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Victoria Prussen Spears

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Pennsylvania Public Utility Commission Adopts Model Interconnection Tariff for Large Load Customers

By Kimberly B. Frank, Nathan C. Howe, Tad J. Macfarlan and Coleman N. Wheeler*

In this article, the authors review a final order issued recently by the Pennsylvania Public Utility Commission establishing an electric distribution company model tariff for the interconnection of "Large Load Customers" in response to the growth of data centers and other energy-intensive facilities across the Commonwealth.

The Pennsylvania Public Utility Commission (PUC) recently issued a Final Order[1] establishing an electric distribution company (EDC) model tariff for the interconnection of "Large Load Customers" in response to the growth of data centers and other energy-intensive facilities across the Commonwealth.[2] The model tariff establishes guidelines for the interconnection of and service to an individual customer with a maximum contract capacity of over 50 megawatts (MW) individually and multiple closely located customers with a maximum contract capacity of 100 MW or more in the aggregate.

The model tariff is intended to provide broad guidance, leaving specific terms to be vetted in EDC tariff filings or rate proceedings (as discussed below). Since large-load interconnections will be governed by the tariff of the EDC serving the territory where the load is located, the PUC will make case-by-case determinations on key elements of the interconnection procedures based on the administrative record in the EDC's docket. The deferral of these decisions is deliberate, preserving flexibility, but the model tariff is significant in that it reflects the PUC's policies and governing principles that EDCs will need to consider in their interconnection reform proposals.

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1 https://www.puc.pa.gov/pcdocs/1929842.pdf.

2 In re Interconnection and Tariffs for Large Load Customers, Docket No. M-2025-3054271, at 1 and 11–12 (Pa. Pub. Util. Comm'n May 12, 2026) (Final Order); Pa. Pub. Util. Comm'n, Model Tariff for Customers at or Over 50 MW Individually or 100 MW in the Aggregate (Large Load Customer) Applicability (May 12, 2026) (Model Tariff). The Pennsylvania electric distribution companies (EDCs) are PPL Electric Utilities, PECO Energy Company, Metropolitan Edison, Pennsylvania Electric Company, West Penn Power, Pennsylvania Power and Light, Duquesne Light Company, UGI Utilities, Inc., Pike County Light & Power, Citizens' Electric Company, and Wellsboro Electric Company.

KEY COMPONENTS OF THE MODEL TARIFF

Applicability and MW Thresholds

The model tariff applies to new large-load interconnections—both new customers and new incremental load from existing customers—after its effective date.[3] Existing Large Load Customers would be grandfathered under current tariff terms, though they may opt in on a case-by-case basis.[4] The model tariff is applicable to customers "at or over 50 MW individually or 100 MW in the aggregate," with EDCs retaining discretion to apply the tariff to customers below 50 MW.[5] The definition is based on gross load; behind-the-meter generation is excluded from the threshold calculation.[6]

Contract Terms and Load Ramp

The model tariff sets a minimum initial contract term of five years, beginning after the conclusion of a three-to-five-year load-ramp period.[7] EDCs must ensure that the contract term is adequate to recover the full cost of the EDC's investment to serve the Large Load Customer and may therefore require a longer term.[8] Further, the customer is financially responsible to pay minimum charges, even if it chooses to curtail, reduce, suspend, or terminate service.[9]

Cost Allocation

The Large Load Customer will be responsible for network upgrade costs under a "but for" cost-causation test: if a network improvement would not have been needed but for the Large Load Customer's interconnection, the costs are allocated to that customer regardless of whether others may benefit, and will be assessed as a contribution in aid of construction (CIAC).[10] The sole exception is for upgrades already planned under a PUC-approved Long-Term Infrastructure Improvement Plan (LTIIP).[11]

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[3] Final Order at 16–17; Model Tariff, Applicability.

[4] Final Order at 16–17; Model Tariff, Existing Large Load Customer Contracts.

[5] Final Order at 1, 11–12, 17 (listing factors to be considered in an aggregation); Model Tariff, Definition of Terms (Large Load Customer).

[6] Final Order at 12; Model Tariff, Applicability.

[7] Final Order at 18, 47, 73; Model Tariff Definition of Terms (Initial Contract Term, Load Ramp Period). The EDC will have discretion to work out the Load Ramp Period milestones on a case-by-case basis.

[8] Model Tariff, Term of Contract.

[9] Model Tariff, Term of Contract.

[10] Final Order at 42; Model Tariff, Other Matters (Contributions in Aid of Construction).

[11] Final Order at 42; Model Tariff, Other Matters (Contributions in Aid of Construction).

