

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE

STATE OF CALIFORNIA



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Application of Pacific Gas and Electric Company (U39E) for Approval of Electric Rule No. 30 for Transmission-Level Retail Electric Service.

Application 24-11-007

(Filed November 21, 2024)

**LIMITED OPENING BRIEF OF THE
CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION**

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Summary of Recommendations

- The Commission should find that Pacific Gas and Electric Company's (PG&E) proposed Rule 30 requirements should not apply to Decarbonizing and EITE Existing Customers adding new load to decarbonize, or to customers expanding operations designated by the California Air Resources Board (CARB) as Emissions Intensive and Trade Exposed (EITE) (collectively, Decarbonizing and EITE Existing Customers).
- If adopted, PG&E's proposed Rule 30 risk mitigation provisions, which were designed to target large, speculative data center loads, should be narrowly applied to target such large, speculative data center loads rather than being broadly applied to Decarbonizing and EITE Existing Customers that do not possess the same risk characteristics.
- PG&E's revised proposed 75% minimum demand charge (MDC) should not be applied to Decarbonizing and EITE Existing Customers.
- Decarbonizing and EITE Existing Customers should have the option to either continue seeking incremental transmission-level service through exceptional case filing and negotiated agreement procedures or operating under the Rule 30 framework, accepting full payment of incremental interconnection costs but not being subject to enhanced MDC, extended contract term, and early termination risk mitigation provisions that were designed for speculative data center load.

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The California Large Energy Consumers Association ([CLECA](https://cleca.org))¹ submits this limited opening brief pursuant to Rule 13.12 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure, and Administrative Law Judge (ALJ) Garrett Toy's January 9, 2026 Ruling,² as modified by the February 17, 2026 E-Mail Ruling granting Pacific Gas and Electric Company (PG&E) leave to submit supplemental testimony.³

¹ CLECA member companies produce goods essential for daily life, including critical infrastructure, oxygen for hospitals, and food distribution. CLECA members represent the steel, cement, industrial and medical gas, glass, beverage, minerals processing, cold storage, and pipeline transportation industries. Their aggregate electric demand is about 500 Megawatts, which is equivalent to the electricity consumption of approximately 470,000 average California households. CLECA members are large, high load factor and high voltage industrial electric customers in California for whom the price of electricity is essential to their competitiveness and for whom the reliability of electricity service is critically important. For both reasons, CLECA member companies have participated for decades in the Base Interruptible Program (BIP), providing reliability demand response to the grid in times of need. (For more information, please go to [CLECA.org](https://cleca.org)).

² *Administrative Law Judge's Ruling Establishing Proceeding Schedule*, Application (A.) 24-11-007, Jan. 9, 2026 (providing parties with the opportunity to submit limited testimony and limited opening briefs responsive only to the questions presented in the ruling).

³ *E-Mail Ruling PG&E Rule 30 Application Administrative Law Judge Establishing New Proceeding Schedule And Ruling On Motions*, A.24-11-007, Feb. 17, 2026 (modifying schedule to provide parties the opportunity to address PG&E's February 13, 2026 supplemental testimony as well as the questions presented in the January 9, 2026 ruling, in rebuttal testimony and briefing).

This limited opening brief focuses on certain issues raised in parties' testimony addressing the questions posed in the January 9, 2026 Ruling, and PG&E's February 13, 2026 supplemental testimony.⁴ The issues addressed here are limited to those that bear directly on the application of proposed Electric Rule 30 to existing Decarbonizing and EITE Existing Customers adding new load to decarbonize or expand, and customers designated by the California Air Resources Board (CARB) as Emissions Intensive and Trade Exposed (EITE) (collectively, Decarbonizing and EITE Existing Customers).

I. INTRODUCTION

Decarbonizing and EITE Existing Customers include facilities increasing load for decarbonization or operating in sectors that are both energy-intensive and subject to interstate and international competition. These customers include industrial, manufacturing, university, government, electric vehicle (EV) charging, and hospital customers, whose load additions are driven by the electrification and decarbonization of existing operations, or increase of such EITE load which expansion warrants encouragement to minimize emissions leakage. Across this group, load increases are incremental, policy-driven, and tied to long-standing operations at existing sites.

The record in this proceeding reflects that Decarbonizing and EITE Existing Customers have long operating histories, stable load characteristics, and demonstrated revenue contributions to the system. Their investments in additional electric load are undertaken to comply with state policy requirements and to maintain ongoing operations in California, not to pursue speculative or short-term market opportunities. Accordingly, the record demonstrates

⁴ PGE-18, *Supplemental Testimony Regarding Electric Rule 30 Updates*, A.24-11-007, Feb. 13, 2026.

that these customers do not present the stranded-cost, early-departure, or load-underutilization risks that motivated the development of Rule 30's risk-mitigation provisions.

These shared characteristics distinguish Decarbonizing and EITE Existing Customers from large, speculative data center load for purposes of the cost-allocation and risk-mitigation questions posed in the January 9, 2026 Ruling. Rule 30's proposed enhanced minimum demand charges, extended contract terms, and early termination fees were developed to address risks associated with speculative load behavior. Substantial record evidence supports finding that those risk assumptions do not align with the operational and economic characteristics of Decarbonizing and EITE Existing Customers

At the very least, the full suite of Rule 30's risk mitigation provisions, namely enhanced minimum demand charge (MDC), extended contract term, and early termination fee provisions, designed for speculative data center load, should not apply to these customers. Application of these onerous risk mitigation provisions to customers who do not present a commensurate risk profile would punish existing customers and drive emissions and economic leakage out of state.

If Rule 30 is adopted as currently proposed by PG&E, these risk mitigation provisions should be narrowly applied to data centers. Decarbonizing and EITE Existing Customers should also have the option to either continue seeking incremental transmission-level service through existing procedures or operate under Rule 30, accepting full payment of incremental interconnection costs but not being subject to onerous risk mitigation provisions.

