NASEO
National Association of State Energy Officials

NASEO Powering Up Data Centers Webinar

Sizing Up Large Loads: Tariff Design in Practice

November 12, 2026


Photo Courtesy of SNEHIT PHOTO/Adobe Stock

About NASEO

- The only national non-profit association for the governor-designated energy officials from each of the 56 states and territories
- Serves as a resource for and about the State Energy Offices through topical committees, regional dialogues, and informational events that facilitate peer learning, best practice sharing, and consensus building
- Advances the interests of the State and Territory Energy Offices before Congress and the Administration
- Learn more at www.naseo.org

NASEO Board of Directors

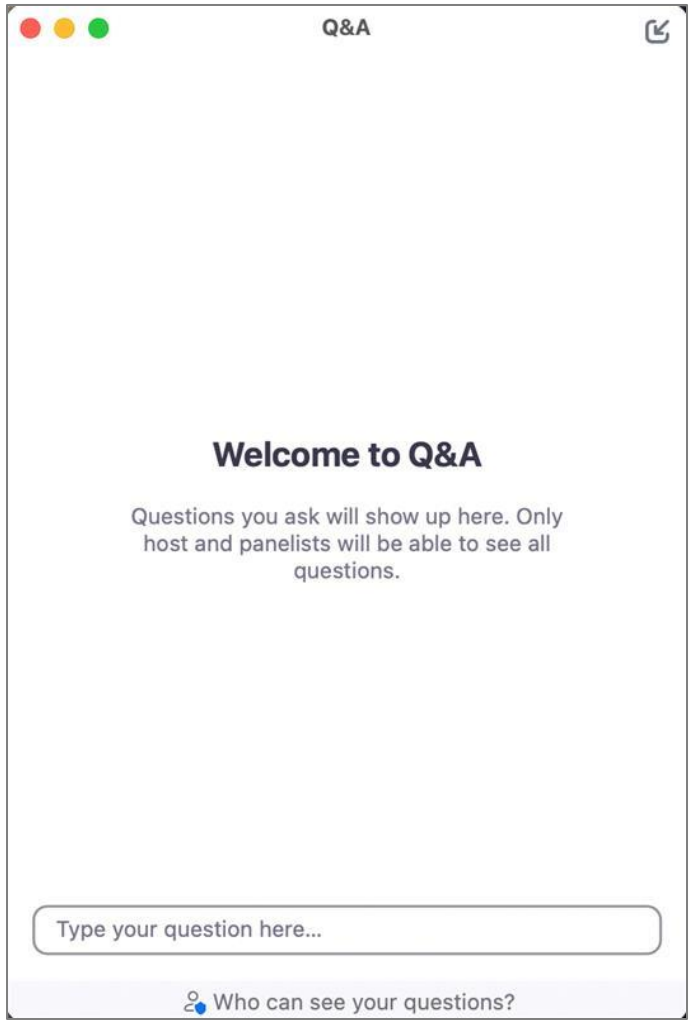
Chair: Molly Cripps, Tennessee
Vice-Chair: Will Toor, Colorado
Treasurer: Kristofor Anderson, Georgia
Secretary: Julie Staveland, Michigan
Parliamentarian: Andrew McAllister, California
Past Chair: John Williams, New York

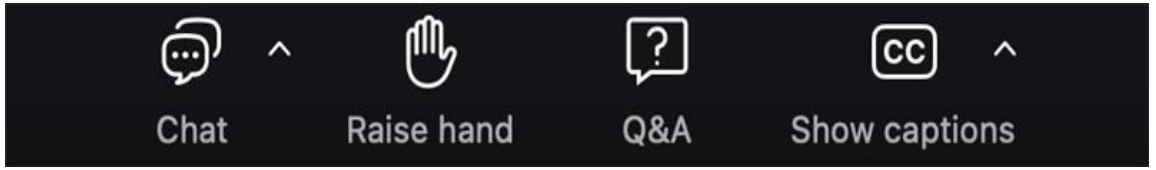
Regional Representatives:
Elizabeth Mahony, Massachusetts
Nicholas Preservati, West Virginia
Nick Burger, District of Columbia
Joe Pater, Wisconsin
Emily Wilbur, Missouri
Mitchell Simpson, Arkansas
Kenya Stump, Kentucky
Maria Effertz, North Dakota
Ben Brouwer, Montana
Janine Benner, Oregon
Curtis Thayer, Alaska
Ernesto Rivera-Umpierre, Puerto Rico

Webinar Housekeeping

Recording
This webinar is being recorded.

Question and Answers
You are automatically muted during the webinar. To ask a question, please enter your question at any point into the Q&A box.







Agenda

1:05 - 1:30 PM ET
Overview of Large Load Tariffs
Louisa Eberle, Principal, Regulatory Assistance Project

1:30 - 1:40 PM ET
Remarks from the Smart Electric Power Alliance (SEPA)
Garrett Fitzgerald, Senior Director, SEPA

1:40 - 1:50 PM ET
Remarks and Perspective from Indiana
Henry Wilhelmus, Electricity Program Manager, Indiana Office of Energy Development

1:50 - 2:00 PM ET
Moderated Discussion

2:00 - 2:10 PM ET
Audience Q&A



November 12, 2026

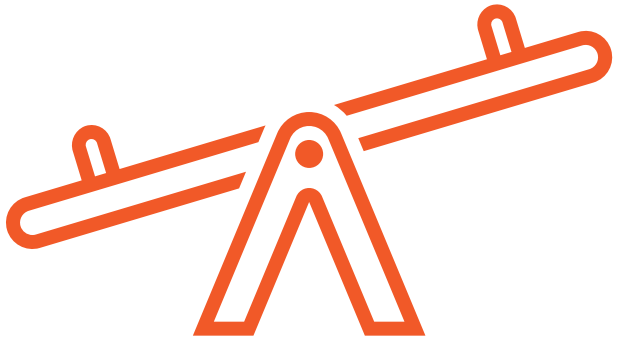
Large Load Tariff and Consumer Protection Overview

NASEO Data Center Webinar Series

Louisa Eberle
leberle@raponline.org

Protecting consumers requires holistic assessment

- Data centers are one form of load growth, albeit one with outsized impacts and unique characteristics
- Understanding the affordability impacts of data centers requires a careful look at the incremental costs and other impacts and a comparison with revenues and other benefits



The Affordability Puzzle

Planning & Investments

Improving forecasts

- Scrutinizing data center demand decreases speculation
- Increases confidence that any new infrastructure will serve new load

Keeping costs low

- Considering low-cost and low-risk resources on equal footing
- Unlocking demand flexibility benefits

Regulatory Frameworks & Rates

Shaping the landscape

- Structural reforms make good results more likely
- Business model reform turns utility into partner

