forecast was reduced from approximately 30,000 MW to 5,600 MW.

#### Louisiana Public Service Commission

The Louisiana Public Service Commission, in August 2025, issued an order for Entergy's terms of service for data centers as follows: (1) a 15-year electric service agreement ("ESA"), subject to automatic 5-year renewal terms unless timely notice of intent not to renew is received; (2) a Contribution in Aid of Construction (CIAC) agreement pursuant to which the Customer is obligated to provide the capital required to construct the transmission assets up front, secured by a Meta guarantee, as well as significant financial contribution to the construction of the generating units; (3) participation in Entergy's standard large load, high load factor rate schedule with the addition of a customer specific minimum monthly charge that covers the full annual revenue requirement of the planned generators for the first 15-year term of the ESA, regardless of actual usage, as well as the cost of any purchased capacity to fully serve the load; (4) full participation in Entergy's riders, including preexisting and future storm damage and hardening riders; (5) a termination payment guaranteed by Meta that will cover the Customer's obligations under the ESA for the original 15-year term in the event that the Customer withdraws from the agreement prior to 15 years; and (6) construction progress reporting with an obligation to prudently manage construction progress and costs.

#### Illinois Commerce Commission

The Illinois Commerce Commission, in March 2026, issued its first order amending a ComEd tariff to address data centers. The order amends the general terms and conditions to clarify that each large load will be subject to two deposits: (1) a security deposit to cover the costs ComEd will incur to conduct preliminary planning and engineering analyses, inclusive of the Cluster Study; and (2) a deposit sufficient to secure the costs of procurement of long-lead materials required for the project. The deposit for study costs is altered from a fixed sum to a sliding scale. This sliding-scale approach provides appropriate incentives for customers to submit realistic and supportable demand forecasts and helps mitigate the risk of speculative or inflated requests that could lead to inefficient planning or unnecessary system investment. The deposit to cover long-lead materials is approved to ensure that other customers are not exposed to stranded costs or unnecessary upgrades should a large load not proceed. Lastly, the ICC directed its staff to file a report and draft an order initiating additional proceedings by April 23 to evaluate further ratepayer protections to investigate the unaddressed issues and adopt new ratepayer protections, to address significant reliability,

affordability and policy risks. The Order stated that this exploration should be completed within eight months or as expeditiously as possible.

### Michigan Public Service Commission

The Michigan Public Service Commission (MPSC), in November of 2025, approved a large load tariff for Consumers Energy. Notably, while the tariff adopts a set of enhanced protections for data centers and other large load (100MW+) customers, it also requires additional ex parte filings specific to each customer taking service under the tariff that detail the generation and other resources that will be required to serve the large load customer, and how that interconnecting customer will cover the costs of such resources. For DTE Electric Company, the MPSC in December 2025 conditionally approved two special contracts (a primary supply agreement and an energy storage agreement) for DTE Electric Co. to provide service to a new 1,383 MW data center being developed by a subsidiary of Oracle Corp. As part of the Commission's conditional approval of the special contracts in this case, the Commission also directed DTE Electric to file an application for a generally applicable large load customer tariff that aligns with what the MPSC approved for Consumers Energy. As a result, for both Consumers Energy and DTE Electric Co., the end goal is a generally applicable large load tariff that includes elements including minimum contract terms, minimum billing requirements, early termination provisions, and default credit and collateral requirements, while also providing for the consideration of special contracts that detail additional elements around the resources needed to serve an interconnecting large load customer, how that customer will contribute to the costs of those resources, any deviations from the default credit and collateral requirements, and other provisions. The special contracts approved for DTE Electric include an agreement for the data center customer to fully fund energy storage facilities equal to its projected load in addition to an agreement stipulating the data center customer will take service under an existing industrial customer tariff contributing to transmission, distribution, and generation costs in the same manner as other industrial customers. In addition, the Commission approved high minimum-billing demand (80-90%) and exit fees to ensure the full recovery of costs from the data center customers. The Commission also asked both DTE Electric and Consumers Energy to file several specific cost allocation and rate design proposals for data centers in their next rate case, including direct assignment of transmission, generation, and distribution costs to the individual large load customer, as well as a new large load customer rate class. Collateral requirements are included to protect ratepayers from stranded costs if a data center closes. The Consumers Energy tariff sets the default collateral amount at 50% of the minimum billing demand times the number of months remaining on the contract term, in the form of cash or a letter of credit. It allows the utility to propose a different collateral amount or form of collateral with supporting evidence for the Commission's consideration. The special contracts approved for DTE Electric includes full recovery of the costs for the battery storage

facilities within 15 years and also includes credit and collateral requirements to protect ratepayers from stranded costs. The approved large load tariff for Consumers Energy and the special contracts for DTE Electric include monthly minimum billing demand of 80% or higher, as well as exit fees for early termination from 15+ year contracts.

These six examples showcase the kinds of best practices that are rapidly evolving in front of state commissions, including, but not limited to: minimum term of service and exit fees, minimum billing demand, also known as take or pay terms, financial assurance requirements, capacity reassignment clauses, as well large load cost allocation terms. It is beneficial to all interested parties to allow the state commissions to continue creating these best practices that fit within their particular region and regulatory construct.

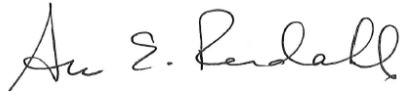
All these examples demonstrate that states can be nimble in addressing large load interconnection issues. By necessity, processes within RTOs, relying as they do on stakeholder consultation, are far less expeditious. So too with FERC, where proceedings under Section 206 of the Federal Power Act are not subject to the statutory deadlines faced by many state commissions. States are familiar with their specific challenges and regulatory landscapes, and can craft solutions without trying to develop generally applicable terms and conditions applicable nationally. Furthermore, changing the regulatory regime now will result in further uncertainty in the interconnection process and potentially unwind the state initiatives already put in place, such as those described above.

Finally, NARUC wishes to clarify that there is no regulatory gap with respect to state commissions' ability to appropriately allocate transmission costs, including the costs of network upgrades, to large load end-use customers. During the Federal-State Current Issues Collaborative at the Winter Policy Summit, the issue of a potential regulatory gap was mentioned or implied. While an information "gap" may exist with respect to the granularity of information being provided to state regulators from regional transmission organizations, state commissions clearly have the ability to perform cost of service studies and determine the cost allocation of transmission costs among retail ratepayers. State commissions will continue to coordinate with their regional entities and federal partners to close any existing information gaps that may exist, but no action in the ANOPR is necessary to enable state commission to cost-allocate transmission between end-use customers. Indeed, as noted in the discussion of Virginia SCC initiatives above, federal action on end-use transmission cost allocation may hinder state's abilities to ensure cost allocation among all customer classes is fair and reasonable.

NARUC appreciates your consideration of these supplemental comments. This continued collaboration between FERC and state commissions, as well as other stakeholders, is the fastest path forward to the parties' mutual goals to provide for the efficient interconnection of large loads while maintaining appropriate federal-state jurisdictional roles. Adhering to this generally well

understood delineation of responsibilities will help avoid unintended consumer consequences that could arise from a blurring of that line.

Sincerely,



Hon. Ann Rendahl  
NARUC President  
Commissioner, Washington Utilities &  
Transportation Commission



Tony Clark  
Executive Director