BEFORE THE
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Interconnection of Large Loads to the Interstate Transmission System	Docket No. RM26-4-000

COMMENTS OF THE LARGE PUBLIC POWER COUNCIL

These comments are filed on behalf of the Large Public Power Council ("LPPC") in support of the effort by the Department of Energy ("DOE") to promote a consistent, nationwide approach to large load interconnection. LPPC asks that this be accomplished while respecting the role reserved under the Federal Power Act ("FPA") to state authorities over retail service, of which large load is an increasing component. LPPC members fully support the build out of electric infrastructure in order to accommodate the growth of AI and associated data centers. LPPC is also acutely aware that this undertaking risks dramatic increases in already rising retail rates and urges the Commission to assure that state-based regulators will continue to have the authority to protect historical customers.

INTRODUCTION AND EXECUTIVE SUMMARY

A. LPPC

LPPC is an association of 29 of the nation's largest municipal and state-owned utilities, representing the larger, asset-owning members of the LPPC community and approximately 90% of the transmission assets owned by LPPC. Together, they serve 30.5 million American consumers across 23 states and territories. LPPC members are political subdivisions of the states in which they do business, within the meaning of FPA section 201(f),[1] and accordingly are

[1] 16 U.S.C. § 824(f).

outside the scope of much of the authority exercised by the Federal Energy Regulatory Commission ("FERC" or "the Commission"). Located throughout the nation, many of LPPC's members are transmission-owning members of independent system operators ("ISOs") and regional transmission organizations ("RTOs"), while others are considering membership in regions of the nation in which ISOs/RTOs and other organized markets are being developed.

B. Executive Summary

LPPC supports expansion of the electric grid in order to enable data center growth and AI industry development. But expansion of the grid should not impose additional costs on pre-existing native load, nor risk imposing the cost of stranded investment on traditional residential and commercial load, wholesale requirements customers, or transmission-dependent customers. LPPC urges DOE and FERC to recognize that state authorities play a primary role in facilitating needed investment while protecting consumers from rising costs and potential stranded costs associated with service to large loads.

FERC should clarify that if it proceeds with a NOPR, a proposed rule would be limited to the terms of transmission interconnection. The Commission does not have authority to: (1) establish the terms and conditions of retail service to data centers, including the assessment of up-front generation costs to load and the nature of contractual commitments large load may be asked to make; or (2) mandate transmission service to end use customers (retail wheeling).

Further than this, jurisdiction under the FPA for the Commission to control the terms of large load interconnection is far from clear. A declaration that the Commission has jurisdiction over the transmission component of bundled retail sales is a questionable matter, and would have the likely unintended consequence of the Commission taking charge of the transmission cost component of retail sales rates, meaningfully diminishing state-based authority over retail rates.

For these reasons, LPPC urges the Commission to consider fostering a consensus-based approach to large load interconnection protocols, which may serve as the basis for state-based regulatory approaches to large load. This would recognize the national implications of large load development, while respecting the role of state authorities over retail regulation.

As to the 14 Principles outlined in the ANOPR, LPPC is generally supportive. LPPC believes that some modifications of the proposed principles are called for, and particularly emphasizes instances where the industry and data center development would be best served by leaving interconnection details to development on a regional basis, providing room for approaches that reflect regional characteristics.

COMMENTS

A. The Scope of NOPR

1. FERC Should Clarify That the ANOPR Addresses Only the Terms of Transmission Interconnection, and Would Not Affect the Terms and Conditions of Retail Service, Including the Allocation of Costs for Necessary Generation Investment to Large Load.

At P. 15, the ANOPR asserts that the proposal does not "impinge on States' authority over retail electricity sales by asserting jurisdiction over the interconnection of large loads to the transmission system." The ANOPR further says (*id.*) that "nothing in the proposed reforms governs the siting, expansion, or modification of generation facilities."

LPPC asks the Commission to clarify that the ANOPR's disclaimer reserving authority to states encompasses not only rates for direct retail sales but also the ability of Load Serving Entities ("LSEs") to assess the cost of new generation needed to serve large data centers at the outset of service, and to require contractual commitments of specified length to assure cost recovery. LSEs may decide that front-loading the incremental cost of generation as a condition of service is essential to ensure that proposed data centers are committed to the projects for

which interconnection is sought, and to guard against stranded cost being assessed to legacy commercial and residential load. Such safeguards are essential to the core mission of retail regulatory authorities. Contractual commitments of a specified length may serve a similar purpose.