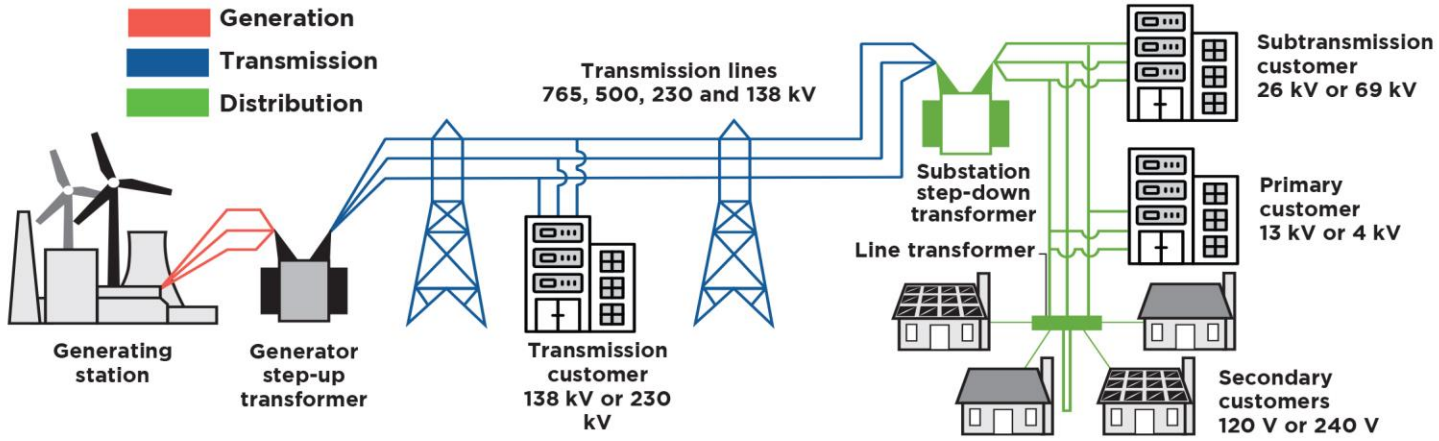
Allocating costs and risk

- Understanding the revenue life cycle
- Improving core cost allocation methods

Advanced rate design

- Balancing revenue certainty and efficient pricing signals

The electric grid is comprised of three parts

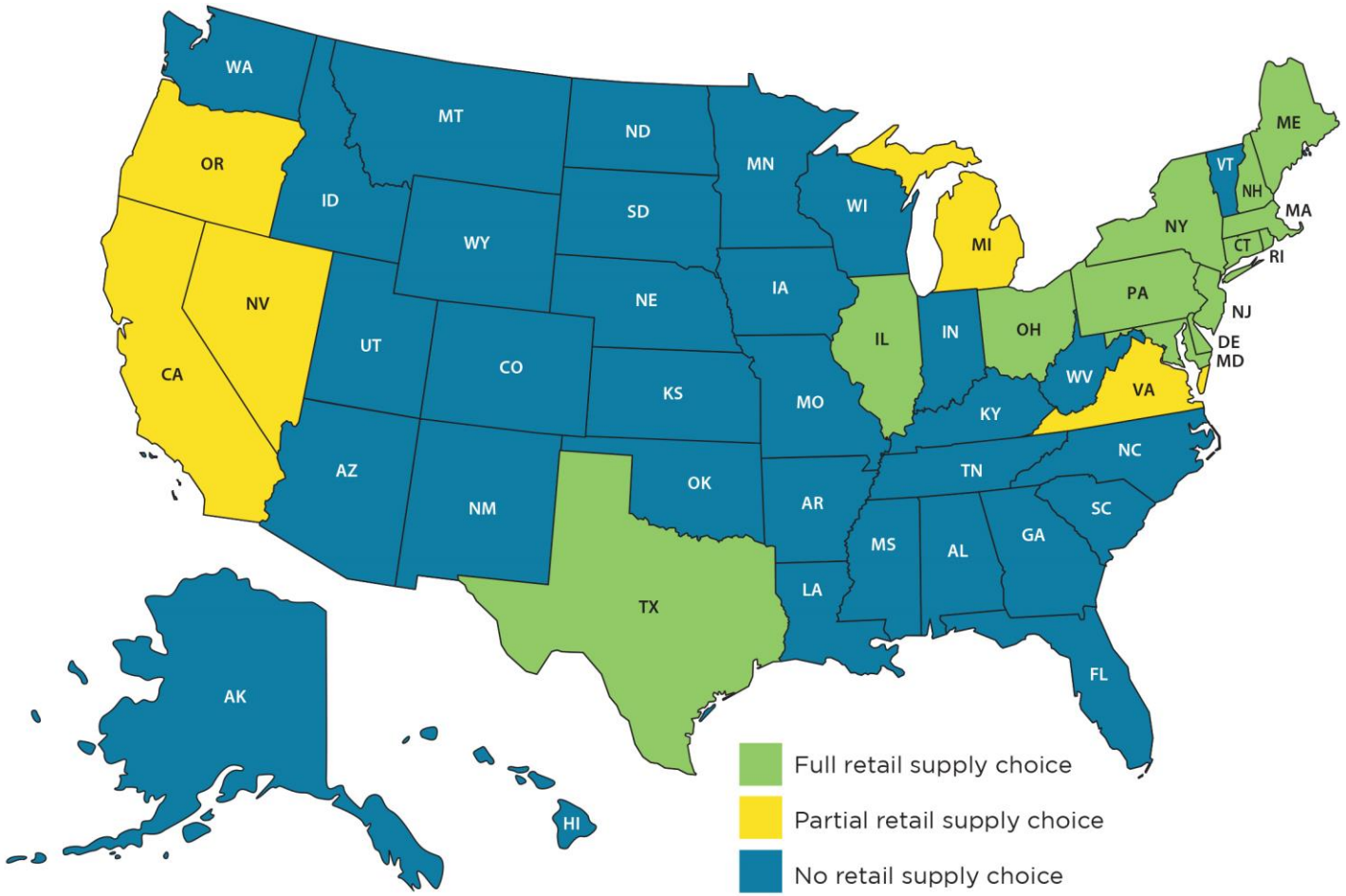


Source: Adapted from U.S.-Canada Power System Outage Task Force. (2004). *Final Report on the August 14, 2003 Blackout in the United States and Canada: Causes and Recommendations*

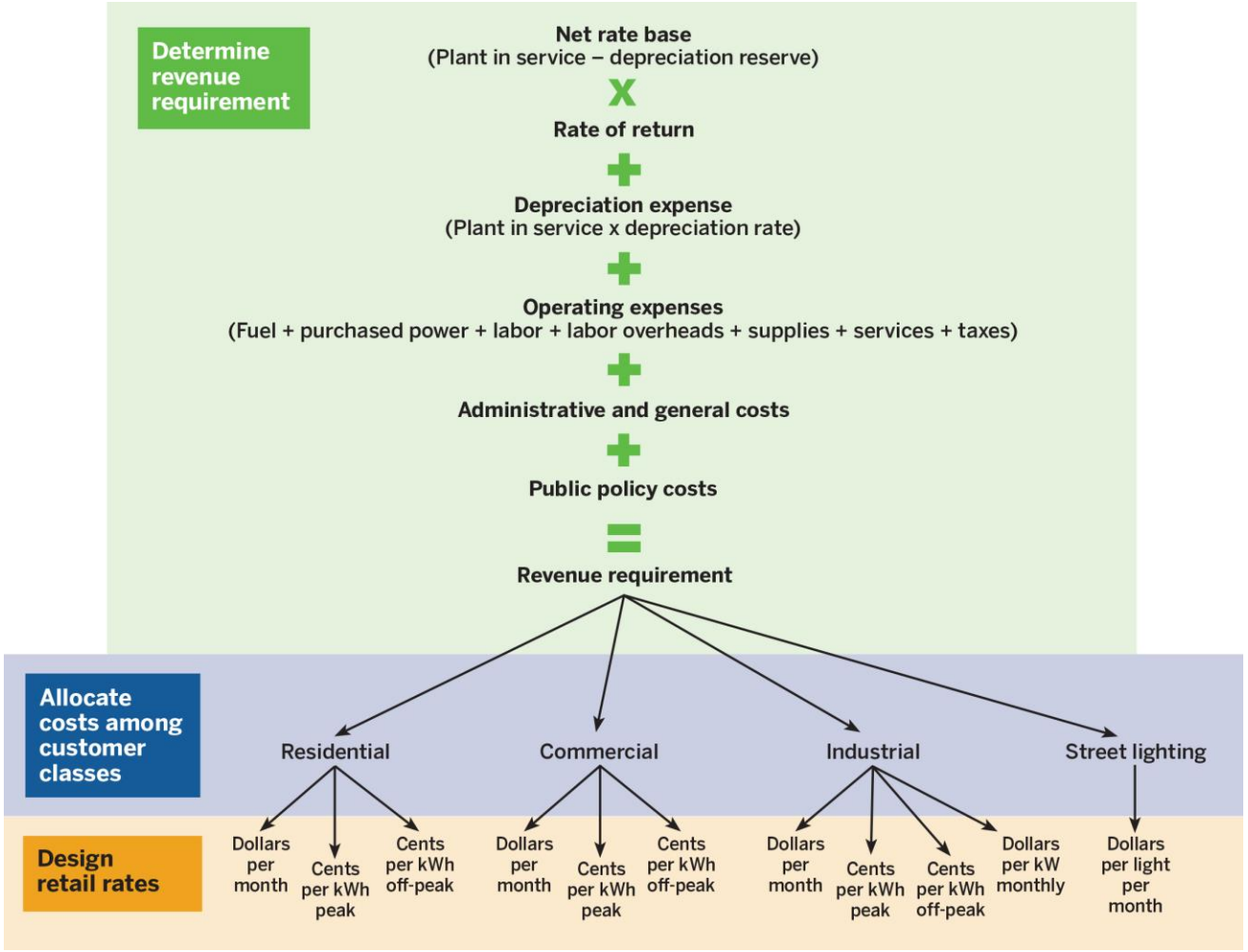
Aspect	Transmission	Sub-Transmission	Distribution
Voltage level*	69 kV or higher	34.5 to 69 kV	4 to 34.5 kV
Load Size	Usually 20 MW or larger industrial facilities	Approximately 10 to 30 MW and includes large industrial plants, data centers, and other large regional loads	Typically less than 10 MW; often commercial, institutional, or light industrial loads

Source: ESIG, p. 36, https://www.esig.energy/wp-content/uploads/2026/06/ESIG-Large-Loads-Interconnection-Process-report-2026a.pdf

