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 National Rural Electric Cooperative Association

The National Rural Electric Cooperative Association (NRECA) respectfully submits the following comments in response to the Commission's Notice Inviting Comments (Oct. 27, 2025) and the Notice Granting Extension of Time (Nov. 7, 2025) regarding the Advanced Notice of Proposed Rulemaking (ANOPR) proposed by the Secretary of Energy by his letter of October 23, 2025.

NRECA appreciates the opportunity to comment on the important issues addressed by the proposed ANOPR and is eager to work with the Commission to ensure efficient, timely, and non-discriminatory large-load interconnections while continuing to provide safe, reliable, and affordable electric service to America's electric consumers.

These comments are intended to provide the broad perspective of NRECA's member electric cooperatives. Individual cooperatives may file comments reflecting their own specific views and experiences.

I. NRECA

NRECA is the national trade association representing nearly 900 not-for-profit electric cooperatives and other rural electric utilities.[1] America's electric cooperatives are owned by the people that they serve and comprise a unique sector of the electric industry. NRECA's member cooperatives include 64 generation and transmission (G&T)

[1] Except as noted, the facts and figures in this description of NRECA member cooperatives, and their sources, are posted on the NRECA public website. *See* https://www.electric.coop/electric-cooperative-fact-sheet (last visited Nov. 7, 2025).

cooperatives and 830 distribution cooperatives. Distribution cooperatives are the foundation of the electric cooperative network; they were built by their communities and deliver electric service and other services to their consumer-members. The G&T cooperatives generate or purchase wholesale power on behalf of their distribution-cooperative members. Distribution and G&T cooperatives share an obligation to serve their members by providing safe, reliable, and affordable electric service.

Electric cooperatives provide power to one in eight Americans and serve as engines of economic development for 42 million people across 56% of the nation's landmass. They own and maintain 2.7 million miles, or 42%, of the nation's electric distribution lines and serve large expanses of the United States that are primarily residential and typically sparsely populated. Those characteristics make it comparatively more expensive for rural electric cooperatives to operate than the rest of the electric sector, which tends to serve more compact, industrialized, and densely populated areas.

Unlike the rest of the electric sector, electric cooperatives sell most of their power—52%—to households. One in four households served by electric cooperatives have an annual income of less than $35,000, and electric cooperatives serve consumer-members in 92% of the nation's more than 300 persistent-poverty counties. Keeping rates affordable is especially important for these consumers at the end of the line.

Locally, cooperatives are focused on powering and empowering their communities. Nationally, electric cooperatives are focused on advocating for smart energy policy that keeps the lights on. This includes pressing for solutions to meet increasing energy demands at a cost local families and businesses can afford.

Although a few G&T cooperatives are Commission-jurisdictional public utilities under the Federal Power Act (FPA),[2] the vast majority of electric cooperatives are statutorily excluded from most provisions of the Act.[3] At the same time, numerous electric cooperatives are registered entities subject to the reliability standards developed by the North American Electric Reliability Corporation (NERC) and approved by the Commission.[4] In addition, the FPA requires the Commission to facilitate transmission planning and expansion to meet the needs of "load-serving entities," which the Act defines as (1) a distribution utility, including an electric cooperative, that provides electric service to end-users, or (2) an electric utility, including a G&T cooperative, that has an obligation to serve a distribution utility.[5]

II. Summary of Position

NRECA views the Commission's expedited attention to the ANOPR as a means to foster the policy environment requisite for cooperatives to serve new and growing loads in a timely and efficient manner while maintaining affordable, reliable and safe electricity for all consumers.

As our nation increasingly relies on electricity to power the economy, keeping the lights on has never been more important—or more challenging. In its most recent *Long-Term Reliability Assessment*, NERC found that "most of the North American bulk power

[2] 16 U.S.C. § 824(e) (2024).

[3] 16 U.S.C. § 824(f) (2024).

[4] 16 U.S.C. § 824o (2024).