As a legal matter, the reservation of authority over retail sales to state regulatory authorities is clear and comprehensive. FPA section 201(a) stipulates that Federal regulation extends only to the "transmission of electric energy in interstate commerce and the sales of such energy at wholesale in interstate commerce."[2] The provision further states that Federal regulation shall extend only to those matters which are not subject to regulation by the States." Related, FPA section 201(b) stipulates that "[t]he provisions of this subchapter shall apply to the transmission of electric energy in interstate commerce and to the sale of electric energy at wholesale in interstate commerce, but…shall not apply to any other sale of electric energy…." As understood by FERC over the years, and by the Supreme Court in *New York v. FERC*, 535 U.S. 1, 20 (2001), "FERC jurisdiction over the sale of power has been specifically confined to the wholesale market," thereby excluding retail sales. FPA section 201(b) further specifies that FERC generally shall not have jurisdiction over "facilities used for the generation of electric energy or over facilities used in local distribution." Taken together, these provisions and precedent establish that retail sales, and all associated terms and conditions, including the assessment of generation costs and contractual provisions such as the required contractual terms, are reserved to state-based regulations.

Operating within these jurisdictional parameters, states grappling with dramatic data center development have been addressing the allocation of generation costs to data centers and

[2] 16 U.S.C. § 824(a).

the establishment of long-term contractual commitments for large load developers. Such requirements are within the ambit of state authority over retail sales and are designed to provide funding for the development of needed new generation, while protecting existing customers from cost increases that may result from cost subsidization and potential stranded cost recovery. In its recent resolution on the subject, the National Association of Regulatory Utility Commissioners ("NARUC") reports that "at least 20 states have approved or have pending large load tariffs or similar measures."[3]

Illustrative of these programs, earlier this year, *e.g.*, the Georgia Public Service Commission approved an integrated resource plan filed by Georgia Power that provides for customer specific assessments where demand is in excess of 100 MW, along with provisions for longer-term contractual agreements (between 5 and fifteen years) aimed at ensuring high usage customers will not be subsidized by traditional load.[4] Regulators in Kansas and Michigan have approved similar rules calling for large loads to enter into longer term agreements and to pick up the cost of incremental generation investment they necessitate.[5] A sampling of actions taken in other states reveals a range of similar efforts, with variations calibrated to the varied circumstances presented in each environment.[6] LPPC members are undertaking similar efforts.

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[3] *See, Resolution Urging the Federal Energy Regulatory Commission to Preserve and Affirm State Retail Regulatory Jurisdiction in its Large Load Interconnection Proceeding* (November 12, 2025),

[4] See *Georgia Pub. Serv. Co.*, Docket No. 44280, Order Approving Staff's Recommendation for 2025 Alternative Community Charger Recommendations (Oct. 9, 2025).

[5] *Evergy Kansas Metro, Inc., et. al.*, Docket No. 25-EKME-315-TAR, Order on Settlement Agreement (Nov. 11, 2025); *Consumers Energy Co.*, Case No. U-21859, Order of the Michigan Public Service Commission (Nov. 6, 2025).

[6] For further example, West Virginia approved Appalachian Power Company and Wheeling Power Company Schedule Large Capacity Power Service (Schedule L.C.P.) which requires customers with at least 100 MW of maximum load requirements to agree to an initial contract term of at least *12 years*, a small variation to that of Georgia Power Company, Evergy, and Consumers. See P.S.C. W.WA. Tariff No. 15 (Appalachian Power Company), P.S.C. W.VA. Tariff No. 20 (Wheeling Power Company). Duke Energy Florida finds itself in a less competitive market than other regions. Their proposal to implement a Large Load Customer Policy, with

LPPC certainly understands DOE's sense of urgency in addressing the rapid development of data centers nationwide. Yet, FERC must be careful that the effort is not counterproductive, and that it does not disrupt efforts now being undertaken by state authorities to deal with the urgency of serving this new load while protecting existing customers. The Commission should expressly hold that its intention is not to preempt the exercise of state authority over the terms of retail service to large load, including the allocation of generation, distribution upgrade costs, retail contract length, and security requirements.