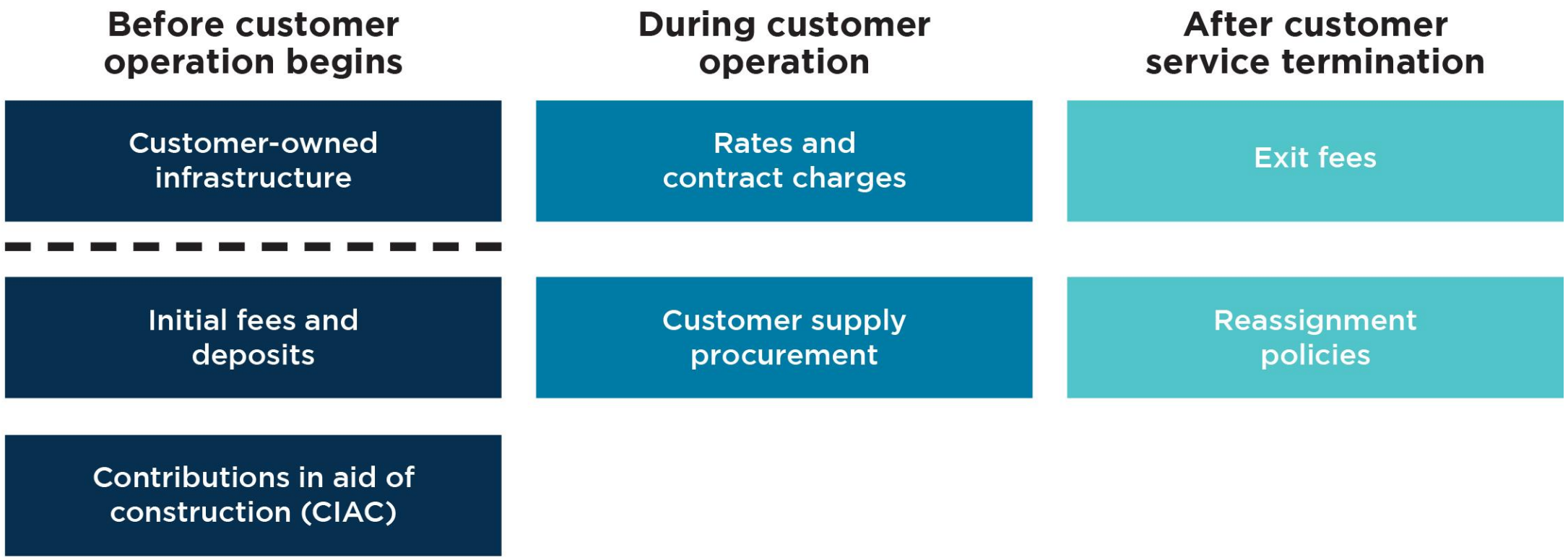
Spectrum of Regulatory Frameworks in US



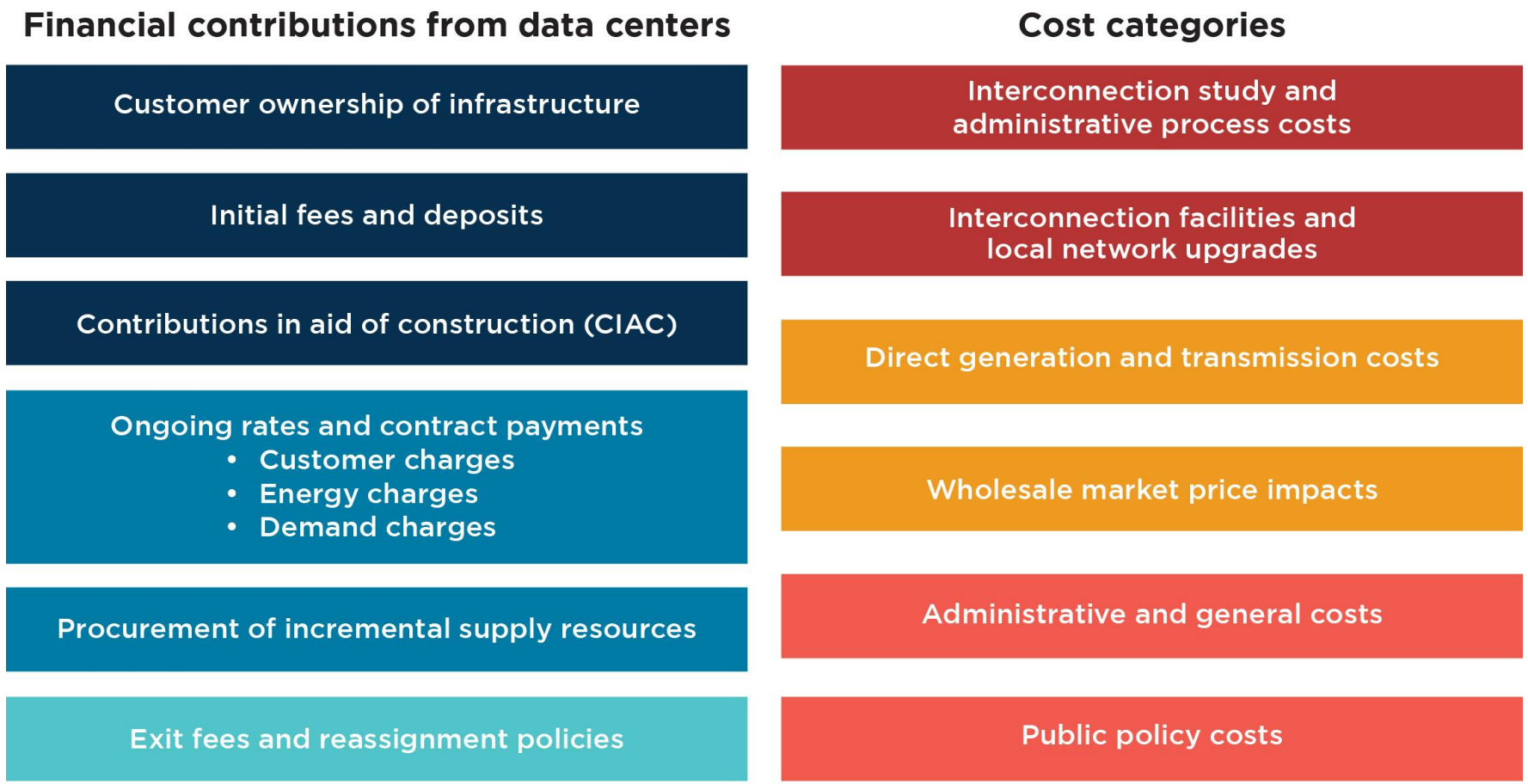
Simplified Ratemaking Process



Data centers make various financial contributions throughout their lifecycle

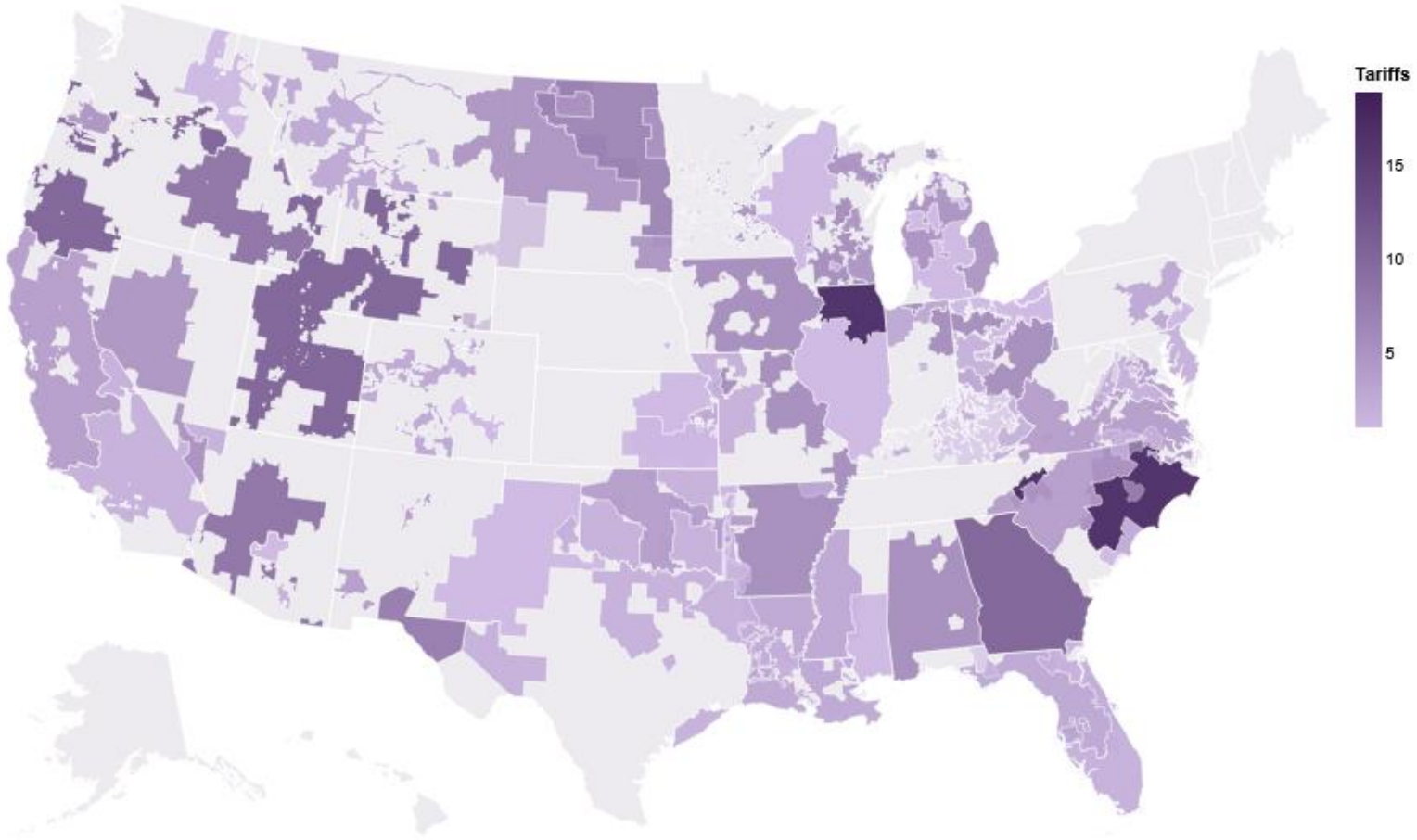


Contributions must match costs to avoid cost shifting



Large load tariffs are well-established in the U.S.

