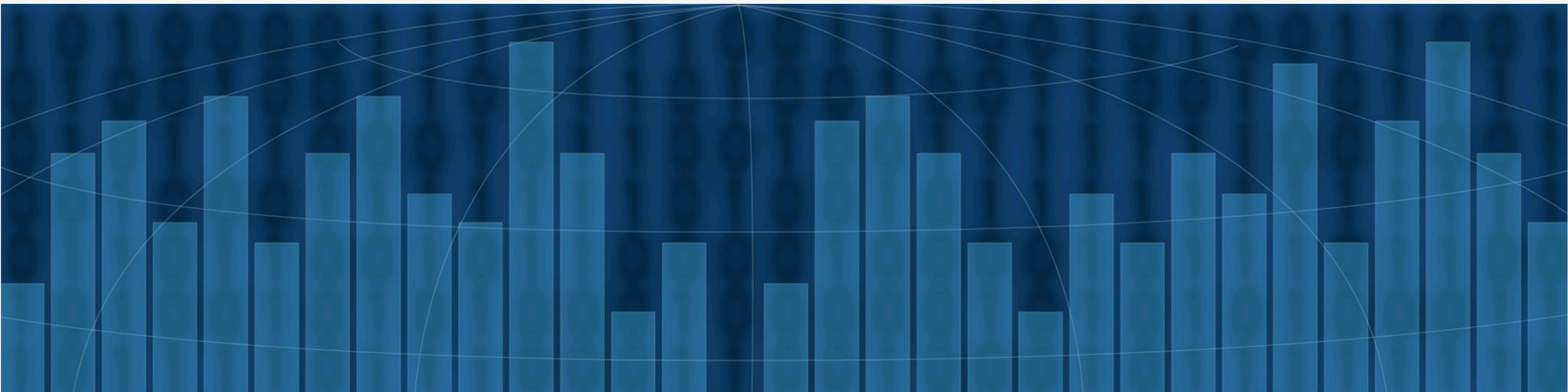
THE TERMS OF POWER:

Inside the new utility rates for data centers

March 2026



Introduction

Data centers are the fastest-growing source of electricity demand in the United States. They now account for 94% of projected peak load growth in PJM, the nation's largest grid operator, and utilities across the country are facing interconnection queues that have tripled in two years. How to meet this demand, and who bears the cost when things go wrong, has produced an entirely new category of utility regulation.

Twenty-five utilities across 19 states have now filed data center-specific tariffs. These rate structures did not exist five years ago, with 18 filed or approved in 2024 and 2025 alone. Taken together, they represent the first attempt by regulators to build a commercial framework for a customer class that consumes power like heavy industry but behaves like a software company.

This paper analyzes what those tariffs reveal across three dimensions (affordability, flexibility, and clean energy) and finds that regulators have made significant progress on the first — while largely ignoring the other two.

The old model: How data centers procured power

For the last 20 years, data centers have procured power the same way that steel mills did. An operator requests service under the local utility's general industrial tariff, and the rates, terms, and protections were the same ones available to every large customer. A data center consuming two megawatts was treated the same as a factory consuming two MW.

This model lacked mechanisms to address the specific risks posed by data centers, however. General industrial tariffs typically require one-year commitments and metered-demand billing, with no minimum consumption floors. For traditional industrial loads, that was fine. A steel mill or chemical plant is anchored to its physical infrastructure and isn't going anywhere, so the contractual flexibility was theoretical.

For data centers, that risk became real. A data center's value is in its compute capacity, not the building. An operator can shift workloads across facilities, scale down a site, or choose not to renew service, leaving the utility holding infrastructure investments sized for a load that no longer exists.

The absence of specific tariffs has pushed operators toward alternatives like behind-the-meter generation, direct power-plant connections (such as the Talen Energy/AWS agreement to supply 1,920 MW from the Susquehanna nuclear plant), and ad hoc special agreements.[1] PJM Interconnection's 2025 forecast projects 32 GW of peak-load growth by 2030, with data centers responsible for 94%. The old tariff model could not absorb that. General industrial tariffs offered no protection against stranded infrastructure costs, and grid planners had no framework for integrating load growth at that scale.