[5] 16 U.S.C. § 824q (2024).

system faces resource adequacy challenges over the next ten years as surging demand growth continues and thermal generators announce plans for retirement."[6]

Addressing the emergence of large data center loads, the NERC Reliability Issues Steering Committee's *2025 ERO Reliability Risk Priorities Report* notes that "these facilities, which can demand hundreds of megawatts at a single site and thousands of megawatts in a geographically small area, operate continuously, have minimal tolerance for power quality issues, and can be interconnected rapidly, often outpacing the development of accompanying transmission and generation."[7] The report cautions, "Failure to address the integration of large loads from a policy perspective could exacerbate the reliability considerations associated with energy sufficiency and resource adequacy challenges."[8]

As explained below, cooperatives are leading the way with locally led solutions that ensure energy reliability, embrace responsibility, and empower consumers with next-generation technologies. And with the growth of data centers in rural areas, they are balancing the need to meet increasing energy demand while ensuring that they keep the lights on at a cost their members can afford. Cooperatives' ability to meet the demands associated with data centers is vital to ensuring America wins the race to be the world's leader in artificial intelligence (AI).

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[6] NERC, *2024 Long-Term Reliability Assessment*, at 6 (corrected July 11, 2025). See https://www.nerc.com/globalassets/our-work/assessments/2024-ltra_corrected_july_2025.pdf (last visited Nov. 13, 2025).

[7] NERC, *2025 ERO Reliability Risk Priorities Report*, at 45 (Board Accepted Aug. 14, 2025). See https://www.nerc.com/globalassets/our-work/reports/white-papers/2025_risc_ero_priorities_report.pdf (last visited Nov. 13, 2025).

[8] *Id.*

Part of cooperatives' long-term strategy is deploying a mix of power generation across all available sources. From state-of-the-art power plants and transmission lines to long-duration battery storage and microgrids, to carbon capture systems, to providing gigabit rural broadband, electric cooperatives are delivering more reliable services to their consumers, making our electric grid more resilient, and paving new pathways to prosperity for their communities.

Meeting America's energy needs requires cooperatives to plan their investments years before new generation and transmission facilities are placed in service. Cooperatives must be able to operate and build new, always-available generating resources that provide reliable, affordable energy to meet the new demands coming onto the system. They must be able to permit new generation and transmission projects in a timely and predictable manner and be able to secure the needed materials and equipment within reasonable timeframes. In short, the U.S. needs a whole-of-government approach to federal regulations, policies and incentives to ensure that cooperatives can meet all consumer needs cost-effectively and efficiently.

In these comments, NRECA addresses selected issues from the ANOPR to provide the perspective of electric cooperatives for consideration as the Commission decides on further action in this proceeding, beginning with jurisdictional issues associated with the interconnection of large loads to the transmission system. In addition, the importance of maintaining reliability and affordability cannot be overstated and must be required of any large-load interconnection. NRECA reserves the right to augment and revisit the comments presented here as this rulemaking proceeding advances.

- First, any Commission assertion of jurisdiction over large-load interconnections must conform to the terms of the jurisdiction granted the Commission by section

201 of the FPA[9] and thus cannot impinge on the jurisdiction of state and local electric regulatory authorities over the rates, terms, and conditions of retail electric sales to such large loads. In particular, the FPA prohibits a Commission order that is inconsistent with state law governing retail marketing areas or that requires the transmission of electric energy directly to an ultimate consumer.

- Second, any Commission assertion of jurisdiction over large-load interconnections must ensure that adequate standards and procedures are in place to enable NERC, regional entities, and registered entities to preserve the reliability of the bulk power system within the Commission's jurisdiction under section 215 of the FPA.[10]

- Third, any assertion of jurisdiction over large-load interconnections should be flexible enough to accommodate regional differences, because maximizing opportunities and minimizing challenges for such load interconnections will vary depending on a number of factors.

- Fourth, to keep rates affordable to consumers, it is imperative that large loads pay their own way when interconnecting directly to the interstate transmission system. It stands to reason that the costs resulting from the direct access of large loads to the transmission grid should be borne by those who benefit from that access. In this context as elsewhere, transmission costs should be allocated reasonably commensurate with cost causation. Moreover, other transmission customers should not bear stranded transmission costs for upgrades made to accommodate the interconnection of a large load that fails to materialize, does not operate as anticipated, or ceases operation.

- Fifth, "hybrid facilities" in which load and generation share a point of interconnection present distinct jurisdictional, reliability, operational, and financial issues.

- Sixth, a reasonable transition period for implementing any such reforms will be necessary.

III. Load Growth Trends Affecting Cooperatives

The United States has embarked on a new period of demand growth in the electric sector. Cooperatives and other utilities have successfully navigated increasing demand in the past, such as booming manufacturing following World War II and the widespread expansion of air conditioning loads in the 1980s. Today, the sector is growing due to the

[9] 16 U.S.C. § 824 (2024).