Large Load Tariff Filings by Utility Service Territory



Source: Halcyon (Oct 2026), Large Load Tariff Tracker

What is a tariff?

- A tariff is a published document containing the conditions, terms, and prices of utility services, as approved by the commission.
- Tariffs provide baseline, consistent terms that apply to all customers in each class.
- Utilities may still enter an electric service agreement (ESA) with an individual customer that provides additional detail or establishes any specialized terms of service.

What is a special contract?

- A bespoke agreement with a large business or industrial customer to take service under conditions and terms not otherwise available.
- Typically responds to unique circumstances that compel or justify offering the customer a special deal or imposing special requirements.
- Some state laws require special contracts to meet the cost causation standard, but others allow approval of below-cost contracts in certain situations.

Evolving tariff practices

Established practice
Stable or emerging practice

1. Define eligibility

- Minimum demand threshold
- Minimum load factor
- Aggregation rules

2. Ensure revenue

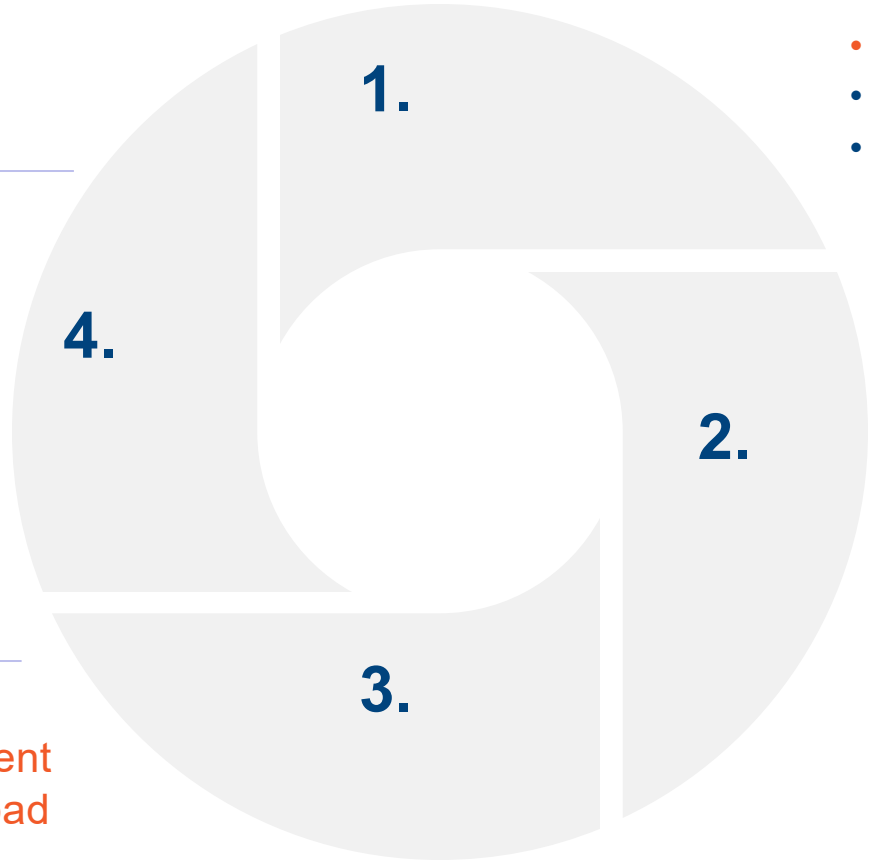
- Minimum contract duration
- Credit rating or collateral
- Take-or-pay requirements
- Load ramp period
- Price premium
- Hold harmless
- Resizing or reassigning capacity
- Exit fee

3. Allocate costs

- Direct assignment
- Customer-specific resource procurement
  - Includes onsite generation and load flexibility

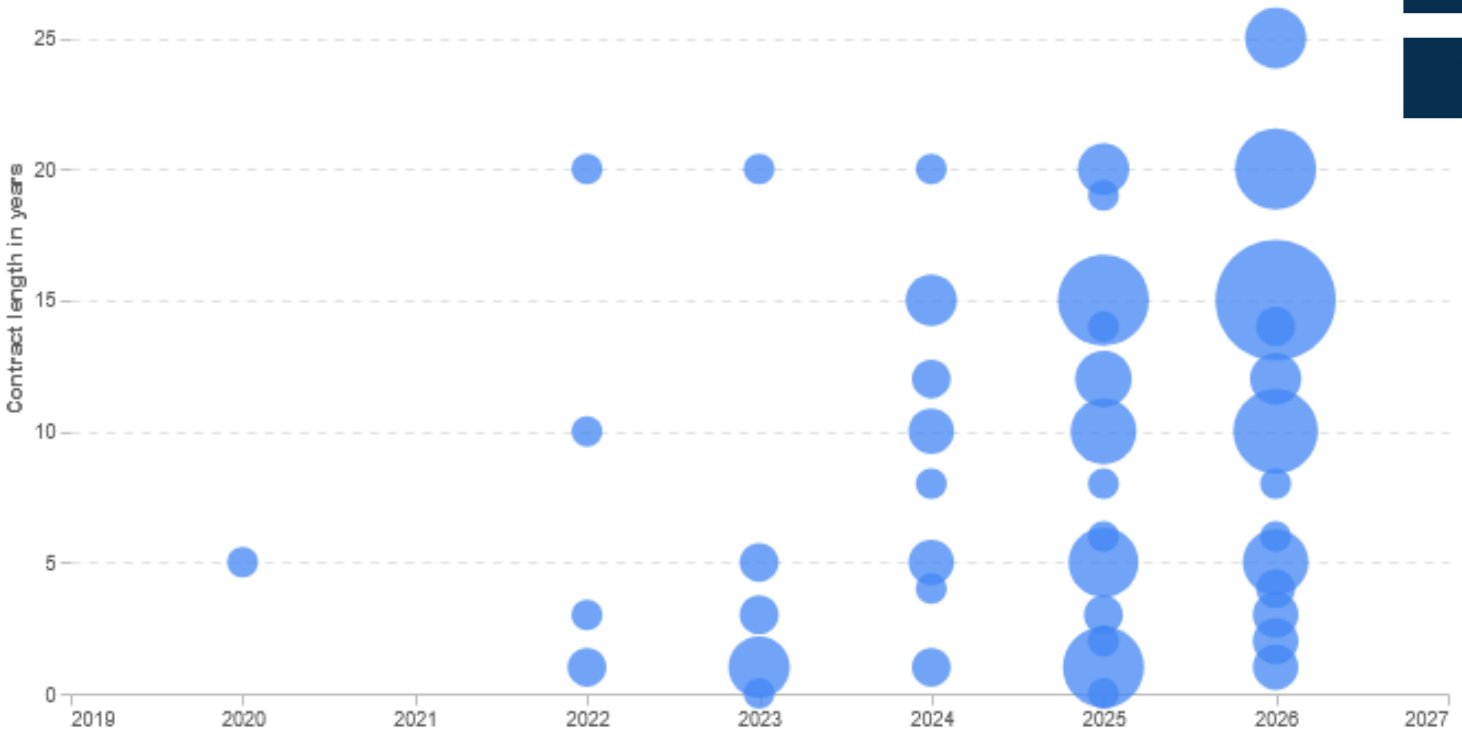
4. Improve planning

- Study requirement
- Load forecast requirement



Source: LBNL, Electricity Rate Designs for Large Loads: Evolving Practices and Opportunities 2026 Update