The new model: A changing category of tariffs

Beginning with New York Municipal Power Agency's (NYMPA) Rider A in 2018 and accelerating dramatically through 2024–2025, utilities created an entirely new tariff category.[2] These modifications introduced mechanisms that have never applied to any customer class, including multi-year demand ratchets, decade-long contract commitments, collateral requirements of up to $1.5 million per MW, and, in some cases, explicit clean energy mandates.

In examining those mechanisms across three dimensions (affordability, flexibility, and clean energy), this paper evaluates what the new tariffs accomplish, where they fall short, and what comes next.

Overview: The landscape

Utilities have responded to data center load growth with a variety of different commercial models. This report analyzes 25 data center tariffs (DC tariffs), which are the result of a public ratemaking process. They are one track in a four-track regulatory response playing out across the country.

The **first track**, and the focus of this report, is published tariffs: traditional filed rate schedules with specific, public charges that any qualifying customer can access. Seventeen of the 25 tariffs examined here follow this model, including AEP Ohio's Data Center Tariff, Dominion's GS-5, and FPL's LLCS schedules.

The **second track** is framework tariffs that publish structural requirements (minimum terms, ratchet floors, collateral rules) but leave pricing to individual negotiation. NV Energy's Clean Transition Tariff and Pacific Power's Schedule 401 follow this model.[3] [4]

1 Talen Energy/AWS: 17-year PPA, up to 1,920 MW from Susquehanna nuclear (announced June 11, 2025).
2 NYMPA Rider A, Leaf 96, effective September 1, 2025 (original emergency adoption March 2018).
3 NV Energy, Schedule No. CTT (Clean Transition Tariff), compliance filing June 11, 2025. Energy via individually negotiated ESA backed by new clean resources.
4 Pacific Power, Schedule 401, effective January 2026. Must not impede ORS 469A.410 clean energy targets.

The **third track** is individual contracts filed with commissions on a case-by-case basis, as DTE did with Oracle in Michigan, and Georgia Power does routinely in the Atlanta corridor. These are the least transparent. Alliant Energy's ICR Agreement in Wisconsin, for instance, is entirely redacted as confidential business information.[5]

The **fourth track**, and in some ways the most consequential, is legislation, in which states bypass the tariff process entirely to impose requirements by statute. Texas's SB 6 is the leading example, discussed below.

This report focuses on the published and framework tariff tracks because they are the most transparent and replicable. They are the structures that other regulators can study, adapt, and compare.