2. FERC Should Clarify That The ANOPR Does Not Purport To Mandate Retail Wheeling.

FERC does not have the authority under the FPA to mandate the provision of transmission service to end use customers, a service known as retail wheeling. FPA section 212(h) ("Prohibition on mandatory retail wheeling and sham wholesale transactions") stipulates that "[n]o order issued under this chapter shall be conditioned upon or require the transmission of electric energy: (1) directly to an ultimate consumer; or (2) to, or for the benefit of an entity if such electric energy would be sold by such entity directly to an ultimate consumers…."[7] The provision is a core reservation of rights to state authorities, and was included in the Energy Policy Act 1992, which simultaneously provided FERC with enhanced authority to require transmission service upon application. Balancing that then-new authority, FPA section 212(h) prohibits FERC from enabling retail customers to secure open access transmission that holds the potential to undermine state-based authority over retail sales.[8]

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corresponding rate schedules and customer agreements, includes a 15-20 year contract term requirement and is still pending at the Florida Public Service Commission. *Duke Energy Florida, LLC.*, Docket No. 20250113-EI, Order No. PSC-2025-0376-PCO-EI (Fla. Pub. Serv. Comm'n [Oct. 14, 2025]).

[7] 16 U.S.C. § 824(h).

[8] *See* Costello, K., *et al.*, *Overview of Issues Relating to the Retail Wheeling of Electricity*, The National Regulatory Institute (1994).

The prohibition against retail wheeling is subject only to limited exceptions, and in this setting makes it clear that FERC cannot exercise authority over interconnections to provide for transmission access by end use customers. While states may authorize retail wheeling, FERC cannot require it.[9]

B. FERC's Jurisdiction over Transmission Implicit in Bundled Sales is Unclear and Holds Potential Unintended Consequences.

The ANOPR implicitly acknowledges that FERC's exercise of authority over interconnections for retail load would call for the Commission to reverse its decision in Order No. 888[10] not to exercise jurisdiction over transmission implicit in bundled retail service.[11] The Commission's decision declining to regulate bundled transmission was upheld in *New York v. FERC*, 535 U.S. 1 (2002). The decision expressly did not decide whether the exercise of this authority would have been contrary to the statute, as was argued before FERC in the record leading to Order No. 888, on the grounds that transmission to end use customers is fundamentally a retail matter. The Commission declined to rule on the issue of law, finding that "the regulation of bundled retail transmissions raises numerous difficult jurisdictional issues."[12]

LPPC supports FERC's long-held conclusion that the question whether transmission implicit in bundled retail sales is FERC-jurisdictional is a difficult matter. The matter is difficult

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[9] We note that in service territories where retail transmission access (retail wheeling) is not permitted, a FERC-administered large load interconnection for the purpose of facilitating open access transmission would be pointless. That would also be true where, under state law, the utility is not authorized or required to serve the load at retail.

[10] *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Servs. by Pub. Utils; Recovery of Stranded Costs by Pub. Utils & Transmitting Utils.*, Order No. 888, FERC Stats. & Regs.¶ 31,036 (1996) (cross referenced at 75 FERC ¶ 61,080), *order on reh 'g*, Order No. 888-A, FERC Stats. & Regs.¶ 31,048 (cross-referenced at 78 FERC¶ 61,220), *order on reh 'g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997), *order on reh. 'g*, Order No. 888-C, 82 FERC ~ 61,046 (1998), *aff'd in relevant part sub nom. Transmission Access Poly Study Grp.* v. *FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York* v. *FERC*, 535 U.S. 1 (2002).

[11] ANOPR at PP 3-5.

[12] Order No. 888 at 31,699; Order No. 888-A, at 30,225-30,226.

both on the face of the statute and because concluding that bundled transmission is subject to FERC authority would have the ancillary effect of requiring FERC to regulate transmission *rates* implicit in bundled retail sales.

On the face of the statute, while FERC is given authority by FPA section 201(b) over the "transmission of electric energy in interstate commerce," no authority is granted over retail sales, as discussed above. For as long as the electric industry has been regulated under the FPA, transmission associated with bundled retail sales has been subject to state authority, as an implicit element of the facilities and cost of service that comprise retail service. In Order No. 888, the Commission determined that when *unbundled* from energy sales, transmission would be subject to its oversight and subject to the open access requirement in order to address discrimination. The Commission recognized, however, that transmission bundled with retail sales involved predominantly state-based concerns (including the matter of retail rates reflecting transmission costs).[13] The complexity of the issue alluded to by the ANOPR, and recognized by the Court in *New York v. FERC,* inherently involved the prospect of further litigation, with an uncertain outcome. That is undoubtedly true here as well.

