

Consensus Principles on Managing Risks and Opportunities Concerning DEMAND GROWTH FROM DATA CENTERS AND OTHER LARGE LOADS

Recognizing that serving new large load customers offers potential national security and economic benefits, Critical Consumer Issues Forum (CCIF)ⁱ participants focus primarily on state regulatory approaches that would facilitate necessary energy infrastructure investment while ensuring reliability, affordability, and other customer protections. Of course, the specific opportunities and risks associated with large load customers vary by service territory and warrant tailored regulatory approaches. With that in mind, CCIF participants developed the following eight consensus principles (not necessarily in priority order) regarding demand growth from these new large load customers.

Large Loads-General

- 1: CCIF participants **encourage** large load customers and the three core groupsⁱⁱ to regularly and actively engage with one another and with grid experts to share more sophisticated information, which will support reliable, cost-effective service for all customers amid evolving financial, economic, regulatory, and policy conditions.
- 2: Acknowledging the barriers that limit building at the speed and scale to serve the unique expectations of large load customers while maintaining system reliability and customer affordability, CCIF participants **encourage** strategic system investments; forward-thinking policy and regulatory approaches; and flexible and efficient state, regional, and federal processes.
- 3: The three core groups **should** explore innovation within existing regulatory frameworks to appropriately classify the type, quantity, and timing associated with connecting today's large loads, while leveraging experience with prior periods of demand growth. These strategies will facilitate informed and proactive system planning, forecasting (e.g., interim integrated resource plans), and investments.
- 4: CCIF participants **encourage** the three core groups to evaluate the costs and risks associated with over- versus under-building and to advance infrastructure investments that maintain or enhance system reliability and ensure robust customer protection.

Large Loads-Rate Design

- 5: Consistent with longstanding cost causation principles, costs to serve new large load customers **must not** be shifted to other customer classes over the life of the required investments. Accordingly, the three core groups **should** explore innovative tariff designs, contracts, and new rate treatments through a transparent and open process to address necessary generation investments, transmission upgrades (large network and non-network), and other one-time and ongoing costs primarily driven by these new large loads.
- 6: While rates may otherwise fluctuate, the goal **should** be for direct electric system revenues from these new large load customers to put downward pressure on the rates of all other customers.

Large Loads-Reliability

- 7: New and existing large loads **must not** compromise electric system reliability. To further support efficient use of the grid and speed to market, large load customers **should** share operational information with appropriate entities and reasonably maximize flexible performance (e.g., demand response and behind the meter programs).

Large Loads-Contracts/Terms

- 8: Large load customers **must** be held to contracted load and revenue thresholds, as well as performance and credit provisions (e.g., financial obligations for capacity holds, study costs, early exits, etc.). The corresponding contract rates **should** provide guardrails to protect other customers while maintaining credit metrics, managing risk, encouraging transparency, and accounting for other indirect costs.

Consensus Principles on Managing Risks and Opportunities Concerning EXTREME WEATHER AND CATASTROPHIC EVENTS

CCIF participants acknowledge that each state and service area is unique and best suited to identify the specific risks associated with extreme weather and catastrophic events and to identify the corresponding investments, mitigation measures, and other actions needed to address them. Likewise recognizing that CCIF has in prior reports explored issues related to resilience, CCIF participants herein focus on state regulatory approaches that would facilitate the necessary energy infrastructure investment while ensuring reliability, affordability, and other customer protections. The following five consensus principles (not necessarily in priority order) reflect that focus.

- 9:** Risk management decisions **should** strike the appropriate balance between customer rate impacts and the investments needed to build, strengthen, and maintain critical energy infrastructure. The three core groups **should** further assess the tradeoffs between proactive grid protection and mitigation investments versus recovery and rebuilding costs following an event. These decisions **should** be informed by industry best practices, lessons learned, and other risk management literature.
- 10:** The three core groups **should** explore broader risk management funding sources (i.e., not only electric customers, given the broader public interest).
- 11:** While the three core groups **should** continue their collaboration, they also **should** be engaging with customers; landowners; relevant federal, tribal, state, and local officials; first responders (particularly fire chiefs); and a broad group of other stakeholders that may be unfamiliar with the energy landscape. These collaborations should aim to:
- Improve planning with increased transparency and consistency;
 - Identify and prioritize system vulnerabilities and risks;
 - Employ mitigation options and criteria for cost effectiveness or risk spend efficiency (i.e., risk reduction per dollar spent) to enhance resilience and reduce liability; and
 - Develop and implement risk mitigation plans, as necessary.
- 12:** The three core groups **should** explore opportunities for regional coordination, encouraging greater collaboration between neighboring systems to enable more effective infrastructure investments, cooperative response efforts, and efficient service restoration.
- 13:** To promote stable financial and insurance markets for electric companies and to moderate the impact on electric customers in the event of liability, the three core groups, state and federal policymakers, and other key stakeholders **should** collaboratively explore best practices from leading states and service areas; develop strategies and frameworks to meet the legal standard of care with appropriate accountability; and implement legal frameworks—including liability mitigation protections—to address the associated financial risks that wildfires pose to electric companies and their customers.



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CCIF 2025 Report



ⁱ For more info about CCIF, please go to <https://CCIForum.com> or contact Katrina@CCIForum.com.

ⁱⁱ The phrase **three core groups** refers to state commissions, consumer advocate offices, and electric companies.