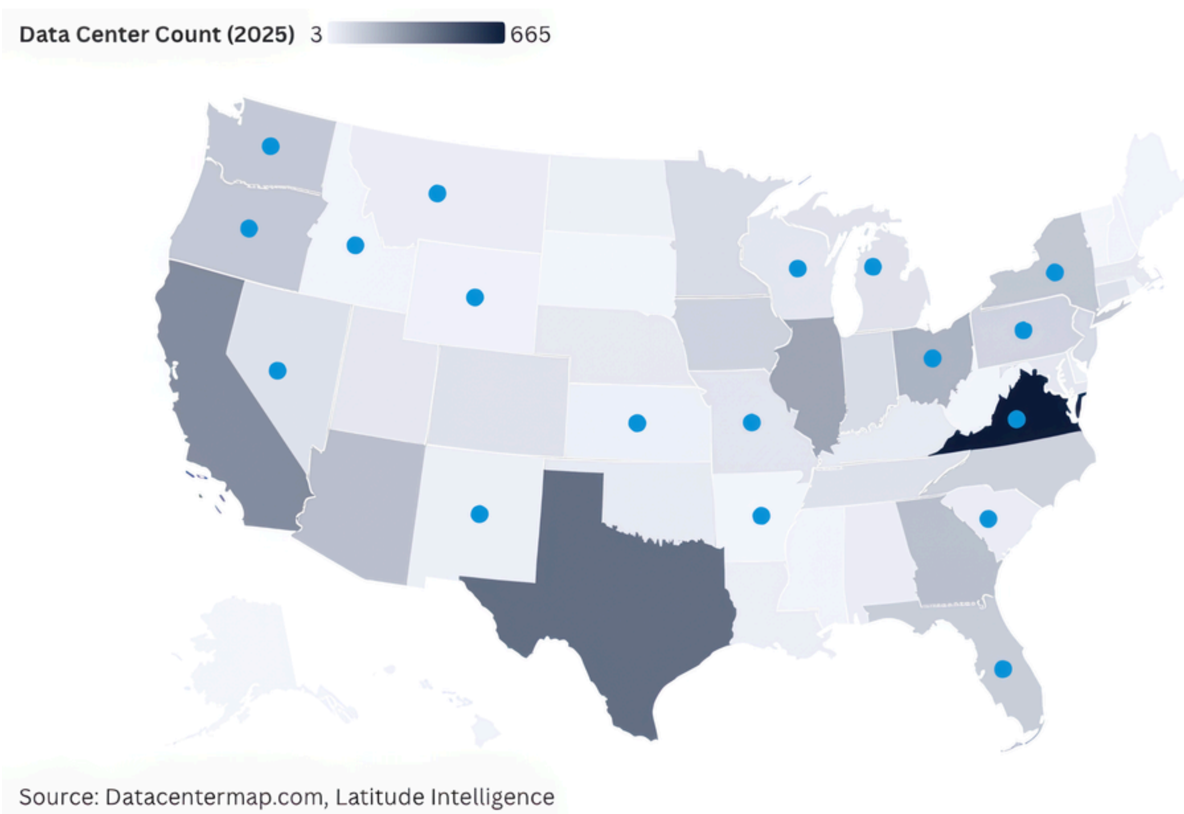


Figure 1: Data center tariffs filed or approved as of February 2026

The above map (Figure 1) reveals a mismatch between data center density and tariff activity. But the gap is narrower than it looks. Virginia, the state with the highest concentration of data centers nationally, has two DC tariffs with a third likely to pass in 2026. Several of the other

5 Alliant Energy (WPL), Individual Contract Rate (Docket 6680-TE-115), pending. Terms redacted as confidential.

states with high numbers of data centers (California, Georgia, New Jersey, Illinois, and Texas) have no published tariffs, but each has pursued alternative regulatory models examined in the "Beyond tariffs" section at the end of this report. Where tariffs do exist, the Midwest leads, with 10 across Arkansas, Indiana, Kansas, Michigan, Missouri, Ohio, and Wisconsin.

In Missouri, following the passage of SB 4 in 2025,[6] both Evergy and Ameren filed tariffs under the same framework, producing similar structures with identical 80% ratchets, 12-year terms, and 36-month notice periods.[7] This may be the first time state legislation has produced standardized, replicable tariff structures across multiple utilities, a model that Pennsylvania's PUC is now pursuing at the regulatory level.[8]

Affordability: The overcorrection

The problem

Under the old model, nothing prevented a data center from consuming enormous grid capacity on short notice and departing before the utility recovered its infrastructure costs. A utility that spent $500 million upgrading substations and transmission to serve a new 200 MW campus had no mechanism to prevent the customer from simply reducing load or leaving.

This problem has already caused stress across various data center hotspots nationwide. PJM's December 2025 capacity auction hit its price cap for the second consecutive time and cleared 6.6 GW below its reliability target,[9] driven substantially by data center load growth. Without targeted cost allocation, existing customers are forced to absorb the infrastructure burden.

The solution: An unprecedented cost-protection stack

The new tariffs respond with a set of interlocking mechanisms that, taken together, represent an aggressive cost-protection framework applied to a utility customer class. The centerpiece of these mechanisms is the demand ratchet.