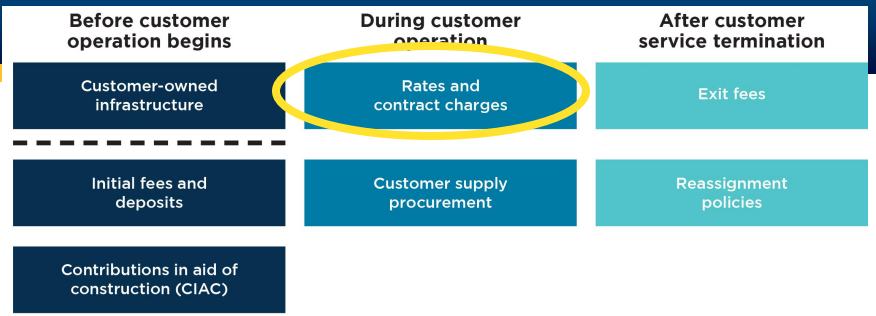
Minimum Contract Duration



Before customer operation begins	During customer operation	After customer service termination
Customer-owned infrastructure	Rates and contract charges	Exit fees
Initial fees and deposits	Customer supply procurement	Reassignment policies
Contributions in aid of construction (CIAC)		

Source: Halcyon, Large Load Tariff Tracker Oct 19, 2026 Update

Take-or-pay



Demand charge

Recover significant portions of transmission and generation revenue

Minimum billing demand

Sets floor on demand used for billing, regardless of actual usage

Median: 80% of customer's contract demand

Minimum bill

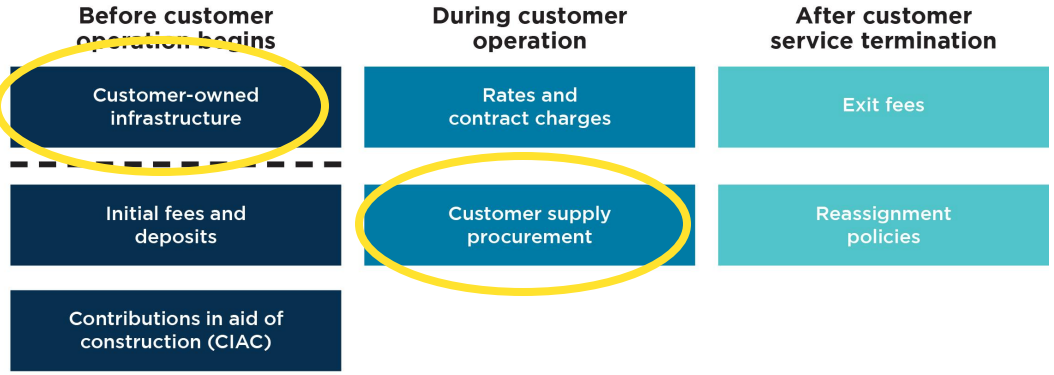
Customer pays a minimum bill, regardless of actual usage

Drawback: Disincentivizes customer flexibility and energy efficiency

Source: LBNL, Electricity Rate Designs for Large Loads: Evolving Practices and Opportunities 2026 Update

Customer-specific procurement

- Behind-the-meter resources: allow or require BTM to serve some or all customer demand, reduce capacity, or provide flexibility
- Customer-led procurement: includes utility-managed power purchase agreements & Bring Your Own Capacity
- Load flexibility: allow or require customers to modify consumption during specified system conditions



What's Powering the Behind the Meter and backup generation resources?

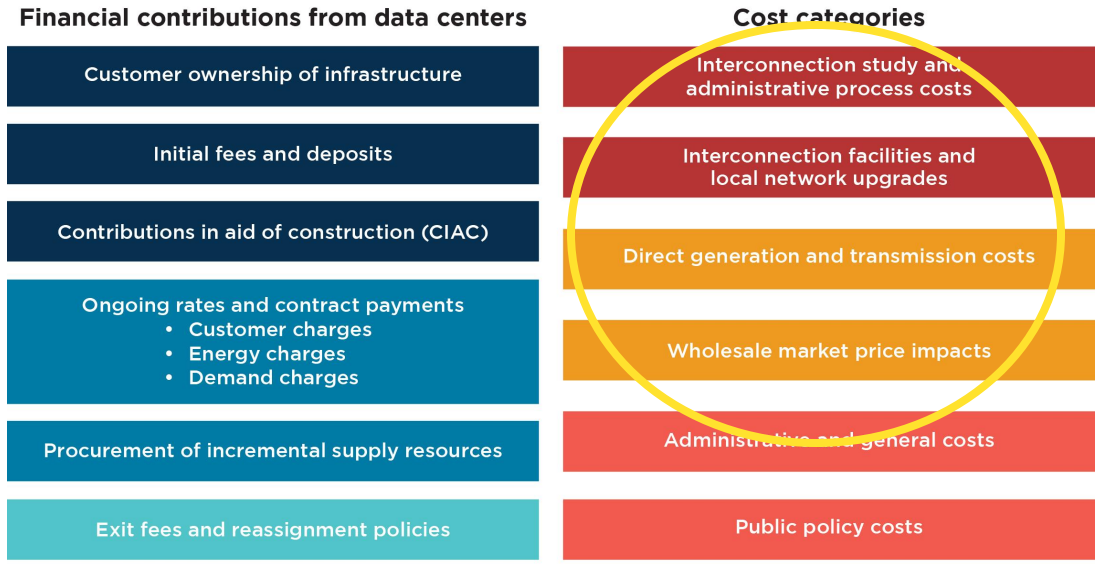
- Projected that 30% of data center demand will be BTM through 2030
- Of that, 80% BTM will be fueled by methane gas, 20% by battery and renewables
- Diesel is the most commonly used fuel for back-up generation

Sources: Moody's. US data centers pivot to on-site power. September 16, 2026; Research & Markets, Data Center Generators Strategic Industry Report 2025

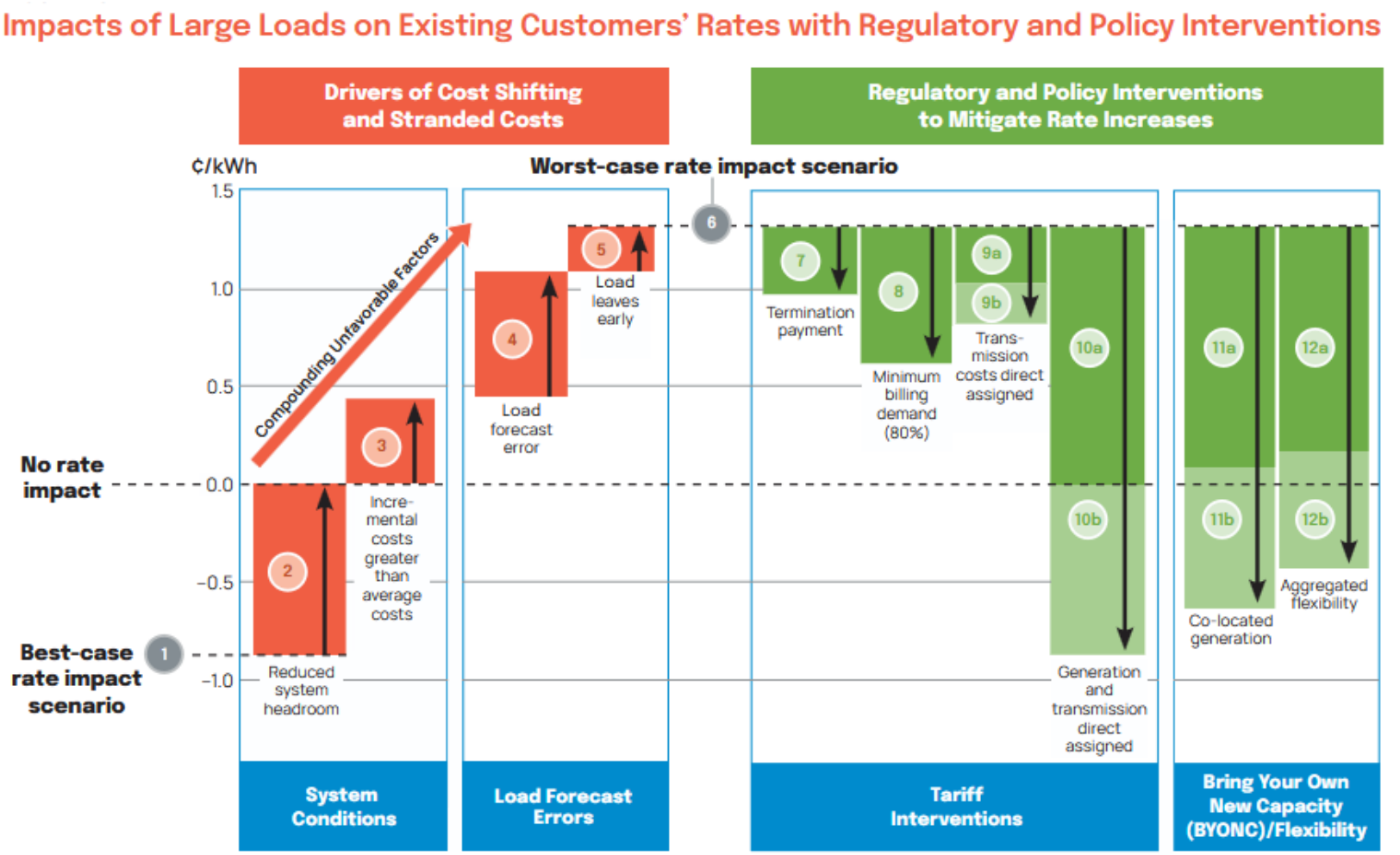
Source: LBNL, Electricity Rate Designs for Large Loads: Evolving Practices and Opportunities 2026 Update

Load flexibility is a key (economic) tool

- Reduce grid strain during peak demand → avoided generation capacity, transmission, and distribution infrastructure
- Increased utilization of existing grid infrastructure can spread legacy costs across more kWs and kWhs, reducing rates
- Can complement generation variability (intermittent resources, maintenance, outages)
- **Active discussions are ongoing about implementation**



Do these safeguards work?