California has a vested policy interest in Decarbonizing and EITE Existing Customers load increases – thus increasing existing interconnection – to decarbonize manufacturing processes, including through electrification, adding electric vehicle charging, or otherwise expanding load to

minimize emissions leakage. Such actions, funded by the Decarbonizing and EITE Existing Customer's private capital, are required by and further state policy goals.⁵

Decarbonizing and EITE Existing Customer load demand must increase for California state energy policy goals to be achieved, including through the California Cap-and-Invest Program.⁶ Increasingly stringent environmental targets encourage Decarbonizing and EITE Existing Customers to decarbonize, and so increase load through investment in electrification and other load increasing technologies. However, decarbonization projects face high investment hurdles, including high absolute and relative electricity prices.⁷ Implicitly acknowledging this cumulative cost increase, California Cap-and-Invest legislation explicitly seeks to minimize and mitigate leakage to other states.⁸

Certain industrial facilities are designated as EITE because they are emissions intensive, trade exposed, and at risk of leaving the state for a jurisdiction with less stringent environmental

⁵ California Health and Safety Code § 38561.2 (a)(1) ("by July 1, 2023, the state board shall develop a comprehensive strategy for the state's cement sector to achieve net-zero emissions of greenhouse gases associated with cement used within the state as soon as possible, but no later than December 31, 2045"); California Health and Safety Code § 38501 (h) ("It is the intent of the legislature that the State Air Resources Board design emissions reduction measures...in a manner that minimizes costs and maximizes benefits for California's economy, improves and modernizes California's energy infrastructure and maintains electric system reliability, maximizes additional environmental and economic cobenefits for California, and complements the state's efforts to improve air quality").

⁶ Opening Brief of the California Large Energy Consumers Association, A.24-11-007, Oct. 24, 2025 (First CLECA Opening Brief) at 7 ("Still, traditional customer load demand is poised to increase as a result of California state energy policy. One arm of California energy policy is the California Cap-and-Invest Program").

⁷ *Id.*

⁸ *Id.* ("Decarbonization, and so increased load, is coming for all potential customers, including, for example, the cement sector. California seeks to achieve net-zero greenhouse gas emissions in the cement sector by the end of 2045, by minimizing and mitigating 'potential leakage' and incentivizing and removing obstacles 'for energy efficiency improvements and waste heat recovery at cement manufacturing facilities' in the state") (Quoting Cal. Health and Safety Code § 38561.2 (a)(1), (b)(4), (b)(7)(D)).

regulations. CARB's EITE designation under California's Cap-and-Trade Program recognizes both that California EITE entities are at real risk of going out of the state or out of existence, and that California needs to prevent this from happening to reduce emissions leakage from and economic damage to the state.⁹

Contrary to this legislative and regulatory intent, applying onerous Rule 30 provisions intended to mitigate risks posed by new data center load to Decarbonizing and EITE Existing Customers seeking to decarbonize will chill decarbonization efforts. Further, application of the inapposite Rule 30 provisions to Decarbonizing and EITE Existing Customers would likely lead to greater emissions leakage as industry "votes with their feet" and moves out of state.¹⁰

II. DISCUSSION

A. Responses to Broader Cost Causation Questions Compel Targeted Treatment of Speculative Load

The January 9, 2026 Ruling directed parties to address how the costs of Type 4 transmission network upgrades should be allocated when triggered by transmission-level

⁹ CLECA-03, *Rebuttal Testimony of Sam Harper on Behalf of California Large Energy Consumers Association*, A.24-11-007, Apr. 8, 2026 at 6:6-7:3 (citing Cal. Code Regs., tit. 17, §§ 95870 (Disposition of Vintage 2013-2020 Allowances), 95891 (Allocation for Transition Assistance and Leakage Minimization); California Air Resources Board, *Allowance Allocation to Eligible Facilities*, 2026, <https://ww2.arb.ca.gov/our-work/programs/cap-and-trade-program/allowance-allocation>; D.12-12-033, *Decision Adopting Cap-and-Trade Greenhouse Gas Allowance Revenue Allocation Methodology for the Invest-Owned Electric Utilities*, R.11-03-012, Dec. 28, 2012 at Finding of Fact 52 ("[CARB] has applied the term "emissions-intensive and trade-exposed" to describe entities designated under the Cap-and-Trade Regulation as qualifying for Industry Assistance"))).

¹⁰ CLECA-01, *Rebuttal Testimony of Catherine E. Yap on Behalf of the California Large Energy Consumers Association*, A.24-11-007, Aug. 19, 2025 at 5:19-6:3 ("If the Commission adds Cal Advocates' recommendation to dramatically increase the amount of time to return customer advances or impose onerous contract terms, this will significantly increase costs...[s]uch large cost increases...which are required...to decarbonize...may work to the detriment of state energy policies. Customers may be forced to leave the state...contributing to leakage").

customers.¹¹ In doing so, the Ruling expressly asks whether such costs should be borne by an individual customer or allocated among a defined class of customers, such as large load or data center customers. The Ruling thus recognizes that cost allocation should turn on cost causation and risk characteristics, rather than on uniform treatment of all transmission-level customers, regardless of their risk profile.

The record developed in response reflects substantial alignment among intervenors on this point. As CLECA explains, the Commission should define a class for purposes of cost allocation, and that the class should distinguish Decarbonizing and EITE Existing Customers from the speculative new data center loads that prompted the proceeding.¹² Sierra Club recommends treating data centers as a distinct category for purposes of allocating Type 4 costs because of their unique load characteristics and risk profile.¹³ Cal Advocates supports allocating Type 4 upgrade costs in proportion to the capacity attributable to the customer or customers that drive the upgrade, including proportional allocation among cluster participants.¹⁴ TURN likewise proposes mechanisms that capture Type 4 costs from very large, speculative loads while

¹¹ January 9, 2026 Ruling at 4 (“Broader Cost Causation Questions”).