A ratchet sets a floor on minimum billing demand regardless of actual usage. If a 100 MW facility drops to 60 MW of real consumption, an 80% ratchet keeps the bill at 80 MW. The new DC tariffs are dramatically stricter than their predecessors.

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6 Missouri Senate Bill 4, signed by Governor Mike Kehoe, April 9, 2025. Requires tariff filings for customers with peak load ≥100 MW.
7 Evergy MO/KS: approved November 2025. Both: 80% ratchet, 12-year term, 36-month notice.
8 Pennsylvania PUC, Tentative Order, Docket M-2025-3054271, adopted November 6, 2025. Model tariff: 80% ratchet, 15-year term.
9 PJM 2027/2028 capacity auction: cleared at $333.44/MW-day price cap, 6.6 GW below 20% installed reserve margin target (December 17, 2025).

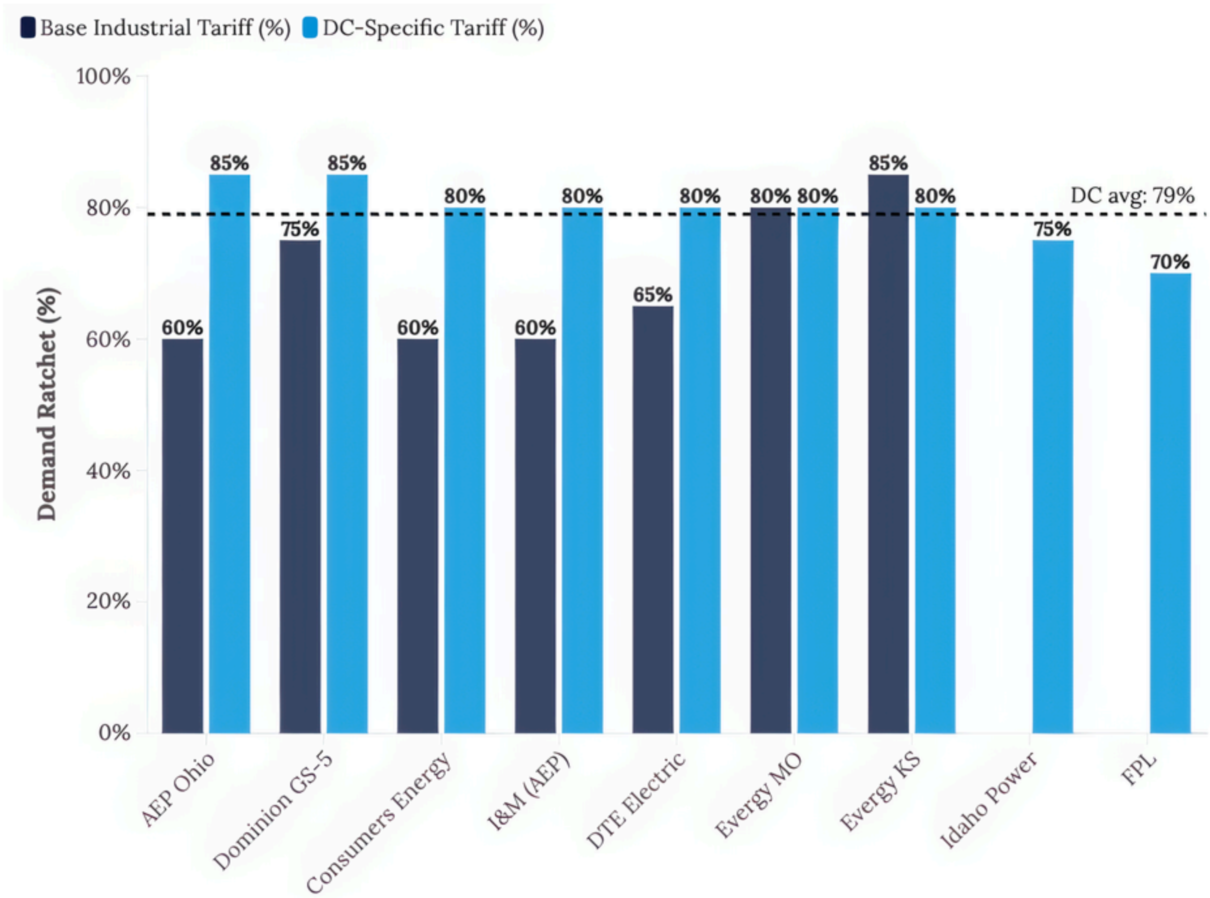
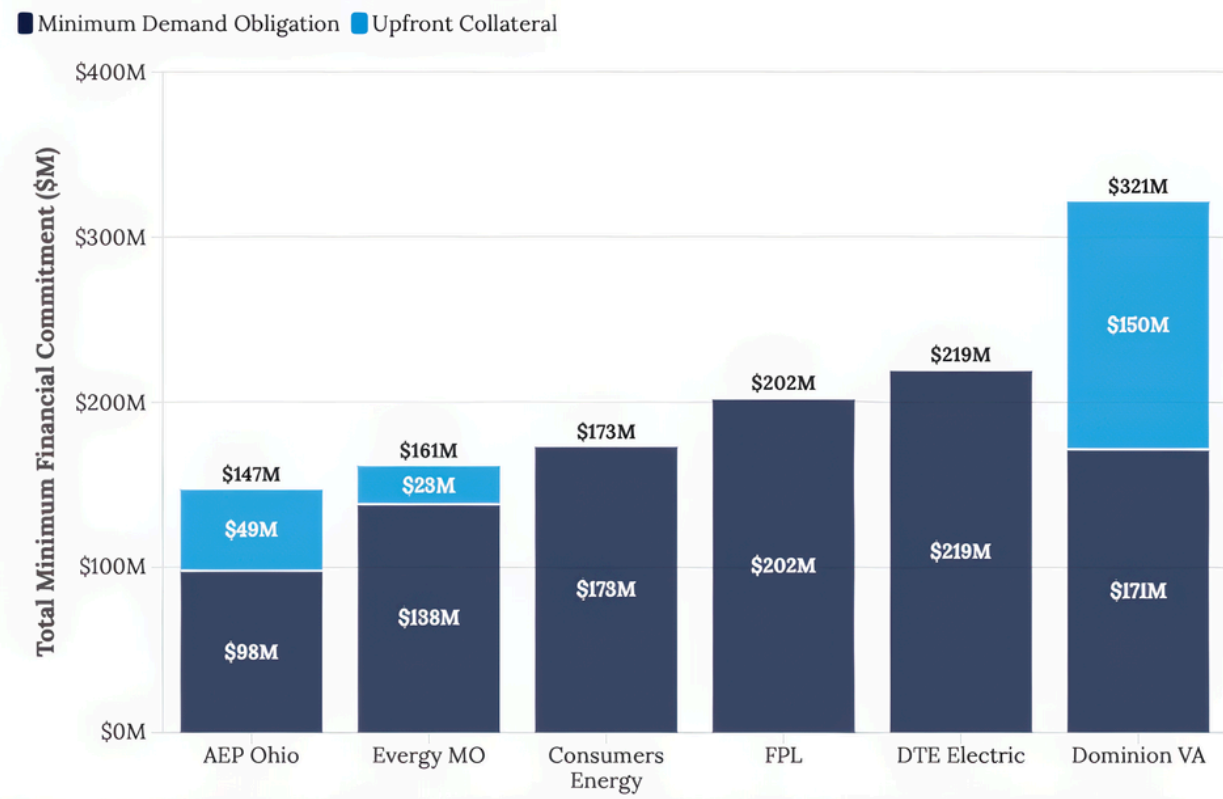


Figure 2: Demand ratchet comparison: base industrial tariffs vs. data center-specific tariffs. Both Idaho Power and FPL are not shown as they previously were metered.