The ANOPR's discussion of "Legal Authority" at PP 13-15 provides limited support for reversing this historical approach. First, it is not enough for the ANOPR to assert (P 13) that "like generator interconnections, large load interconnections are a 'critical component of open access service." In state regulatory environments where retail transmission access has not been authorized (and transmission has not been unbundled), there is no logical predicate (open access service) to which to attach jurisdiction over the interconnection. Second, the ANOPR's assertion that transmission interconnection is a matter "affecting Commission-jurisdictional wholesale

[13] Citation to O. 888.

electricity sales" bears little weight in a bundled retail environment. All retail sales have some effect on wholesale markets, but this is a sufficient basis for FERC's exercise of authority and does not override the FPA's reservation of retail authority to the states.This matter is unlike the demand response programs considered by the Court in *FERC v. Elec. Power Supply Ass'n., 136 S.Ct 760 (2016)* (*"EPSA*"), which have a demonstrable and direct impact on the wholesale sales market. Indeed, FERC itself in its recent order in *Tri-State Generation and Transmission Ass'n, Inc.,* 193 FERC ¶ 61,070, P 47 (2025) quoted *EPSA* to the effect that "'no matter how direct, or dramatic' a proposal's impact on wholesale rates, the Commission still may not regulate retail electricity sales."[14]

Complicating the matter further is that the Commission's assertion of jurisdiction over transmission bundled with retail sales would also carry with it an obligation to regulate such transmission, something FERC has been loath to do. That obligation is a corollary of the principle articulated by Justice Thomas in his dissenting opinion *New York v. FERC,* opining that FERC has authority over bundled transmission and *must* exercise it.[15] As Justice Thomas opined, where FERC jurisdiction is found, the Commission has "a statutory mandate to regulate when it finds unjust, unreasonable, unduly discriminatory, or preferential treatment with respect to any transmission subject to its jurisdiction."[16] FPA section 205(a), cited by Justice Thomas in support of his view, stipulates that "[a]ll rates and charges…for or in connection with the transmission…of electric energy subject to the jurisdiction of the Commission…shall be just and

[14] In *Tri-State,* the Commission specifically faulted the proposal for dictating the terms of retail access programs administered by Tri-State;'s members.

[15] *New York v. FERC, id.,* J. Thomas dissenting Op. at 29-30.

[16] *Id.* at 33.

reasonable."[17] This may be an unintended result of the legal position postulated in the ANOPR, but it would be consequential, and it would impose enormous new responsibility on FERC that is currently entrusted to state regulatory authorities in conjunction with retail ratemaking.

In addition to these challenges, the Commission's path to the exercise of jurisdiction over large load interconnections where retail service is provided on a bundled basis by state-regulated utilities is made even more tenuous by FPA section 212(h), which prohibits the Commission from requiring "transmission of electric energy…directly to an ultimate consumer." As noted in the ANOPR,[18] and as held in Order No. 2003,[19] *interconnection is an aspect of transmission service.*[20] Consequently, it is not at all clear that FERC can direct an interconnection (i.e., transmission service) for the benefit of retail load (transmission "directly to an ultimate consumer").

Finally, it is worth adding this observation: If, for reasons explained above, FERC cannot exercise authority over retail sales to large load, and has no authority to compel retail wheeling, the practical value of exercising authority over interconnections associated with transmission bundled with retail sales is limited, even if FERC has such authority. If the point is to help reduce the friction associated with large load interconnections, LPPC suggests that a consensus-based approach bringing together FERC, DOE, states and affected utilities would be most productive, as discussed below.

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[17] 16 U.S.C. § 824d(a).

[18] PP 7-8.

[19] *Standardization of Generator Interconnection Agreements & Procs.*, Order No. 2003, 104 FERC ¶ 61,103, at P 1 (2003), *order on reh 'g*, Order No. 2003-A, 106 FERC ¶ 61,220 (2004), *order on reh 'g*, Order No. 2003-B, 109 FERC ¶ 61,287 (2004), *order on reh 'g*, Order No. 2003-C, III FERC ~ 61,401 (2005), *aff'd sub nom. Nat'/ Ass 'n of Regul. Util. Comm'rs v. FERC*, 475 F.3d 1277 (D.C. Cir. 2007).