¹² CLECA-03 at 5:7-10 (“The Commission should define a class for purposes of cost allocation. The class should be defined in a way that distinguishes existing traditional customers from the speculative new data center loads that prompted this proceeding”).

¹³ SC-01, *Prepared Testimony of Anirudh Krishna on Behalf of Sierra Club*, A.24-11-007, Mar. 13, 2026 at 1 (“The Commission should treat data centers, rather than large loads in general, as a unique rate class when allocating costs because of their distinct electricity requirements and the risks they pose to the grid”).

¹⁴ Cal Advocates-22, *Prepared Limited Testimony on Application of Pacific Gas and Electric Company for Approval of Electric Rule No. 30 for Transmission-Level Retail Electric Service*, Mar. 13, 2026 at 3:20-4:2 (“the cost of the Type 4 upgrade should be allocated to that customer proportionate to the transmission-level customer’s contracted demand attributable to the upgrade capacity. If multiple customers involved in a cluster study collectively require a Type 4 upgrade, the cost of the Type 4 upgrade should be assigned to each customer proportionate to the incremental portion of the upgrade capacity attributable to that customer”).

exempting load additions by existing customers undertaken for decarbonization or electrification.¹⁵

This alignment on Type 4 allocation reflects a broader and more fundamental point: the concerns that gave rise to Rule 30 are not concerns about existing customers increasing load to decarbonize or expansion of EITE customer load; rather, the concerns that drove development of the proposed Rule 30 center on speculative, high-risk data center load. The same risk-based distinctions that justify defining a class for Type 4 cost allocation apply with equal force to Rule 30's broader requirements. As discussed below, applying Rule 30's full suite of risk-mitigation provisions to Decarbonizing and EITE Existing Customers would ignore those distinctions, depart from cost-causation principles, and undermine California's decarbonization and industrial-competitiveness policies.

B. Rule 30 Should Exclude or Separately Treat Decarbonizing and EITE Existing Customers Because They Do Not Present the Risks the Proposed Rule Was Designed to Address, and California Has a Vested Policy Interest in Their Expanded Load

The same cost-causation and risk-based principles that justify defining a class for Type 4 cost allocation compel a targeted application of Rule 30 more broadly. Proposed Rule 30 was developed in response to a surge of large, speculative transmission-level interconnection requests—principally from data centers; these data centers' size, uncertainty, and operational

¹⁵ TURN-03E, Supplemental Testimony of Jennifer Dowdell Addressing Administrative Law Judge's Ruling Dated January 9, 2026, A.24-11-007, Mar. 13, 2026 (Errata Apr. 2, 2026) at 12 ("Consistent with the concerns of CLECA, TURN proposes applying the fee to all customers with loads of 50 MW or greater, and exempting load additions for existing customers who are adding load for decarbonization, electrification, or electric vehicle charging").

characteristics create a heightened risk of stranded infrastructure and cost shifts to other customers.¹⁶ Decarbonizing and EITE Existing Customers do not share those characteristics.

Applying the full suite of proposed Rule 30 risk mitigation provisions to Decarbonizing and EITE Existing Customers will therefore address the wrong problem and create a new one. These customers do not present risks of speculative load growth or early departure sufficient to justify Rule 30's enhanced minimum demand charges (MDCs), extended contracted terms, or early contract termination fees. Instead, the primary risks they face, and present to the state, are emissions and economic leakage. These risks would be exacerbated by imposing data-center-driven requirements on customers seeking to add load to comply with California climate goals.

California's treatment of EITE Customers underscores this critical distinction. Cap-and-Invest policies designed by CARB have designated EITE facilities that are at risk of emissions leakage, reaffirming a 100% assistance factor and extended through 2030 by Assembly Bill (AB) 398.¹⁷ These policies reflect an explicit legislative determination that EITE industries are both essential to California's economy and uniquely vulnerable to being priced out of the state. In addition to reducing emissions and economic leakage in the short term, the Cap-and-Invest EITE designation and AB 398 are meant to drive long-term production efficiencies, economic

¹⁶ TURN-03E at 19 ("What is extraordinary in this instance is the size of data center load, the magnitude of potential cost impact on the grid and other customers, and the risks associated with data centers failing to provide their expected load after infrastructure investments have been made or construction accelerated primarily to serve them").

¹⁷ CLECA-03 at 6:11-16 ("To mitigate the risk that California's climate policies could drive production and associated emissions out of state, CARB provides EITE facilities with allowance allocations using industry-specific benchmarks. Assembly Bill 398 (2017) extended these assistance factors to 100 percent through at least 2030, reflecting the Legislature's recognition of the ongoing risk of emissions and economic leakage").

competitiveness, and decarbonization, such as electrification.¹⁸ Imposing Rule 30's speculative-load risk mitigations on these customers may prevent or delay the very investments that would advance state climate goals under this policy framework.

This conflict is particularly acute given California's steep decarbonization trajectory. California seeks to achieve net-zero emissions, including in the cement industry, by 2045, which will require increased electrification and other decarbonization strategies that result in higher transmission-level loads from Decarbonizing and EITE Existing Customers.¹⁹ The sought-after load increases come on top of electricity prices that are already considerably higher than those in neighboring states.²⁰ PG&E notes that "operating in California already comes with comparatively high costs."²¹ Indeed, Decarbonizing and EITE Existing Customers in PG&E service territory face "industrial rates [that] are now the highest of the California large investor-owned utilities and are over 300 percent of the average industrial rates in states bordering California."²²

Despite such electricity prices, existing customers "have demonstrated repeatedly over decades of service that they are a safe bet to the system...they are customers on the system for

¹⁸ CLECA-03 at 7:1-6 ("California has a strong interest in encouraging EITE investments that improve production efficiencies and economic competitiveness, because such investments reduce the risk of both emissions and economic leakage. For example, an EITE customer that invests in a larger, more efficient electric process motor may increase throughput efficiency and reduce per-unit energy consumption, helping the facility compete with out-of-state facilities facing lower energy costs").