Source: ESIG (Oct 2026), Impacts of Large Loads on Electricity Rates: A Quantitative Assessment

About RAP

Regulatory Assistance Project (RAP)® is an independent, global NGO advancing policy innovation and thought leadership within the energy community.

Learn more about our work at raponline.org

Camille Kadoch
ckadoch@raponline.org

Louisa Eberle
leberle@raponline.org

Smart Electric Power Alliance

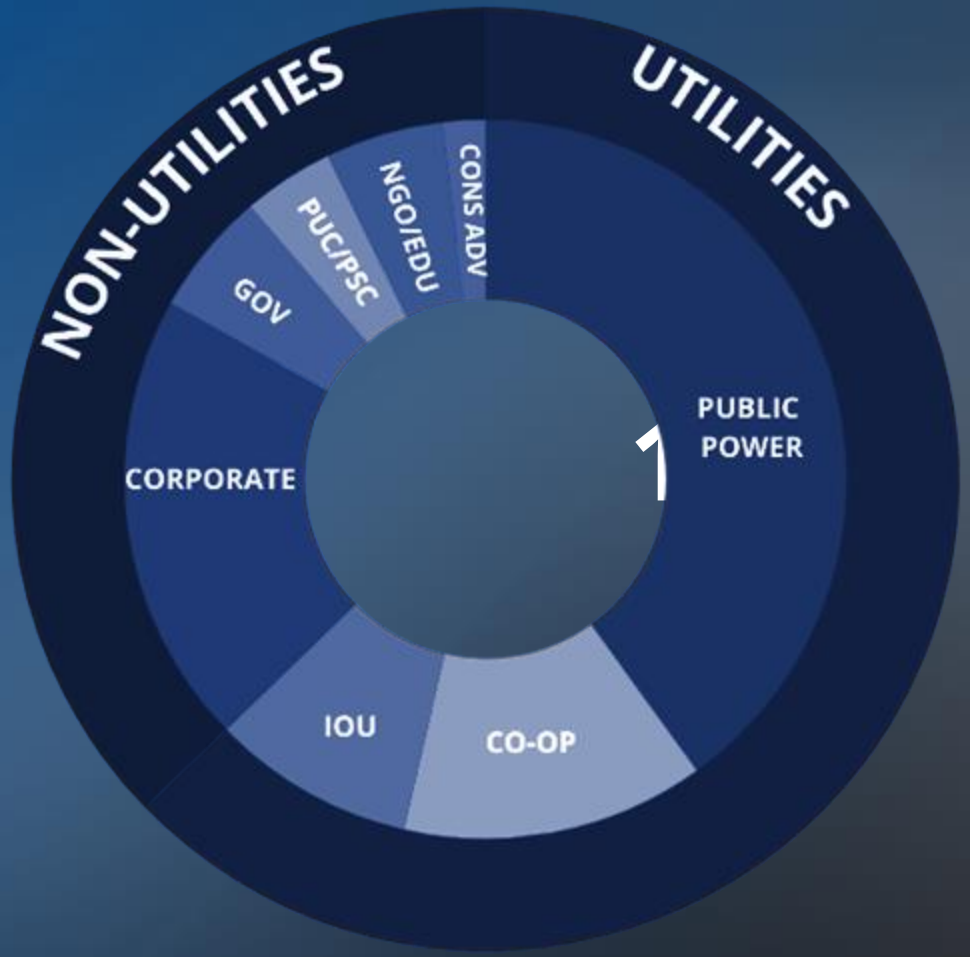
Powering Data Centers: What Large-Load Tariffs Tell Us

NASEO DATA CENTER WEBINAR SERIES · NOVEMBER 12, 2026

Garrett Fitzgerald, PhD
Senior Director, Electrification and Growth
gfitzgerald@sepapower.org



SEPA has 1,000 members representing the full spectrum of the energy industry



65%+

of US utility customer accounts served

86%

of Public Utility Commissions & Public Service Commissions

Smart Electric Power Alliance

Meet DELTa

The Database of Emerging Large-Load Tariffs, free from SEPA and NC Clean Energy Technology Center

134

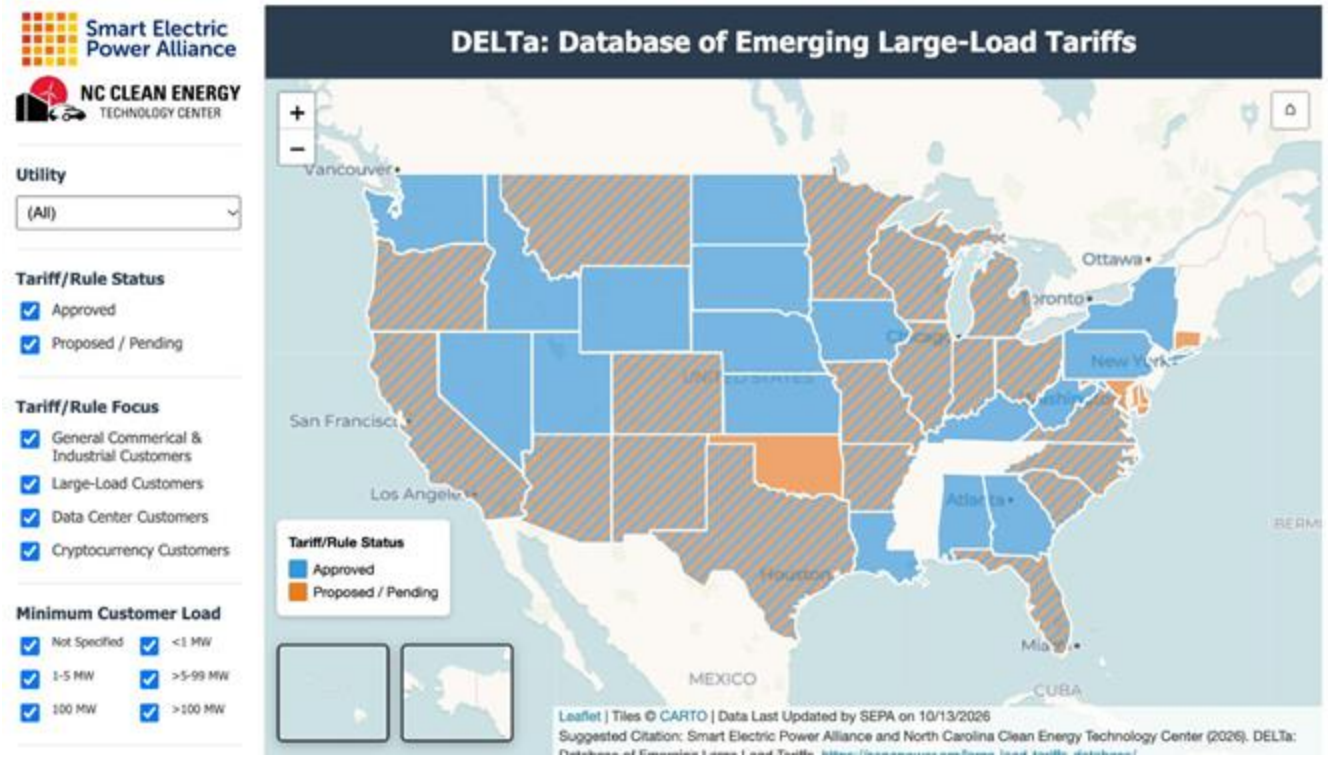
tariffs and service rules

40

states with at least one tariff

46

with flexibility provisions



Filter by utility, status, customer type and minimum load
Download the full dataset

Counts as of Q3 2026. Flexibility provisions = demand response, curtailment or interruption.