[10] 16 U.S.C. § 824o (2024).

converging trends of increased manufacturing activity, electrification of other sectors of the economy, and importantly the buildout of data centers.

The world adds a new data center every three days. Electricity is the key input that determines the profitability of these data centers, and the amount of energy AI requires is astounding. The rapid addition of domestic manufacturing facilities, including microchip and battery production, requires significant energy resources as well. The increasing emphasis on and demand for electric vehicles, and the energy necessary to charge them, are other examples of factors contributing to the growing need for electricity.

From Georgia to Pennsylvania to Colorado to Texas, it should come as no surprise that electric cooperatives are at the heart of data center development: they offer access to affordable, reliable power; tracts of land sufficient to build large data centers and essential electric, water and fiber network infrastructures at prices far below suburban costs; and potentially less red tape to manage to develop projects.

Depending on a number of factors, cooperatives have varying opinions of large loads, especially data centers and whether or not these loads would be beneficial to the cooperative utilities' systems. The benefits of today's data centers include additional electric sales, high load factors, and in some instances grid infrastructure investments that may improve reliability and support community electric needs. Data centers also may increase local job opportunities and pay substantial business taxes, supporting community investments in public services such as schools and amenities.

At the same time, some cooperatives perceive challenges and uncertainties associated with serving large loads such as data centers. Growth for electric cooperatives has traditionally been linear and incremental, tied to changes in GDP, population, and DOE efficiency standards, such as those for HVAC, appliances, and lighting – ensuring reliability, affordability and security for cooperative members. That dynamic has completely changed. Forecasting these additional loads can be challenging because they are tied to multiple corporate decision-making criteria and technologies, such as AI, which are rapidly changing.

Today, large load customers want rapid responses while utilities must guard against stranding investments. The size, structure, and carbon-free requirements of many of these new projects raise concerns about the ability to successfully meet the requests. Additionally, the level of investment to meet such requests in rural/suburban areas can equate to tens of millions of dollars per project, thereby creating serious challenges when combined with the demands of prospects, site selectors and other stakeholders. To meet aggressive timetables, utilities are being asked to take unsecured risks, putting native-load customers at risk of covering costs if the projects do not come to fruition.

For perspective, many G&T cooperatives serve an annual peak load of roughly 1,000 to 2,000 MW, with some closer to 500 to 800 MW. Now, cooperatives are being approached to serve and interconnect new loads that range from 500 MW to 1,000 MW each, with some fielding a number of such requests. The scale and speed of such a prospective change for a cooperative cannot be overstated, and pose significant risks that must be carefully navigated.

Electric cooperatives' long-standing business model, as not-for-profit load-serving entities, is to invest in resources and infrastructure to meet their service obligations. NRECA members have adopted policies that allow them to take on new large loads while limiting risk to end-of-line consumer-members. For example, some G&T cooperatives have developed large load rate schedules to address reliability and resource adequacy—but also to protect against defaults that would cause the G&T's distribution cooperatives to subsidize large loads. Electric cooperatives' investments are borne by cooperative consumers. The significant risks associated with large loads may ultimately be borne by existing, native-load cooperative customers if the large loads do not materialize, do not take service in the anticipated volume or peak and off-peak patterns, or cease operations.

IV. Need for Reform, Commission Jurisdiction and Authority

NRECA agrees that there is a dire need for a smart energy policy that makes reliability and affordability paramount. Keeping the lights on affordably has never been more critical and warrants a long-term strategy of deploying a mix of power generation across all available sources. Within this context, NRECA appreciates the Administration's focus as set forth in the Secretary's letter proposing the ANOPR and understands that a policy framework for interconnecting large loads needs to balance the strategic and economic importance of large loads (such as data centers) with maintaining reliability and resource adequacy.