¹⁹ First CLECA Opening Brief at 7 (Citing PGE-08, *California Independent System Operator 2024-2025 Transmission Plan*, A. 24-11-007, Sept. 18, 2025 at 5-6; Cal. Health and Safety Code §§ 38501 (b)(1-4), 38561.2 (a)(1), (b)(4), (b)(7)D)).

²⁰ *Id.* ("Traditional companies in California already face a much higher cost of electricity than in neighboring states. Those other states also do not require traditional companies to decarbonize or electrify with the associated increase in electric load").

²¹ PGE-19, *Limited Opening Testimony in Response to Administrative Law Judge's Ruling Establishing Proceeding Schedule*, A.24-11-007, Mar. 13, 2026 at 14:11-12.

²² CLECA-03 at 10:12-14 (Citing Energy Information Agency (EIA), EIA-861M Monthly Electric Power Industry Report, Monthly sales to ultimate customers by state and utility for all sectors (Industrial columns) January 2010 - November 2025).

the long term [and t]hey will more than pay for the cost of their additional revenue requirement.”²³ Existing, already-connected transmission level customers who are seeking to add load to support decarbonization efforts or expand EITE operations simply do not pose the same risks as new data center customers seeking to interconnect.²⁴ It is neither unjust nor unreasonable to subject customers with unique risk profiles to unique risk-reducing requirements.²⁵ However, it is both unjust and unreasonable to subject customers that do not pose unique risks to uniquely onerous requirements that will serve to hamper decarbonization or expanded EITE operations.²⁶ As these Rule 30 provisions were proposed to address risks that are unique to data centers, the provisions, if adopted, should only be applied to data center customers.²⁷

This is especially true because, aside from the sought-after decarbonization and electrification, data centers are a primary force behind load growth.²⁸ PG&E attempts to sidestep

²³ CLECA-01 at 2:5-9.

²⁴ First CLECA Opening Brief at 2 (“The Commission must address concerns unique to data centers without unjustly or unreasonably impacting...traditional customers...Data centers present unique challenges to the electric system...Traditional customers simply do not pose the same risks as data center customers”); CLECA-01 at 7:2-6 (“CLECA agrees that there is cause for concern about the potential for stranded plant. However, as discussed previously, this potential is created by the uncertainty around data center loads, rather than uncertainty around the traditional loads, It is critical that the Commission keep this distinction in mind when it considers the most appropriate path forward”).

²⁵ *Id.*

²⁶ CLECA-01 at 5:19-6:3 (“If the Commission...dramatically increase[s] the amount of time to return customer advances or impose[s] onerous contract terms, this will significantly increase costs for traditional customers...Customers may be forced to leave the state because of the additional costs”).

²⁷ CLECA-01 at 6:4-7 (“It is patently unfair to burden these traditional customers because...[of] the potential behavior of data centers. The solution to this problem...is to treat data centers as a different customer class—as they do have unique characteristics”).

²⁸ CLECA-01 at 5_14-17 (“As PG&E’s own testimony demonstrates, 75 percent of the transmission-level interconnection requests PG&E received from 2023 to 2024 came from data centers, comprising 93 percent of the requested load”) (citing PGE-01, *Pacific Gas and Electric Company Application for Approval of Electric Rule No. 30 for Transmission-Level Retail Electric Service Supplemental Testimony*,

this reality by stating that data centers account for an estimated 18.7% of projected peak load growth in the CAISO area.²⁹ Yet PG&E also acknowledges that data centers comprise 38% of PG&E's projected total load growth, demonstrating that data centers, as compared to the diverse array of other customers PG&E serves, play an outsized role in total load growth.³⁰

PG&E maintains its proposal is technology and industry agnostic, claiming, for example, that "specific customers or classes of customers should [not] be required to upfront fund Facility Type 4 costs."³¹ Yet, when arguing against additional financing requirements for Type 4 facilities, PG&E specifically states that it does not want to threaten California's "technology sector."³² PG&E does so while citing that "[d]ata centers provide economic benefits..." and to sources entitled "State Taxation of Data Centers" and "Data Center Employment Forecast Analysis."³³

PG&E's purported agnosticism is thus one-sided. PG&E neglects to cite to the benefits of hospitals, manufacturing, or agricultural processors for Californians but publicizes the benefits

A. 24-11-007, Sept. 18, 2025 at 5, Figure 3; CLECA First Opening Brief at 4); Cal Advocates-22 at 11:19-20 ("If new data center load materializes as projected, these customers will consume a significant portion of PG&E's grid capacity"); SC-01 at 9:24-26 ("In California, the growth in demand that drives the value of capacity savings and the avoided transmission investments is largely projected to come from transmission-level customers such as data centers for the near future"); TURN-04, Rebuttal Testimony of Jennifer Dowdell Addressing Administrative Law Judge's Ruling Dated January 9, 2026, A.24-11-007, Apr. 8, 2026 at 6:28-7:1 ("While PG&E's assertion that data centers only account for 19% of the peak load growth in the CAISO area over the 20 years from 2025-2045 may be accurate, the foregoing evidence presented in Cal Advocates' Limited Testimony cited above shows that by 2035, data centers represent 53% of load growth").

²⁹ PGE-20, *Rebuttal Testimony in Response to ALJ Questions*, A.24-11-007, Apr. 8, 2026 at 3:10-12 ("Of the five peak load growth drivers identified by the CEC, data centers only account for 18.7 percent of the peak load growth in the CAISO area").

³⁰ PGE-20 at 5:17-19 ("This results in data center load growth that is 38 percent of the total load growth, rather than the 53 percent identified by Cal Advocates in its testimony").