Most of these rules are less than two years old

Smart Electric Power Alliance

SINCE 2024

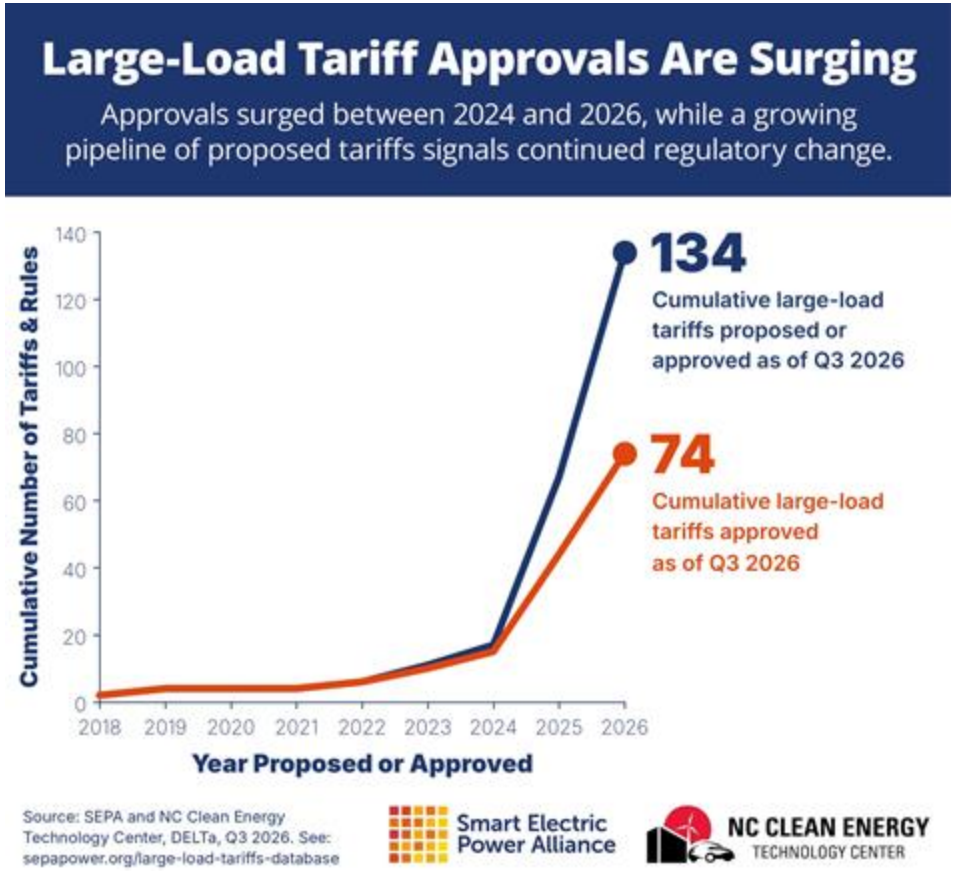
Filings took off as data center demand surged.

THE PIPELINE

134 proposed or approved by Q3 2026. **74** approved, so about **60 are pending.**

WHAT THIS MEANS FOR STATES

These rules are being written in real time. Dozens of dockets are open now, so there's time to shape them.



Source: SEPA and NC Clean Energy Technology Center, DELTa, Q3 2026

Rules are getting stricter: longer contracts, more safeguards

Smart Electric Power Alliance

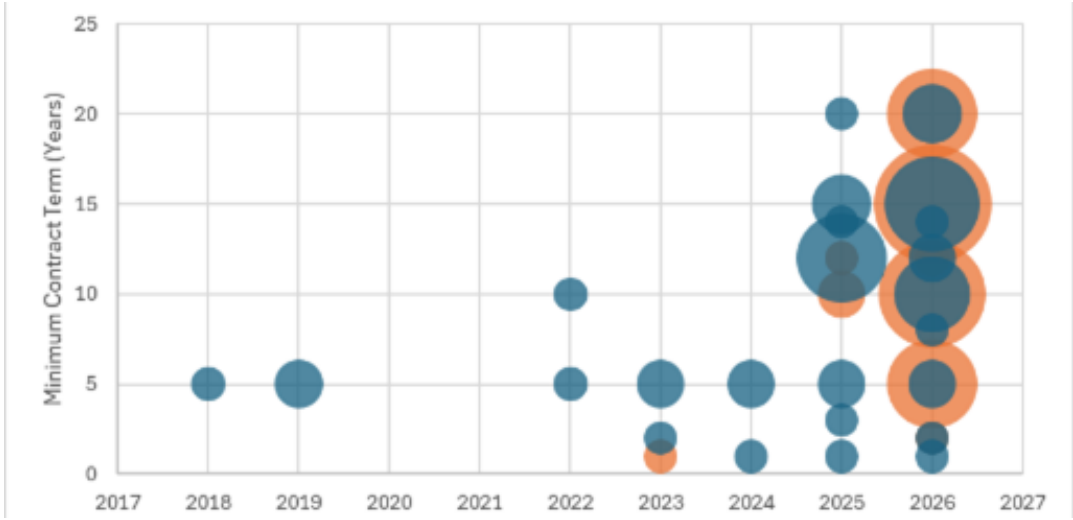
Tariff Elements by Type of Practice

Table 4. Tariff elements by type of practice

Established Practice	Stable Practice	Emerging Practice	Declining Practice
Minimum demand threshold	Load factor threshold	Study requirements	Customer type
Minimum contract duration	Aggregation rules	Load ramp period	
Monthly demand charge	Load forecast requirement	Hold harmless	
Minimum billing demand	Price premium	Resizing or reassigning of contracted capacity	
Minimum bill		Exit fee	
Collateral requirements			
Direct assignment of costs			
Customer-specific resource procurement			

Source: Electricity Rate Designs for Large Loads (LBNL & The Brattle Group, 2026)

Minimum Contract Term Over Time



Source: Electricity Rate Designs for Large Loads (LBNL & The Brattle Group, 2026)

SAFEGUARD 01

Minimum Bills

Charge for a set share of contracted power even if it goes unused, so other customers don't pick up the cost.

SAFEGUARD 02

Long Contracts

Lock in financial commitments of 10 to 20 years to secure cost recovery for infrastructure upgrades.

SAFEGUARD 03

Collateral & Exit Fees

Cover the utility's capital investments and stranded asset risks if a large-load project leaves early.

Large loads are starting to fund affordability

Smart Electric Power Alliance

Beyond their own costs, some agreements now ask large customers to help with everyone else's bills.

VOLUNTARY "GOOD NEIGHBOR"

$7.5M over 5 years

Indiana Michigan Power settlement: hyperscalers fund state weatherization agencies serving low-income households.

Many state energy offices run or coordinate weatherization. This money flows to programs like yours.

REQUIRED, BY POLICY OR TARIFF

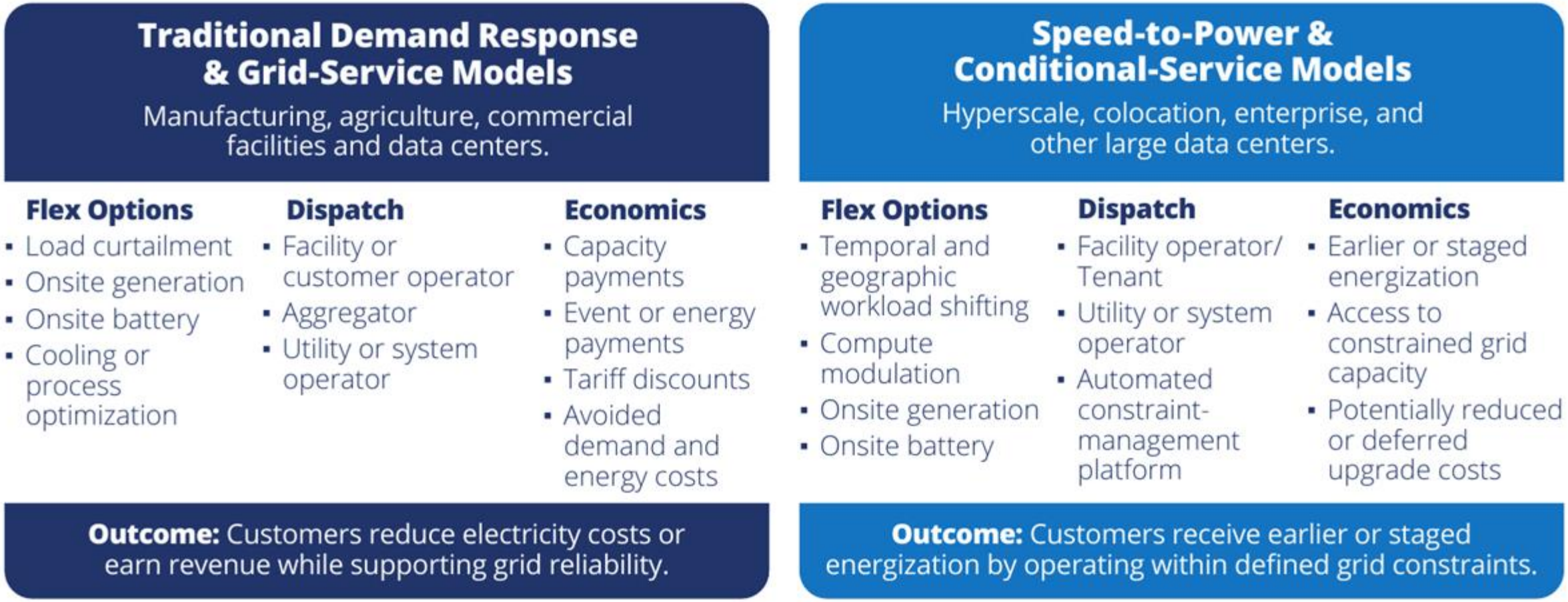
Large loads pay into efficiency and demand-side programs that benefit all customers by:

1. **Ending large-customer opt-outs from program charges**
2. **Adding new large-load energy surcharges**
3. **Adding new flat annual fees**

Source: Indiana Michigan Power large-load settlement, IURC Cause No. 46097 (filed Nov. 2024, approved Feb. 19, 2025)

Flexibility for a faster grid connection

Implementation is tricky. Here's how tariffs are doing it.