Monthly Billing Demand and Minimum Demand Charge

The Large Load Customer's monthly billing demand—the highest 15-minute integrated peak measured in kilowatts during the month[12]—is at least equal to 80% of contracted capacity.[13] The Large Load Customer is subject to a minimum monthly demand charge at least equal to 80% of contracted demand.[14]

Collateral

Financial security supplied by the Large Load Customer (or the customer's financial sponsor) must fully cover Network Improvement and Interconnection Facility costs. As construction and load-ramp milestones are achieved, financial security may be reduced.[15]

Exit Fees

The Large Load Customer may reduce contract capacity by up to 20% after the initial term (or five years, whichever is greater) without an exit fee, provided 48 months' notice is given.[16] Reductions beyond 20% or early terminations are permitted, but will be subject to an exit fee calculated as the greater of unrecovered Network Improvement and Interconnection Facility costs or the nominal value of remaining minimum charges.[17]

Costs, Timing, and Completion of Interconnection Studies

A biannual (twice per year) Network Open Season allows Large Load Customers to apply for cluster studies, with study costs allocated on a pro-rata load-share basis to each customer.[18] EDCs must complete interconnection studies within six months of receiving a complete application or refund 50% of the study fee for each 90-day period of delay.[19]

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[12] Model Tariff, Monthly Billing Demand.

[13] Final Order at 70; Model Tariff, Monthly Billing Demand.

[14] Final Order at 70; Model Tariff, Monthly Billing Demand. Demand charges may be higher to allow the EDC to fully recover fixed costs.

[15] Model Tariff, Collateral Requirements.

[16] Final Order at 83; Model Tariff, Contractual Flexibility (Exit Fee).

[17] Model Tariff, Contractual Flexibility (Exit Fee).

[18] Final Order at 63; Model Tariff Network, Open Season Planning Studies.

[19] Final Order at 62; Model Tariff, Maximum Times for Interconnection Studies.

Interruptible Service

Interruptible service will be available based on the terms of each EDC's existing tariff provisions or by bilateral contract.[20] A customer's interruptibility will be subject to testing and verification by the EDC. A customer that fails to curtail when directed by the EDC will face penalties, equal to the difference between interruptible and firm rates for the full contract term, and removal from interruptible service.[21]

Universal Service Contributions

The Large Load Customer must make annual contributions to the EDC's universal service programs on a tiered schedule based on peak demand, ranging from US$250,000 (25–75 MW) to US$1,000,000 (500+ MW).[22]

Self-Construction

Large Load Customers have the option to self-construct network upgrades, subject to compliance with Federal Energy Regulatory Commission and North American Electric Reliability Corporation rules and the EDC's engineering standards. The customer must also meet inspection, maintenance, and repair standards in the Public Utility Code.[23]

PJM Emergency Procedures

The EDC will provide the Large Load Customer with protocols for emergency response, including actions necessary in response to a load-shed event called by the grid operator, PJM Interconnection, L.L.C. (PJM).[24] This coordination requirement is consistent with the U.S. Department of Energy's Section 202(c) orders authorizing PJM to direct the deployment of data centers' back-up generation during a system emergency.[25]

ISSUES DEFERRED TO RATE CASES AND FUTURE PROCEEDINGS

The PUC reserved a number of issues for resolution in future EDC tariff filings or rate proceedings:

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[20] Final Order at 91–92; Model Tariff, Contract for Interruptible Service.

[21] Final Order at 92; Model Tariff, Contract for Interruptible Service.

[22] Final Order at 107; Model Tariff, Other Matters (Universal Service Fund Contributions).

[23] Final Order at 97–98; Model Tariff, Other Matters (Infrastructure Upgrades by Large Load Customers).

[24] Model Tariff, PJM Emergency Procedures.

[25] U.S. Dep't of Energy, Order No. 202-26-23 (May 18, 2026); Order No. 202-26-02A (Jan. 29, 2026); Order No. 202-26-02 (Jan. 25, 2026), all available at https://www.energy.gov/ceser/2026-doe-202c-orders. PJM's Operating Committee is currently working on updates to its emergency-operations procedures in Manual 13.

1. The specific criteria for determining the aggregation of closely located customers;[26]
2. The methodology for determining the "majority beneficiary" of network upgrades for collateral purposes.[27] The PUC declined to finalize how to determine whether a large load is the major beneficiary of network upgrades, finding the concept to be "uncertain, difficult to quantify and in need of greater stakeholder vetting";[28]
3. While the PUC adopted the "but for" cost-allocation standard, it does not prescribe detailed benefit-quantification methodologies, allocation formulas for partially shared upgrades, or dispute procedures for contested allocations;
4. The specific components of exit fee calculations;[29] and
5. Universal service-program cost-allocation structures—including total funding levels, eligibility, and enrollment procedure—that are to be addressed in EDC rate cases and universal service-plan proceedings.[30]

IMPLICATIONS

The model tariff proposes a structured and risk-protective framework intended to align EDCs and Large Load Customers on cost causation, long-term commitments, and financial protections, while leaving critical implementation details to utility-specific proceedings that will shape how these requirements are applied in practice. Utilities, data center developers, large industrial customers, and others may want to evaluate how the model tariff's requirements could affect their operations, contractual arrangements, and cost exposure.

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[26] Final Order at 17.

[27] Final Order at 28.

[28] Final Order at 28.

[29] Final Order at 83.

[30] Final Order at 106.