³¹ PGE-19 at 11:19-21 ("As indicated above, PG&E does not believe that specific customers or classes of customers should be required to upfront fund Facility Type 4 cost").

³² *Id.* at 14:14-16 ("Pushing these customers to other states will risk jobs, tax revenue for the State and local governments, and California's predominance in the technology sector"), FN 19.

³³ *Id.* (emphasis added)

that well-capitalized data center customers will bring when they locate in PG&E territory.³⁴ PG&E has moved from urging implementation of Rule 30 due to data centers to now claiming data centers are ordinary customers that should not be singled out.³⁵

California's legislative mandates to protect ratepayers and enable "Californians to affordably decarbonize"³⁶ compel fair treatment of existing Californian customers, while also appropriately seeking to encourage entry of out-of-state customers. Levying data-center specific risk mitigation provisions on existing non-data center customers ignores these circumstances, would chill investment, and undermines California climate and industrial policies.³⁷ Accordingly, if Rule 30 is adopted, it would be unjust and unreasonable to apply these enhanced MDC, extended contract term, and early termination fee provisions to Decarbonizing and EITE Existing Customers.³⁸ These provisions were proposed to address risks that are unique to data centers

³⁴ Cal Advocates-22 at 25:5-10 ("Data center developers operating in PG&E's service territory are seeking multiple GWs of transmission capacity to support large-scale facilities, requiring substantial capital investments. These requests indicate that such developers are deploying capital at scale and often across multiple facilities") (citing PG&E, "Surging Data Center Growth to Help Lower Energy Costs for PG&E Customers," May 27, 2025, <https://investor.pgecorp.com/news-events/press-releases/press-release-details/2025/Surging-Data-Center-Growth-to-Help-Lower-Energy-Costs-for-PGE-Customers/>).

³⁵ Cal Advocates-23, *Prepared Limited Rebuttal Testimony on Application of Pacific Gas and Electric Company for Approval of Electric Rule No. 30 for Transmission-Level Retail Electric Service*, A.24-11-007, Apr. 8, 2026 at 4:1-4 ("PG&E inconsistently argues at first that the amount of load and number of data center interconnection applications is so large and unprecedented that it justifies urgent action and implementation of Proposed Rule 30, while now claiming that they are relatively ordinary customers who should not be singled out").

³⁶ Cal. Health and Safety Code § 38501 (b)(1-4) (emphasis added).

³⁷ CLECA-03 at 7:6-9 ("Layering data center-driven risk mitigation provisions onto these investments increases uncertainty, and undermines the capital spending decisions that California's climate and industrial policies are designed to encourage"), 10:14-15 ("Layering additional MDC obligations on top of already high rates compounds the barrier to investment").

³⁸ CLECA-01 at 5:19-6:3 ("If the Commission...dramatically increase[s] the amount of time to return customer advances or impose[s] onerous contract terms, this will significantly increase costs for traditional customers...Customers may be forced to leave the state because of the additional costs").

³⁸ *Id.*

and should be applied accordingly.³⁹ At the very least, they should not be applied to Decarbonizing and EITE Existing Customers.

C. Rule 30 Risk Mitigation Provisions Must Be Limited to Large Speculative Data Center Load, and the Record Reflects Broad Agreement on this Targeted Application

As demonstrated above, the risks that prompted Rule 30 are specific to large, speculative data center load, not to Decarbonizing and EITE Existing Customers. It therefore follows that Rule 30's risk-mitigation provisions (enhanced minimum demand charges, extended contract terms, load ramps, and early termination fees) must be applied only to the customer class that presents those risks.

TURN, Cal Advocates, and Sierra Club all support exemptions for Decarbonizing and EITE Existing Customers.⁴⁰ TURN "explicitly endorses exempting 'load additions for existing customers who are adding load for decarbonization, electrification, or electric vehicle charging' from additional Rule 30 requirements'" and cites CLECA testimony to do so.⁴¹ Sierra Club offers

³⁹ CLECA-01 at 6:4-7 ("It is patently unfair to burden these traditional customers because...[of] the potential behavior of data centers. The solution to this problem...is to treat data centers as a different customer class—as they do have unique characteristics").

⁴⁰ TURN-03E at 12 ("Consistent with the concerns of CLECA, TURN proposes...exempting load additions for existing customers who are adding load for decarbonization, electrification, or electric vehicle charging") (citing CLECA-01 at 6); Cal Advocates-23 at 23:23-24:9 ("TURN's recommendation to exempt certain customers from the Facility Type 4 Advance requirement is reasonable. TURN proposes that Facility Type 4 Advances should not be required for...existing customers adding load for electrification or electric vehicle charging. TURN cites concerns raised by...(CLECA) regarding the burden that large financial requirements could impose on smaller transmission-level customers and customer's seeking to decarbonize their facilities...The ratepayer protections in Proposed Rule 30 should also avoid impacting California's electrification efforts"); SC-01 at 4:8-9 ("Data centers would impose costs on the transmission grid that need to be properly accounted in cost allocation, to avoid ratepayers cross-subsidizing them"), 7:7-12 ("To mitigate the risks posed by the distinct and complex electricity use patterns of data centers on California's transmission grid, the Commission should consider cost allocation mechanisms that distinguish data centers from other large loads. Doing so would avoid negatively impacting the state's policy goals of promoting beneficial electrification, while adequately allocating data center-driven grid upgrade costs to the cost-causer data centers").

⁴¹ CLECA-03 at 7:19-8:2 (quoting TURN-03E at 12, FN 3 (citing CLECA-01 at 6)).

support that long-term contracts, exit fees, high MDCs, and minimum load ramps should be limited to data center customers.⁴² Cal Advocates similarly cautions that “Proposed Rule 30 should also avoid impacting California’s electrification efforts.”⁴³ This alignment confirms that a targeted application of Rule 30 is not discriminatory, but rather grounded in cost-causation principles and aligned with the state’s broader policy objectives.