[20] For this proposition, Order No. 2003 relies on *Tennessee Power Co.*, 90 FERC P 61,238 (2000), cited in O No. 2003 at P 9.

C. LPPC Urges the Commission to Consider Fostering a Consensus-Based Approach to Large Load Interconnection Protocols.

Recognizing both the national interest in serving growing data center load, and the fundamental jurisdictional challenge the ANOPR poses with respect to state regulatory authority over this retail load, LPPC urges the Commission to convene a forum to develop a consensus-based approach to large load interconnection. That forum, overseen by FERC, may include the NARUC and representatives from the Investor Owned Utility, LPPC and cooperative communities. LPPC envisions that the Principles of Reform outlined in the ANOPR (which LPPC generally supports) would serve as a starting point for relevant discussions, and that the resulting framework may be adopted consensually by regulatory authorities across the nation. Following some period of time for voluntary adoption of the consensual framework, if FERC determines that progress in interconnecting large loads has stalled, it may reserve the option of taking further action, while parties would reserve the right to challenge further action. In the meantime, progress may well be made, without the distraction and inevitable delays associated with litigation of the thorny legal questions the ANOPR raises.

D. Principles of Reform – Selected Comments

LPPC generally supports the framework for large load interconnection outlined in DOE's proposed principles, though for reasons discussed above LPPC believes that FERC would be best advised to proceed with this approach on a consensus basis. As detailed below, LPPC believes that some modifications to the proposed principles would make sense, particularly where regional differences warrant tailored approaches to large load interconnections. Indeed, many regions already have such protocols in place or under development. In these cases, a more prescriptive approach could be counterproductive to DOE's goal of expediting large load interconnections.

> **Principle 1:** The Commission's jurisdiction should be limited to interconnections directly to transmission facilities, consistent with the Commission's seven-factor test.

LPPC Comment: LPPC agrees that there is no arguable basis for Commission jurisdiction over interconnections to distribution-level facilities and that the Commission's seven-factor test provides a set of useful guideposts in distinguishing transmission from distribution-level facilities. With that said, application of the test would likely result in the inclusion of facilities quite a bit smaller than those on which typical large data center loads would be sited, suggesting that a higher kV threshold be established to identify transmission operationally capable of serving large data centers, while reducing the impact on state authority.

> **Principle 2:** The reforms should only apply to new loads greater than 20 MW and, for hybrid facilities, where the load is greater than 20 MW.

LPPC Comment: LPPC asks the Commission to defer to varied regional approaches. Utilities across the country and ISOs/RTOs have set varied thresholds for the definition of large loads, based on judgments regarding grid configuration and available transmission capacity. LPPC is of the view that the 20 MW threshold is low, and that loads substantially larger than 20 MW have been integrated with some frequency under state-based protocols.

> **Principle 3:** To the extent practicable, load and hybrid facilities should be studied together with generating facilities.

LPPC Comment: LPPC asks the Commission to defer to varied regional approaches. While many utilities have found it useful to study new load and generation together, in some settings the introduction of large load into the study process will be disruptive of existing study processes and holds the potential to delay both generation and load interconnections. The varied characteristics of incremental load and generation are substantially responsible for the complications arising from a single study process. LPPC notes that there may be instances where inclusion of large loads may mask system limitations within deliverability analyses.

> **Principle 4:** Load and hybrid facilities should be subject to standardized study deposits, readiness requirements, and withdrawal penalties.

LPPC Comment: LPPC agrees. As is the case for generation interconnection, standardized study deposits, readiness requirements, and withdrawal penalties are essential in the effort to stabilize interconnection queues. The order of magnitude of new large load justifies revisiting these terms as they apply to large load, in order to ensure that financial incentives are commensurate with the investment and level of risk to existing customers.