Quoting Order No. 2003,[11] the ANOPR states that the Commission has jurisdiction over large load interconnections to the interstate transmission system because, "like generator interconnections, large load interconnections are a 'critical

[11] *Standardization of Generator Interconnection Agreements & Procedures*, Order No. 2003, 104 FERC ¶ 61,103 (2003), *order on reh'g*, Order No. 2003-A, 106 FERC ¶ 61,220, *order on reh'g*, Order No. 2003-B, 109 FERC ¶ 61,287 (2004), *order on reh'g*, Order No. 2003-C, 111 FERC ¶ 61,401 (2005).

component of open access transmission service.'"[12] In Order No. 2003, the Commission exercised its authority under sections 205 and 206 of the FPA[13] to remedy undue discrimination by requiring public utilities that own, control, or operate Commission-jurisdictional transmission facilities to amend their open access transmission tariffs (OATTs) by adopting standardized Large Generator Interconnection Procedures and a Large Generation Interconnection Agreement.[14] The ANOPR asserts that similar standardized interconnection procedures and agreements for large loads—including "hybrid facilities" where large loads share a single point of interconnection with new or existing generation facilities—are necessary "to provide open access and non-discriminatory access to the transmission system."[15]

If the Commission proceeds with further action in this rulemaking, it should continue a policy of cooperative federalism and conform its action to the express limitations on the Commission's statutory authority.

Under section 201(b) of the FPA, the Commission has jurisdiction over "the transmission of electric energy in interstate commerce" and "the sale at wholesale of electric energy in interstate commerce," together with "all facilities for such transmission or sale of electric energy."[16] But the Commission expressly does not have jurisdiction over "any other sale of electric energy"—importantly, any retail sale—or over facilities

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[12] ANOPR, P 13 (quoting Order No. 2003 at P 7. The ANOPR also asserts that the interconnection of large loads to the transmission system is a practice directly affecting Commission-jurisdictional wholesale electricity sales (as opposed to Commission-jurisdictional transmission service). *See* ANOPR at P 14 (citing *FERC v. Elec. Power Supply Ass'n*, 577 U.S. 260 (2016)). It is not clear how the ANOPR's proposal depends on that asserted basis for jurisdiction, however.

[13] 16 U.S.C. §§ 824d & 824e (2024).

[14] *See* Order No. 2003 at P 7.

[15] ANOPR at P 12.

[16] 16 U.S.C. § 824(b)(1) (2024).

used for generation, in local distribution, only for intrastate transmission, or for the transmission of electric energy consumed wholly by the transmitter.[17] Thus, federal regulation is "to extend only to those matters which are not subject to regulation by the states."[18]

The Commission held in Order No. 888 that "section 201 of the FPA, *on its face*, gives the Commission jurisdiction over transmission in interstate commerce (by public utilities) without qualification" and in this respect "does not limit our jurisdiction over public utilities to wholesale transmission."[19] In *New York v. FERC*, the Supreme Court upheld this interpretation of section 201 and the Commission's assertion of jurisdiction over unbundled retail transmission service in Order No. 888.[20] Subsequently, in *Tennessee Power Company*[21] and in Order No. 2003, the Commission held that generator "interconnection is a critical component of open access transmission services and thus is subject to the requirement that utilities offer comparable service under the OATT."[22]

A grant of Commission jurisdiction over generator interconnections as a component of interstate transmission service does not support a correlative grant of

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[17] *Id.*

[18] 16 U.S.C. § 824(a) (2024).

[19] *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, 61 Fed. Reg. 21540, 21625 (emphasis original) (May 10, 1996), FERC Stats. & Regs. ¶ 31,036 (1996), *order on reh'g*, Order No. 888-A, 62 Fed. Reg. 12274 (Mar. 14, 1997), FERC Stats. & Regs. ¶ 31,048, *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 Policy Study Group v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff'd sub nom. New York v. FERC*, 535 U.S. 1 (2002).

[20] 535 U.S. 1, 17 (2002) ("There is no language in the statute limiting FERC's *transmission* jurisdiction to the wholesale market, although the statute does limit FERC's sale jurisdiction to that at wholesale.").

[21] *Tenn. Power Co.*, 90 FERC ¶ 61,238 (2002).

[22] Order No. 2003 at P 9. *See id.* at P 12 ("Interconnection is a critical component of open access transmission service ….").

jurisdiction over large-load interconnections, however, without recognizing at least three limitations on the Commission's statutory authority.