That conclusion is reinforced by the nature of data center load itself. Data centers are “a new and evolving development in [the] regulated utility business” and are “uniquely energy intensive, characterized by speculative load, more likely to exit early and underutilize stated demand, and function differently at an electromechanical level than other customers.”⁴⁴ Data centers are orders of magnitude larger than typical transmission customers and “can impose outsized and discrete infrastructure requirements that other customers neither cause nor require.”⁴⁵ Unique and high data center load factor creates further generation cost concerns

⁴² SC-01 at 6:9-12 (“A data-center specific tariff can include appropriate mechanisms such as long-term contracts, exit fees, higher minimum demand charges, and minimum load ramps that prevent data centers from avoiding responsibility for paying for transmission facilities for which they are the main cost-causers”) (citing Chelan County Public Utility District, Electric Rate Schedule 36 at 90, available at <https://www.chelanpud.org/docs/default-source/default-document-library/rate-schedule-36-data-centers-and-similar-loads.pdf>)).

⁴³ Cal Advocates-23 at 24:8-9.

⁴⁴ First CLECA Opening Brief at 5 (quoting TURN-01, *Testimony of The Utility Reform Network Addressing Proposed Rule 30 Ratepayer Impacts and Related Issues*, A.24-11-007, June 30, 2025, Revised Sept. 8, 2025 at 12:16 (citing CLECA-01 at 2:11-19 (“...data centers are by far the largest loads that PG&E has discussed...data centers are much more likely to terminate their activities after a few years...the types of loads represented by data centers are more sensitive to fluctuations in voltage and, given their size, if they drop off the system...the impact can be tremendous...”))); Cal Advocates-01, *Errata Prepared Testimony on the Application of Pacific Gas and Electric Company for Approval of Electric Rule No. 30 for Transmission-Level Retail Electric Service*, A.24-11-007, July 17, 2025 at 49:8-10 (“Data Center Applicants often engage in speculative interconnection requests, are particularly energy intensive, and have highly uncertainty future energy needs”).

⁴⁵ Cal Advocates-23 at 4:7-18; see Res. E-5439 at 14 (“in other words, there are not thousands of other similar customers utilizing and paying for the same infrastructure required by the Microsoft [data

exclusive to data centers.⁴⁶ Uncertain market conditions, potential changes in efficiency, rapid technological advancement, and shifting enterprise needs in the data center industry combine to magnify these risks.⁴⁷

PG&E itself has noted it is “incorporating emerging guidance...to ensure reliability and adopt mitigation measures to address” “voltage and frequency disturbances, aggregation of data center load, and other operational impacts from data centers.”⁴⁸ These operational impacts, and this response, are due to the fact that “data centers do have unique operating characteristics.”⁴⁹ PG&E said as much even before the North American Electric Reliability Corporation (NERC) released a Level 3 Essential Action Alert on critical risks from computational loads.⁵⁰ Computational loads include AI training, cryptocurrency mining, and traditional data center uses and their risks contrast “with the robust historical experience with traditional non-power electronic non-computational load.”⁵¹

center] project, which would otherwise help to offset any revenue deficit should the revenue from Microsoft not materialize”).

⁴⁶ *Opening Brief of The Utility Reform Network*, A.24-11-007, Oct. 24, 2025 (First TURN Opening Brief) at 13 (citing TURN-01 at 15-16), 14 (“The addition of large data center to electricity grids in other parts of the country have resulted in time of use price spikes and overall increases in generation commodity costs” (citing TURN-01 at 16, FN 50)).

⁴⁷ *Id.*

⁴⁸ *Pacific Gas and Electric Company’s Opening Post-Hearing Brief*, A.24-11-007, Oct. 24, 2025 (First PG&E Opening Brief) at 62.

⁴⁹ First PG&E Opening Brief at 41.

⁵⁰ NERC, Essential Action to Industry, “Computational Load Modeling, Studies, Instrumentation, Commissioning, Operations, Protection and Control,” May 4, 2026 at 1, <https://www.nerc.com/globalassets/programs/bpsa/alerts/level-3-computational-load-alert.pdf>.

⁵¹ *Id.*

D. PG&E's Revised Minimum Demand Charge (MDC) Proposal Would Be Punitive to and Counterproductive for Existing Industrial and Manufacturing (Decarbonizing and EITE Existing) Customers

PG&E's revised 75% MDC from year 1, based on a binding load ramp, is especially punitive to and counterproductive for existing industrial and manufacturing (Decarbonizing and EITE Existing) customers. These customers operate in cyclical economic sectors, experience seasonal demand fluctuations, and/or require periodic outages for maintenance and upgrades and so are not constantly utilizing 100% of their necessary, demanded capacity.

PG&E proposes moving from a 70% MDC starting in Year 5 to a binding load ramp that retains a flat 75% MDC starting in Year 1, which functionally increases as contracted load increases to maximum contracted load by Year 5.⁵² PG&E claims this approach is more proportional and equitable because it applies the fixed 75% MDC to contracted load in a given year rather than applying the MDC to ultimate maximum load from the start.⁵³ Still, take away the load ramp language and customers are left with a Year Five 75% MDC where there was previously a 70% MDC. Further, customers are subject to an MDC four years earlier than they had been under the original MDC proposal. This revision is an MDC increase. Such revision, if applied to them, would penalize Decarbonizing and EITE Existing Customers who operate in industries that present certain, inherent risks but that do not translate to an increased risk of stranded costs.⁵⁴

⁵² PGE-18 at 1:28-30, 2:10-16.

⁵³ *Id.* at 3:11-13.

⁵⁴ CLECA-03 at 9:18-10:2.