We note that LPPC member efforts to build out their systems in order to accommodate large retail load, and to assess deposits and withdrawal penalties under longer term agreements with large load developers, are constrained by Internal Revenue Service regulations for tax exempt financing. Customer Agreements longer than three years are treated as "private use" under Treas. Reg. § 1.141-7(f)(3), which caps contract terms at three years. Because tax exempt bonds are subject to private business use limits on a system wide and long-term basis, a single large

customer contract that fails the current three year test can cause outstanding tax exempt bonds to become taxable private activity bonds. This risk cannot simply be solved by issuing taxable debt only for new projects, because the private business use rules apply across the entire system financed with tax exempt bonds for the life of those bonds.

LPPC is working with the IRS in order to modernize these regulations, but asks the Commission to recognize that successful implementation of Principle 4 and timely construction of new infrastructure to serve large load may depend on coordination within the Administration. In particularly, Treasury's private use-regulations should be made consistent with national energy policy and grid reliability goals, and the Department of Energy can again play a constructive role in aligning tax and energy policy. The last significant revisions to these rules, adopted in the late 1990s to address electric industry restructuring, were developed with substantial input from DOE, and a similar level of engagement will be important here.

> **Principle 5:** Hybrid facilities should be studied based on the amount of injection and/or withdrawal rights requested. For example, a hybrid facility consisting of a 500MW load and a 600MW generating facility may seek no withdrawal rights and 100MW of injection rights.

LPPC Comment: In transmission planning and protection practice, system studies are performed on the basis of maximum credible injections and withdrawals, not assumed netting at a single bus, because contingencies and control failures routinely defeat netting. Protection and control schemes can mitigate, but not eliminate, the risk that hybrid facilities will exceed their net rights under certain contingencies, communication failures, and cyber events. Planning studies therefore need to evaluate maximum credible injections and withdraws, even when protection systems are in place.

Expert feedback provides the following input: Generic ride-through requirements do not provide an optimal balance of objectives across all load facilities; requirements appropriate in one set of circumstances can be too permissive in other circumstances, compromising grid security, or too restrictive in other cases potentially making large loads economically infeasible.

In locations where the transmission system is weak and there are other power-electronic systems such as inverter-based resources (IBR), there is potential for the various control systems to interact with each other in an adverse manner across a range of oscillatory frequencies. A modern large load facility connected in the vicinity of IBR, HVDC, FACTS, and other fast-controlled power electronic systems adds further complications and opportunities for adverse interactions.

While not fully researched and documented, there is substantial reason to expect that interconnection of large-load facilities dominated by power electronic loads requires specific attention to potential control interactions with other systems in the grid. The relevance of this issue and the necessary interconnection requirements and restrictions are inherently location-specific based on the strength of the grid and the proximity to potentially interacting systems. System interactions with load devices can also occur even for hybrid facilities having no net power exchange with the bulk transmission system.

Thus, it is imperative that the Transmission Owner retain the authority to study technical issues posed by large loads, inclusive of those described above, and to set technical interconnection requirements which may not be uniform across the system, or uniform across a state local transmission system. Hybrid facilities, even those operating with no net power exchange with the bulk transmission system, should not excluded from technical studies necessary to ensure that these facilities do not compromise the stability and integrity of the bulk transmission system.

> **Principle 6:** Any hybrid interconnection shall be required to install the system protection facilities necessary to prevent unauthorized injections or withdrawals that exceed the respective rights.

LPPC Comment: LPPC agrees, but repeats its comment above (Principle 5) that protection and control schemes can mitigate, but not eliminate, the risk that hybrid facilities will exceed their net rights under certain contingencies, communication failures, and cyber events.

> **Principle 7:** The interconnection study of large loads that agree to be curtailable and hybrid facilities that agree to be curtailable and dispatchable should be expedited.

LPPC Comment: Pubic Power has several concerns. First, curtailable facilities still require system study, including, e.g. short-circuit analysis. Establishing an inflexible priority for load and resources that agree to curtail within a cluster study can disadvantage other projects and introduce additional uncertainty for costs and timing of needed generation and network upgrades.

Second, any expedited treatment for curtailable load and hybrid facilities should not come at the expense of interconnecting historical, native load. The commission should clarify that agreements to curtail are one factor that transmission providers may consider in designing study processes, but that they do not override reliability needs or timely interconnection of existing customers.

Lastly, to the extent load participates in curtailment and dispatch programs at the retail level (e.g. virtual power plant), any contractual and program requirements are within the ambit of the load serving entity that serves the retail customer.