First, as noted, section 201(b) of the FPA states that the Commission does not have jurisdiction over retail sales. The ANOPR alludes to this limitation by declaring 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."[23] Thus, a Commission order on the interconnections of large retail loads to the transmission system cannot regulate the rates, terms, or conditions for retail sales to such large loads—whether or not the retail sale is bundled or unbundled with transmission or interconnection service.[24] State law determines who provides retail electric service to large loads. The Commission cannot, directly or indirectly, limit the rights of state and local regulators, including cooperatives, to determine whether to serve such large loads at retail or to allow large loads or hybrid facilities to access another retail supplier via the transmission grid.[25]

Second, section 212(g) of the FPA states: "No order may be issued under this chapter [i.e., Part II of the FPA] which is inconsistent with any State law which governs

[23] ANOPR at P 15.

[24] *See FERC v. EPSA*, 577 U.S. at 277. The ANOPR recognizes this limitation and states 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." ANOPR at P 15.

[25] In prior rulemakings involving the intersection of state and federal electric regulatory authority, the Commission has used the term "relevant electric retail regulatory authority." 18 C.F.R. § 35.28(g)(1)(iii) (2025) (demand response aggregation participation in organized markets); 18 C.F.R. § 35.28(g)(12)(iv) (2025) (distributed energy resource aggregation participation in organized markets). The Commission has defined that term as "the entity that establishes the retail electric prices and any retail competition policies for customers, such as the city council for a municipal utility, the governing board of a cooperative utility, or the state public utility commission." *Wholesale Competition in Regions with Organized Electric Markets,* Order No. 719, 125 FERC ¶ 61,071, P 158 (2008), *order on reh'g*, Order No. 719-A, 128 FERC ¶ 61,059, *order on reh'g*, Order No. 719-B, 129 FERC ¶ 61,252 (2009).

the retail marketing areas of electric utilities."[26] In Order No. 888, the Commission stated that "[t]he legislative history of FPA section 212(g) and its predecessor, former section 211(c)(3), indicates that the provision was focused on not interfering with state laws governing retail service territories…."[27] The plain language of this provision precludes a Commission order that would give large retail loads a federal right to interconnection to the interstate transmission system that would conflict with state law governing retail marketing areas. Thus, federal interconnection procedures for large loads are not, and cannot be, a backdoor route to retail competition. State and local regulators determine the terms of retail direct access.

This is further confirmed by section 212(h) of the FPA,[28] which bans retail wheeling, including sham retail wheeling transactions.[29] In Order No. 888, the Commission recognized this additional limit on its remedial authority: "In asserting jurisdiction over unbundled retail transmission in interstate commerce by public utilities, the Commission is in no way asserting jurisdiction to order retail transmission directly to an ultimate consumer. Section 212(h) of the FPA clearly prohibits us from doing so."[30]

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[26] 16 U.S.C. § 824k(g) (2024).

[27] Order No. 888, 61 Fed. Reg. at 21625 n.542. *See also* Cynthia A. Marlette, *FERC Open Access Transmission Rule and Utility Bypass Cases*, 37 Nat. Res. J. 125, 136 (1997) ("The [Energy Policy Act of 1992] and its legislative history make clear that state law determines retail marketing areas and that neither the newly amended [section] 212, nor any other provision of the FPA is to interfere with this state decision.").

[28] 16 U.S.C. § 824k(h) (2024).

[29] Section 212(h) provides: "No 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 consumer" (unless this "entity" is a load-serving entity as defined in section 212(h)(2)(A) and "was providing retail electric service to such ultimate consumer on October 24, 1992, or would utilize transmission or distribution facilities that it owns or controls to deliver all such electric energy to such electric consumer"). *Id. See Pac. Gas & Elec. Co. v. FERC*, 113 F.4th 943 (D.C. Cir. 2024).

[30] Order No. 888, 61 Fed. Reg. at 21625.

The Commission clarified in Order No. 2003 that generator interconnection service does not confer any delivery rights.[31] If it were implemented in a similar fashion, a Commission-jurisdictional large-load interconnection service would not confer any delivery rights under the OATT, either. In any event, however, the Commission is prohibited from using load-interconnection service to provide transmission service to an ultimate consumer in violation of section 212(h) of the FPA.

Accordingly, if the Commission proceeds with further action in this rulemaking, it must conform its action to these express limitations on the Commission's statutory authority.

V. Reform Principles

NRECA provides the following initial comments on the principles proposed by the ANOPR to inform further action in this rulemaking. NRECA looks forward to working with the Commission and other parties to address these issues as this proceeding moves forward.