First, some customers operate in cyclical industries that rise and fall with the markets.⁵⁵ Existing customers that operate in cyclical industries are distinct from new data center customers that present speculative interconnection requests with a high risk of potential under-utilization of requested capacity.⁵⁶ Rather than existing in a cocktail of industry uncertainty,⁵⁷ as data center customers do, existing cyclical industry customers simply exist in industries where, at times, fewer goods are manufactured or distributed when there is less demand. These customers, with more established operational needs and fewer technological advances and shifting enterprise needs, pose less of a risk than data center customers.⁵⁸ Still, under the revised MDC, customers will be forced to pay for capacity they are not using exactly when they are not bringing in revenues to pay for it.⁵⁹

Second, “industrial operations require periodic planned outages for maintenance, equipment upgrades, and safety inspections, during which their load drops significantly.”⁶⁰ This is not turning a server off and on again. This is a major manual and technical event where facilities and machinery must be shut down to prevent injury and death during inspection and during the regular course of operations. The 75% MDC, as it stands, penalizes customers for performing routine maintenance which is essential to safe operations.⁶¹

⁵⁵ CLECA-03 at 9:11-13.

⁵⁶ CLECA-01 at 13-14.

⁵⁷ *Ec.* CLECA-01 at 13-14.

⁵⁸ First CLECA Opening Brief at 14 (“Technological advances and shifting enterprise needs will not lead to a mass relocation of hospitals, cement, or steel industry sites; this concern is specific to data centers. ‘The utility system has operated for decades without having traditional customers abandon their operations prematurely’”) (citing CLECA-01 at 5:15-16).

⁵⁹ CLECA-03 at 9:12-13.

⁶⁰ *Id.* at 9:14-15.

⁶¹ *Id.* at 9:16.

Third, some Decarbonizing and EITE Existing “[C]ustomers have seasonal production patterns, such as agricultural processing or cold storage, where the MDC operates as a penalty for normal business operations rather than a risk mitigation tool.”⁶² When it is harvest time, agricultural processors and cold storage providers need electricity to process and store the harvest. When it is not harvest time, these customers do not need as much electricity. Their demand does not drop due to unique uncertainties regarding their future load.⁶³ They are just waiting for the next harvest.

California is asking these Decarbonizing and EITE Existing Customers, including those with cyclical load fluctuations, to add load to decarbonize in order to achieve state climate targets.⁶⁴ Such decarbonizing load additions do not present risk profiles that justify this increased MDC.⁶⁵ While the MDC does not match the risk profile of Decarbonizing and EITE Existing Customers, it does increase the risk profile of decarbonization investments.⁶⁶ As this

⁶² CLECA-03 at 9:17-19.

⁶³ SC-01 at 6:6-9 (“The data center-specific tariff includes several features that would ensure data centers actually contribute the costs they cause the utility to incur, despite the unique uncertainties related to their future load”).

⁶⁴ First CLECA Opening Brief at 18 (“As emphasized by PG&E, upcoming traditional customer load growth will be driven by measures necessary to implement greenhouse gas reductions (decarbonization) goals”) (citing PGE-08, *California Independent System Operator 2024-2025 Transmission Plan*, A.24-11-007, Sept. 18, 2025 at 5, 6).

⁶⁵ CLECA-03 at 5:20-6:4 (“As CLECA previously explained in testimony, the existing customers who traditionally have taken service at transmission voltage, i.e., the industrial, manufacturing, university, government, EV charging, and hospital customers who are increasing their load, do not pose this same risk to other customers”).

⁶⁶ CLECA-03 at 9:19-10:2 (“These cyclical load fluctuations inherent to many traditional customers do not create risk of stranded assets, but applying the MDC does increase the risk profile of decarbonization investment”).

risk profile increases, expansions needed to decarbonize in California become uneconomic and production is forced to shift out of state, causing emissions and economic leakage.⁶⁷

Importantly, while the risks of emissions and economic leakage are caused by myriad factors in California, contributing to a death by a thousand cuts, the MDL stands to be a large cut.⁶⁸ Data centers are expanding because they have capital and want to spend it now.⁶⁹ Decarbonizing and EITE Existing Customers in California are making load additions to electrify and decarbonize in line with regulatory mandates.⁷⁰ When making load additions, Decarbonizing and EITE Existing Customers are faced with extremely high electricity prices in their existing service area.⁷¹ After making their necessary decarbonization load additions and paying high rates, these customers should not be penalized for temporarily reduced load when they perform routine maintenance or experience normal, seasonal fluctuations in operations. These cyclical load profiles are not associated with the type of increased stranded cost risk that justifies a first year 75% MDC that ramps up to 100% in year five. The proposed factors, which increase cost and risk for Decarbonizing and EITE Existing Customers seeking to make investments that would lower state carbon emissions, are counter to California policy goals.

⁶⁷ CLECA-03 at 10:6-11 (“For EITE customers specifically, the MDC directly increases the risk of emissions leakage. These customers compete in global markets where competitors face significantly lower electricity costs. When the MDC makes a California electrification investment uneconomic, production shifts to jurisdictions with less stringent environmental requirements, increasing global emissions rather than eliminating them”).

⁶⁸ *Id.*

⁶⁹ TURN-04 at 9 (“...there remains a significant risk other ratepayers may be forced to subsidize costs caused by large well-capitalized multinational corporations (which residential and small customer call ill-afford to absorb), due to the expected in-flux of data center load over a very short period of time”).

⁷⁰ CLECA-03 at 7:6-9 (“Layering data center-driven risk mitigation provisions onto these investments increases uncertainty, and undermines the capital spending decisions that California’s climate and industrial policies are designed to encourage”).

⁷¹ *Id.* at 12-14.