> **Principle 8:** Load and hybrid facilities should be responsible for 100% of the network upgrades that they are assigned through the interconnection studies. DOE seeks comment on whether such costs should be offset through a crediting mechanism and, if so, over how many years.

LPPC Comment: LPPC agrees that load and hybrid facilities should be fully responsible for network upgrades. No credits or refunds should be required, consistent with the principle of assessing costs to cost causers. Large load interconnections of the magnitude contemplated in many parts of the nation hold the potential for substantial cost shifts to existing load. Credits or refunds will have the effect of saddling existing load with these costs. Unlike generation interconnection, where the availability of generation benefits the marketplace as a whole, existing customers do not necessarily benefit from the addition of new load.

Further, the matter of cost responsibility and allocation among categories of load has historically been considered to be a state matter. Requiring credits or refunds, and effectively rolling in the cost of grid expansion to accommodate large loads, would federalize what has long been a state-based matter.

> **Principle 9:** To the extent the interconnection customer is not the transmission owner, the interconnection customer shall be afforded the same (or equivalent) option to build as currently provided to generator interconnection customers.

LPPC Comment: This is unnecessary, and inconsistent with planning and operation for retail service, of which large load is a component. The impetus in Order No. 2003 for granting interconnecting generators the opportunity to build out the transmission grid lay in concern that utilities may have a business interest in dragging their feet in providing an interconnection. This is not the case with respect to new retail load, where transmission owning utilities have an obligation to plan, build, and operate facilities under state/local oversight. Letting a data center or other load construct facilities intrudes on state jurisdiction and the decision should be left to states and local governing bodies.

> **Principle 10:** An existing generating facility that seeks to enter a partial suspension to serve a new load at the same location must go through a system support resource (SSR)/reliability must run (RMR) type study.

LPPC Comment: Modifications of an existing application should be based on new parameters reflecting generation and load characteristics and their impact on the grid. The parameters for such study should be identified by interconnecting transmission operators.

> **Principle 11:** Utilities serving large loads, including those at hybrid facilities, should be responsible for transmission service based on their withdrawal rights, as that value amount reflects the quantity of capacity and energy that is being transmitted across the transmission system to the load.

LPPC Comment: This would appear to be consistent with the treatment of retail load generally, but for that reason also underscores the proposition (see above) that large load interconnection is fundamentally a retail matter.

> **Principle 12:** Utilities serving large loads, including those at hybrid facilities, should be responsible for ancillary services based on peak demand, without consideration of any co-located generation. Any co-located generating facilities will similarly be fully compensated for the provision of ancillary services.

LPPC Comment: This is an area where regional differences should be allowed. Technically, not all ancillary services are charged based on peak demand. FERC should clarify that ancillary services are charged on the same basis as specified in regionally-applicable market rules.

In addition, co-located generators should only be compensated for such ancillary services as the co-located generator demonstrably provides to the grid.

> **Principle 13**: There must be a plan to implement these proposed reforms. DOE seeks comment on appropriate transition plans, including the treatment of large load interconnections that are already being studied for interconnection.

LPPC Comment: Since large load interconnections are currently being studied as a retail matter under state and local law, a transition cannot reasonably take place until the cycle of studies undertaken for existing applications has elapsed. New rules should not be employed to the legacy interconnection agreements to the detriment of historical native load.

> **Principle 14**: Utilities serving large loads must meet all applicable NERC reliability standards and OATT provisions. Utilities and we must be prepared to revise large load interconnection procedures and agreements, as necessary. NERC should review its reliability standards to determine if new registration categories or new or modified reliability standards are required to ensure reliability of the BES.

LPPC Comment: Compliance with NERC standards should be required of all large load, to the extent registered by NERC. LPPC supports the effort it understands is now underway at NERC to consider the impact of large loads on grid reliability, along with potential registration requirements and the development of relevant standards.

CONCLUSION

For reasons articulated above, LPPC asks the Commission to shape any proposed rule issued in this docket consistent with the Comments herein.

Respectfully submitted,

Large LPPC Council

/s/Jonathan D. Schneider
Jonathan D. Schneider
John McCaffrey
Mary Kate Jaworowski
Stinson LLP
1775 Pennsylvania Avenue NW
Suite 800
Washington, DC 20006
jonathan.schneider@stinson.com
John.McCaffrey@stinson.com
marykate.jaworowski@stinson.com

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