A. Principle 1 - Interconnection to transmission facilities

The ANOPR proposes that "the Commission's jurisdiction should be limited to interconnections directly to transmission facilities, consistent with the Commission's seven-factor test."[32] NRECA supports this limitation, which clarifies other, ambiguous language in the ANOPR.

As the ANOPR acknowledges, the Commission has developed a body of law applying Order No. 888's seven-factor test to define the transmission facilities subject to

[31] Order No. 2003 at P 22.

[32] ANOPR at P 18.

its jurisdiction under section 201 of the FPA, as opposed to the local distribution facilities over which it lacks jurisdiction.[33] The ANOPR, however, generally describes its proposal as the interconnection of large loads to the "transmission system" without defining that term.[34] And the ANOPR states that the term "transmission system" is used "interchangeably" with the term "bulk power system" as defined in section 215 of the FPA.[35]

The stated purpose of this first principle is to "avoid *even arguably* affecting the States' jurisdiction" over the facilities excluded from Commission jurisdiction by section 201(b) of the FPA, including facilities used in local distribution.[36] To achieve that purpose, interconnections to the "transmission system" should be defined by reference to the seven-factor test for "transmission facilities" under section 201, not by reference to the "bulk power system" under section 215.

B. Principle 2 - Minimum large-load size

The ANOPR states that the Commission's reforms, like its *pro forma* LGIP and LGIA, "should only apply to new loads greater than 20 MW and, for hybrid facilities, where the load is greater than 20 MW.[37]

NRECA agrees that a lower-bound size limit on "large loads" is necessary, but it opposes uniform, nationwide interconnection rules for all loads greater than 20 MW, which many electric cooperatives believe is too low. The Commission should allow

[33] *See id.* at P 18 (citing *Cal. Pac. Elec. Co.*, 133 FERC ¶ 61,108 (2010)). The Commission established the seven-factor test in Order No. 888 to analyze the jurisdictional status of facilities used for unbundled retail service. *See* Order No. 888, 61 Fed. Reg. at 21625–27, 21731.

[34] *See* ANOPR at PP 12, 16.

[35] *See id.* at P 1 n.2.

[36] *Id.* at P 18 (emphasis original).

[37] *Id.* at P 19.

regional flexibility to establish a higher MW threshold, as well as different limits for different load characteristics and different transmission system configurations and conditions. Large loads are not monolithic: they present different characteristics, including size, location, electrical demands, and operational behaviors, especially when part of a hybrid facility. Thus, NERC recommends several additional factors that should be considered in assessing large loads, including load ramp rates, real-time behavior, protection systems, and backup power.[38] Accordingly, the Commission should allow transmission providers to propose one or more minimum-size thresholds of 20 MW or more in their compliance filings and justify their proposal.

C. Principles 5, 6, and 10 – Treatment of hybrid facilities

The co-location of large loads with generation resources sharing a single point of interconnection with the transmission system may present difficult issues concerning system planning; reliable operation of the bulk-power system; regional and local-area resource adequacy; market structure and operations; and state and federal jurisdiction over rates and services. Principles 5, 6, and 10 of the ANOPR address hybrid facilities and are grouped here for comment.

1. Principle 5 - Hybrid facility study requirements

The fifth principle states that "hybrid facilities should be studied based on the amount of injection and/or withdrawal rights requested."[39] NRECA opposes this principle

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[38] NERC, *Characteristics and Risks of Emerging Large Loads* (July 2025) (Large Loads Task Force White Paper), available at https://www.nerc.com/globalassets/who-we-are/standing-committees/rstc/whitepaper-characteristics-and-risks-of-emerging-large-loads.pdf.

[39] ANOPR at P 22.

as a hard-and-fast study requirement; to the contrary, regional flexibility is appropriate in establishing study requirements for hybrid facilities.

This principle appears to refer to studies of whether hybrid facilities can be interconnected consistent with the reliability of the transmission system. The interconnection of hybrid facilities presents complex issues depending on the characteristics of the generation and the load. And, as discussed above, state jurisdiction over the terms and conditions of retail service must be respected. The stated principle may be sufficient for some hybrid-facility interconnection studies, but transmission providers should have the flexibility to establish criteria requiring full studies of the separate loss of the generation or load, and dynamic modelling of generation and load operation, where appropriate to ensure system reliability and stability.

2. Principle 6 - Hybrid interconnection system protection facilities

The sixth principle states that "any hybrid interconnection shall be required to install the system protection facilities necessary to prevent unauthorized injections or withdrawals that exceed the respective rights."[40] NRECA supports this general principle with the following clarifications.