E. Decarbonizing and EITE Existing Customers Should Have The Option to Either Interconnect Under Existing Procedures or Under a Version of Rule 30 that Does Not Subject Them to More Onerous Conditions that Were Not Implemented to Target Them

Decarbonizing and EITE Existing Customers should be allowed to continue seeking incremental transmission-level service under existing exceptional case filing and negotiated agreement procedures. If Decarbonizing and EITE Existing Customers choose to interconnect under Rule 30, they would operate under Rule 30's cost-responsibility framework and accept full payment of incremental interconnection costs. However, they should not be subject to the enhanced MDC, extended contract term, and early termination fee risk mitigation provisions that were designed for speculative data center load. This dual approach framework is consistent with prior testimony and works because both approaches make use of the Base Annual Revenue Calculation (BARC) method.⁷²

While PG&E has made the case that Rule 30 would be more efficient than the current procedures, it has not made the case that existing procedures are inadequate for Decarbonizing and EITE Existing Customers.⁷³ Indeed, existing procedures are adequate, preferable to potential Rule 30 alternatives, and have been around for decades.⁷⁴ The BARC formula utilized in PG&E Rule 15 and 16 exceptional case filings and the originally proposed Rule 30 has been

⁷² CLECA-03 at 11:9-12 ("This framework is consistent with CLECA's previous testimony that the Base Annual Revenue Calculation (BARC) formula 'works well for these traditional customers, and their continued operations will contribute far more than their incremental capital revenue requirement in revenues for the system'") (quoting CLECA-01 at 4).

⁷³ See First PG&E Opening Brief at 15-16.

⁷⁴ CLECA-01 at 12 (citing PG&E Response to Cal Advocates-04, Question 4 and PG&E Response to Cal Advocates-02, Question 4 ("PG&E acknowledges that it has used the existing Rule 15/Rule 16 framework for transmission voltage customers over the past several decades with limited exceptions")).

around since the 1990s, and has been applied to distribution- and transmission-level capacity expansions.⁷⁵

The original BARC formula “works well for these traditional [i.e., Decarbonizing and EITE Existing] customers, and their continued operations will contribute far more than their incremental capital revenue requirement in revenues for the system.”⁷⁶ If customers do not use their full requested capacity, they do not receive their full refund because refunds are based on generated net transmission revenues.⁷⁷ However, this is not to say that full capacity customer refunds should be denied or delayed under a Revenue Cap methodology.⁷⁸ As it stands, the 10-year BARC formula refund period gives customers a reasonable, defined timeline to ramp up and generate refund-qualifying revenues while incentivizing customers to do so expeditiously to avoid forfeiting potential refund amounts.⁷⁹

⁷⁵ CLECA-03 at 11:12-14 (citing Ex. CLECA-01 at 12; PG&E Response to Cal Advocates-02, Question 1(a)); see PG&E Limited Opening Testimony at 22:29-32 (“PG&E has decades of experience implementing the BARC methodology under Electric Rules 15 and 16 and thus risks from ‘irregular refund flows’ is unlikely”).

⁷⁶ *Id.* at 11:10-12.

⁷⁷ Cal Advocates-22 at 33:3-5 (“In Proposed Rule 30, PG&E can withhold refunds if customers do not use requested capacity as expected since refunds are based on the net transmission revenues generated by transmission-level customers”); PGE-19 at 22:25-27 (“PG&E’s BARC refund approach provides refunds that are reasonably tied to the revenues generated and the expected useful life of the infrastructure”).

⁷⁸ First PG&E Opening Brief at 70 (“under Cal Advocates’ proposal, a customer may need to wait for more than a decade to receive a full refund”), 72 (“Cal Advocates’ Revenue Cap unreasonably and arbitrarily limits the refund period to ten years”).

⁷⁹ First CLECA Opening Brief at 17 (Citing PGE-01 at 46:32-47:6 (“The ten-year period is reasonable because, given the size of and investment in facilities that need to interconnect at transmission level voltages, PG&E expects these customers will be providing revenues for ten years or longer once energized”), 49:1-5 (“Any unrefunded amounts at the end of the 10-year period will be forfeited by the customer. Since the BARC process reflects expected revenues for a 10-year period of time, it is reasonable to limit the Refund Period to 10 years”)).

Further, refunds for Decarbonizing and EITE Existing Customers should not be capped at 75% based on specific resolutions dealing with specific data centers.⁸⁰ Cal Advocates and PG&E use Resolutions (Res.) E-5420 and E-5439 to advocate, albeit in the alternative, for such caps.⁸¹ Res. E-5420 deals with a single, 90 MW data center, and the Commission noted that this data center “is both large and unique enough that if sufficient revenue is not generated then it would present a risk to ratepayers...and...expectations of future revenue are uncertain and based on little experience.”⁸² Res E-5439 likewise deals with a single 90 MW data center and notes that “expectations of future revenues [for data center projects] are uncertain and based on limited historical precedent.”⁸³ Again, this is a data center-specific concern. Clearly, the Commission would not have the same concerns about existing customers who have been connected to the utility system for decades and who will have to expand their loads to meet state decarbonization goals or expand EITE operations.⁸⁴

⁸⁰ Resolution (Res.) E-5420, *Pacific Gas and Electric. Electric Rule 2, 15, and 16 Exceptional Case Submittal for Electric Transmission Service Facilities for STACK Infrastructure*, October 30, 2025 at 1; Res. E-5439, *Pacific Gas and Electric Exceptional Case Submittal for Electric Transmission Upgrades for Microsoft Corporation for its SJC02 Project in San Jose, California*, January 20, 2026 at 1.

⁸¹ Cal Advocates prepared limited testimony at 28, FNs 102 and 104; PG&E Rebuttal Testimony at 18, FNs 51 and 52.

⁸² Res. E-5420 at 9.

⁸³ Res. E-5439 at 14.

⁸⁴ CLECA-01 at 2 (“Customers in those traditional categories have demonstrated repeatedly over decades of service that they are a safe bet to the system”).

III. CONCLUSION

CLECA appreciates this opportunity to submit this limited opening brief.

Respectfully submitted,

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