Source: SEPA, Flexibility for Faster Power (August 2026), Figure 1

Who is offering flexibility today

Smart Electric Power Alliance

46 of 134

tariffs include some form of flexibility provision, about one in three

CURTAILMENT

Entergy Arkansas · Xcel (MN) · We Energies

INTERRUPTION

Idaho Power · PPL · Black Hills Power

DEMAND RESPONSE

Alliant Energy · Evergy

THE KEY INSIGHT

Most are bridges, not yet planning resources

Customers stay flexible until grid upgrades finish, then move to firm service.

Next frontier: utilities planning around flexible load instead of building for every megawatt.

Examples from Table 2, SEPA, Flexibility for Faster Power (August 2026). Counts from DELTa, Q3 2026.

Every ISO/RTO is now in motion

June 2026 FERC ordered all six FERC-jurisdictional grid operators to defend or revise their large-load tariffs, including new non-firm services for flexible loads.

Operator	Large-load flexibility approach
PJM	Connect and Manage flexible service; expedited track for bring-your-own generation
SPP	CHILLS: conditional service with curtailment · HILLGA: fast review of co-located generation
ERCOT	Batch Zero: one combined study of 75 MW+ requests (PUCT approved June 2026
CAISO	Proposed FILI (interim, curtailable until upgrades) and FLIP (permanent flexible) service for loads of 50 MW+
NYISO	Flexible large-load models within existing market programs
ISO-NE	Bring your own generation; large-load impacts expected minimal before 2028
MISO	Large-load working group on markets, reliability and resource adequacy

Status as of November 2026. Source: SEPA, Flexibility for Faster Power (August 2026), Table 4

Five takeaways for states

1. About 60 tariffs are pending. **There's time to shape them.**
2. Ask whether large loads in your state **contribute to affordability,** not just their own costs.
3. Flexibility is emerging as a trade: **faster connection in exchange for curtailment.**
4. Most flexible deals are **bridges to firm service,** not yet planning resources. Watch for that to change.
5. Strong designs pair a standard tariff with **enforceable rules and fair cost sharing.**

Explore DELTa and stay in touch

Explore DELTa
sepapower.org/large-load-tariffs-database

DOWNLOAD THE BRIEF

Flexibility for Faster Power (August 2026)

sepapower.org/resource/brief-flexibility-for-faster-power

MORE RESOURCES FOR STATES

Large Load Cost Allocation framework, Energy Futures Group (Sept 2026)

Distribution System and Large Loads, National Laboratory of the Rockies (May 2026)

Large Load Grid Surcharge, S2 Strategies State Support Center (2026)

Electricity Rate Designs for Large Loads, LBNL and The Brattle Group (2026)

Addressing Load Growth with EE, DR and Demand Flexibility, SEPA for NARUC (Nov 2026)

Garrett Fitzgerald, SEPA
gfitzgerald@sepapower.org

Both DELTa and the brief are free.

Large Loads in Indiana: Tariffs, Contracts, and the State Energy Office

Henry Wilhelmus
Electricity Program Manager

Indiana's Context

- Peak demand ~ 19 GW, with about 1.3 GW a year of large load growth expected this decade
- Purdue estimate:~35% growth by 2030 with data center expansions as currently forecast.
- I&M is in PJM; NIPSCO, AES, Duke, and CenterPoint are in MISO. All are vertically integrated utilities.
- Cost-causation principle: customers driving new infrastructure should bear the associated costs.

Tool	How it works	Indiana Large Load Examples
Tariff	Standard terms for every large customer in a class	I&M (AEP), approved Feb. 2025
Special contract	One customer, negotiated terms, reviewed case by case	NIPSCO, AES Indiana, Duke, I&M
Statute	HEA 1007: customer covers at least 80% of allocable costs	First used: AES/Google, 2026

I&M's Large-Load Tariff

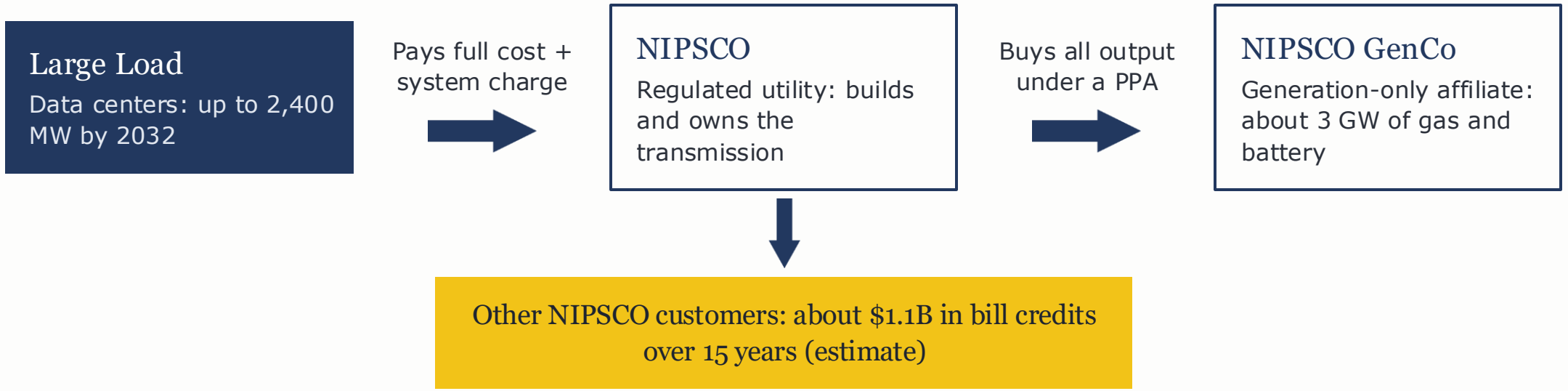
Approved Feb. 19, 2025 (Cause No. 46097) from a settlement signed by I&M, the OUCC, and industry stakeholders

Covers new or expanded loads of 70 MW at a site, or 150 MW in aggregate

IURC requires any cut over 20% needs its prior approval

Provision	What the tariff requires
Term	12 years minimum, plus up to a 5-year ramp
Minimum bill	80% of contract capacity every month
Collateral	Up to 24 months of maximum monthly non-fuel bills; strong credit can be exempt if 10x greater than requirement
Reduction provisions	After year 5: up to 20% on about 3.5 years' notice. Beyond that, exit fees
Regulatory Oversight	Semiannual reports to the IURC

NIPSCO's GenCo Model



- 15 years with service from Jan. 1, 2027, ramping to up to 2,400 MW by end of 2032
- About $7B of new generation and transmission paid by Amazon, with a parent guaranty
- One-time option: by Mar. 31, 2029, Amazon can cut 1,200 MW, half the load
- About $7 a month residential credit at full ramp; $15M shareholder-funded customer fund

Other Unique Contracts

Contract	What's different
I&M / Google, approved Apr. 2026	Google moves accredited capacity into I&M's PJM plan, bears the shortfall risk, and cuts load on request for credits
AES Indiana / Google, approved Oct. 7, 2026	First HEA 1007 filing: solar plus two batteries serving 390 MW load, Google pays $32.3M to connect.
Duke Energy Indiana / Meta, approved	Duke procures supply from outside its system for Meta, and Meta reimburses the cost

How the State Energy Office is involved

- **Principles:** Through Indiana's Strategic Energy Growth Task Force, grant administration, and ongoing policy efforts:
  - Keeping state focused on growth paying for growth; expedite generation for large loads, protect existing customers, ensure resource adequacy.
- **Federal dollars:** DOE selected OED's SPARK project (Sept. 2026): about $175M of a $349M total, will add an estimated 2 to 4 GW of PJM-MISO transfer capability.
- **Existing customers:** $182M Indiana Energy Saver Program, the IURC's July 2026 affordability report includes OED actions on efficiency and federal funding.

Activity we're watching

- I&M proposed $59M rate cut
- Cost allocation: AES rehearing for a Google project (Mar. 2027)
- Future GenCo filings

Thank you!

NASEO
National Association of State Energy Officials