First, system protection facilities themselves may fail. Thus, while such facilities are necessary, they are not sufficient to ensure reliability in all system conditions. The installation of system protection facilities is not a substitute for full reliability studies, as noted above.

[40] *Id.* at P 23.

Second, system protection facilities address unanticipated, extreme system conditions; they do not prevent unauthorized injections or withdrawals during ordinary system conditions. Thus, hybrid interconnections should be required to install system protection *and control* facilities to prevent unauthorized injections or withdrawals that exceed the respective rights (e.g., leaning on the transmission system when co-located generation is not adequate to meet the large load's need). Such control facilities are necessary not only for reliability purposes, but also to prevent market disruptions and manipulation arising from unauthorized injections or withdrawals, including the marketing of excess power unneeded to serve the hybrid load.

3. Principle 10 – Load co-location with an existing generator

The tenth principle is that "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."[41]

Such partial suspensions clearly necessitate a study of the effects on regional and local area reliability. Regional flexibility in implementing such requirements will be necessary. These types of studies have been used in RTO and ISO regions to address issues resulting from generator retirements. In non-RTO/ISO regions, reliability issues may need to be addressed with other types of studies or procedures.

These types of studies and procedures have limited purposes, however, and are not sufficient to identify or prevent market power, noncompetitive market structures, and anticompetitive market behavior that may arise from co-location of load with an existing generation facility. Additional, specific market-power studies will be necessary for these

[41] *Id.* at P 27.

purposes in RTO/ISO regions with organized electric markets. Modifications of RTO/ISO market rules may be necessary. The Commission's standards and procedures for granting market-based rate authority to public utilities may need to be revisited and revised.

D. Principle 8 – Network upgrade cost allocation

The ANOPR's eighth principle is that "load and hybrid facilities should be responsible for 100% of the network upgrades that they are assigned through the interconnection studies."[42] NRECA supports this principle as essential to keep rates affordable to other consumers and to protect them from cost shifting and stranded costs.

Commission and judicial precedent requires that transmission costs be allocated in a manner "at least roughly commensurate with" the benefits derived from the facilities.[43] This requirement is consistent with the established ratemaking principle of cost causation: "To the extent that a utility benefits from the costs of a new facilities, it may be said to have 'caused' a part of those costs to be incurred, as without the expectation of its contributions the facilities might not have been built, or might have been delayed."[44]

It stands to reason that the costs resulting from the direct access of large loads to the transmission grid should be borne by those who benefit from that access. This cost responsibility includes not just interconnection facilities but also the network upgrades assigned to the interconnecting large loads through the interconnection studies. The primary beneficiaries of the network upgrades identified by large-load interconnection

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[42] *Id.* at P 25.

[43] *Ill. Com. Comm'n v. FERC*, 576 F.3d 470, 477 (7th Cir. 2009).

[44] *Id.* at 476. *See also Ill. Com. Comm'n v. FERC*, 756 F.3d 556, 561 (7th Cir. 2014) (remanding Commission cost-allocation order because it "*assumes*—it does not demonstrate—that the benefits" of transmission lines are grid-wide) (emphasis original)).

studies will be the interconnecting loads.[45] As the ANOPR states, "Any large load that seeks to interconnect to the transmission system does so to obtain transmission service and the appurtenant benefits of such."[46]

The ANOPR's proposed cost-allocation principle accords with the Commission's long-standing transmission pricing policy. When a transmission provider must construct network upgrades to provide transmission service, the Commission generally allows the transmission provider to charge the higher of the embedded costs of the transmission system with the expansion costs rolled in, or incremental expansion costs, but not both (which would constitute prohibited "and" pricing).[47] While Commission policy has traditionally favored rolled-in transmission pricing,[48] the choice between rolled-in and incremental pricing depends on the facts—i.e., whether all customers benefit from the upgrades.[49] As noted, there are good reasons, grounded in cost-causation and beneficiary-pays principles, to apply incremental pricing to interconnection-related network upgrades required by large loads. In addition, incremental pricing sends the appropriate marginal-cost price signal to large loads and encourages efficient siting decisions.[50]

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[45] *Cf. Midcontinent Indep. Sys. Operator, Inc.*, 189 FERC ¶ 61,108 at P 198 (2024), *order on reh'g*, 191 FERC ¶ 61,231 (2025) (interconnection customers are the "primary beneficiaries" of network upgrades to accommodate large amounts of new generation resources).

[46] ANOPR at P 16.

[47] *See* Order No. 2003 at P 694 & n.111; *Policy Statement in Inquiry Concerning the Commission's Pricing Policy for Transmission Services Provided by Public Utilities under the Federal Power Act*, 59 Fed. Reg. 55031 (Nov. 3, 1994), FERC Stats. & Regs., Regulations Preambles ¶ 31,005 (1994). *See generally Pa. Elec. Co. v. FERC*, 11 F.3d 207 (D.C. Cir. 1993) (upholding Commission transmission pricing policy); *Northeast Utils. Serv. Co. v. FERC*, 993 F.2d 937, 954–55 (1st Cir. 1993) (upholding Commission transmission pricing policy).

[48] *See* Order No. 2003 at P 678. *See, e.g., W. Mass. Elec. Co. v. FERC*, 165 F.3d 922 (D.C. Cir. 1999).

[49] *See BNP Paribas Energy Trading GP v. FERC*, 743 F.3d 264, 269–70 (D.C. Cir. 2014) (describing Commission electric transmission pricing policy).

[50] *See* Order No. 2003 at PP 695, 702 (noting importance of price signals for generator interconnection siting). Under Order No. 681, any long-term transmission rights made available by transmission upgrades or expansions must be made available upon request to the party that pays for the upgrades in accordance

Interconnecting loads should be responsible for the costs of these network upgrades to ensure that other transmission customers do not bear stranded transmission costs for upgrades made to accommodate the interconnection of a large load that fails to materialize, does not take service in the anticipated volume or peak and off-peak patterns, or ceases operation. Moreover, in the event that large loads do not fully pay for upgrades up front, utilities should have the flexibility to determine the appropriate financial security for such upgrades. The capital structure of most cooperatives, which, by design, runs lean on the debt/equity ratio, limits their ability to absorb the costs of the build-out associated with large loads in ways that do not unfairly burden other customers.

The ANOPR seeks comment on whether such costs should be offset through a crediting mechanism and, if so, over how many years.[51] NRECA does not support a hard-and-fast rule on whether such a crediting mechanism is appropriate for large-load interconnections. As a general matter, if an interconnecting load pays the upfront costs of network upgrades and it is determined under the applicable cost-allocation method that the costs of these network upgrades should be rolled in the transmission provider's transmission rates, then crediting the upfront costs is appropriate to prevent the load from paying twice for transmission service (i.e., prohibited "and" pricing).[52] As already noted, however, there are good reasons why it may not be just and reasonable to roll in the costs of network upgrades to enable large-load interconnections. If the network upgrade costs

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with the applicable cost-allocation methods for the upgrades or expansions. *Long-Term Firm Transmission Rights in Organized Electricity Markets*, Order No. 681, 71 Fed. Reg. 43564 at P 185 (Aug. 1, 2006), 116 FERC ¶ 61,077 (2006), *order on reh'g*, Order No. 681-A, 71 Fed. Reg. 68440 (Nov. 27, 2006), 117 FERC ¶ 61,201 (2006), *order on reh'g & clarification*, Order No. 681-B, 126 FERC ¶ 61,254 (2009).

[51] ANOPR at P 25.

[52] *See* Order No. 2003 at P 694.

are not rolled in, then crediting is unnecessary and—indeed—inappropriate, because it would vitiate the purposes of assigning the upgrade costs to the interconnecting large load. In any event, therefore, a crediting mechanism should not be a uniform requirement.

E. Principle 13 – Transition plans

Principle 13 in the ANOPR states that "there must be a plan to implement these proposed reforms" and seeks comment on "appropriate transition plans, including the treatment of large load interconnections that are already being studied for interconnection."[53] A reasonable, orderly and comprehensive transition period will be necessary. The proposed reforms, in whatever form, would require coordination with existing generator-interconnection, transmission-service request, and transmission-planning processes. The Commission should afford regional flexibility to decide how existing load interconnection studies are treated.

VI. Conclusion

Any further action by the Commission in this rulemaking, including the issuance of a statement of policy of general applicability or a notice of proposed rulemaking should be made consistent with the above comments.

Respectfully submitted,

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[53] ANOPR at P 30.

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