Of the 25 DC tariffs, 15 specify a numeric ratchet. The values of these ratchets are largely around 80%, often exceeding the previously used standard industrial rate by 20 percentage points. For utilities with metered-only base tariffs, like Idaho Power and FPL, the DC tariff creates an entirely new revenue floor that did not previously exist for any customer class.

Figure 3 combines all three mechanisms — ratchet, term, and collateral — to demonstrate the total financial exposure for a hypothetical 100 MW facility at $12 per kilowatt-month across six DC tariffs. AEP Ohio's terms (85% ratchet, 8-year term) produce a $98 million demand floor plus $49 million in required collateral. FPL's terms (70% ratchet, 20 years) reach $202 million on demand alone. Dominion's GS-5, with its $1.5 million-per-MW collateral requirement, pushes total exposure to over $321 million.

The demand obligation is the non-recoverable minimum that the operator pays regardless of utilization. Collateral, shown where quantifiable, is returnable if the contract is fulfilled, but must be posted up front in cash, letters of credit, or parent guarantees.



Source: Latitude's analysis of published tariff filings. Assumes 100 MW contract demand at $12/kW-month demand charge. Collateral shown where quantifiable; returnable upon contract completion

Figure 3: Total financial exposure for a hypothetical 100 MW facility at $12/kW-mo under six DC tariffs

Ratchets, long terms, and collateral are the mechanical protections. Ring-fencing is the policy logic that holds them together. Missouri's SB 4 framework mandates that DC load cannot impose "unjust costs" on existing customers, with Ameren directing 65% of surplus revenue to customers, which includes a dedicated low-income program allocation.[10] Pennsylvania's PUC tentative order describes data centers as offering "no local workforce or supply chain" benefits, a framing that treats cost protection as the primary public-interest justification for serving these loads at all. Cheyenne Light, Fuel, and Power's $1 per megawatt-hour customer benefit credit takes the principle to its most literal form, making the protection visible on every bill.[11]

The combined effect is a tariff structure that requires data center customers to internalize significantly more cost risk than any previous customer class. That level of cost protection insulates ratepayers, but it does not give data centers any way to reduce their effective cost by providing grid services.

10 Ameren Missouri, SC No. 11(M), Large Load Customer Service Rate, effective January, 4, 2026. 75 MW threshold (below statutory 100 MW).

11 Cheyenne Light (Black Hills Energy), Schedule BCIS, effective April 2023. $1.00/MWh customer benefit credit.

Flexibility: The untapped opportunity

The problem

Under the old model, data centers had maximum operational freedom: short contracts, metered billing, and minimal constraints. An operator could theoretically ramp to 200 MW, then drop to 50 MW the next quarter, and the utility would have no recourse.

That freedom meant utilities could not plan long-term capacity investments around customers who might leave in a year. Additionally, data centers lacked a mechanism to provide grid services, even if they wanted to, because no tariff framework existed to encourage it.

The solution: Constraints without coordination

As described in the Affordability section, the combination of 80% demand ratchets, 12-year median contract terms, and substantial collateral requirements creates a significant financial commitment. At Dominion's terms, a 100 MW operator's minimum obligations approach $300 million over the contract's life.

That solves the utility's problem. The operator can neither quietly reduce load nor leave altogether without absorbing enormous costs. However, this design also constrains the operator without creating any mechanism for the operator to provide value back to the grid. The tariffs moved from one extreme to the other: from no constraints and no coordination, to maximum constraints and still no coordination.

The gap: What 15 days could be worth

A 2024 Department of Energy study reframed the flexibility question in terms that should change how tariff designers think about data center load.[12] The study found that utilities can reliably serve data center demand approximately 350 days per year. Only the remaining 15 days, roughly 360 hours, strain the grid.

Figure 4: The flexibility gap: utilities can reliably serve data center demand approximately 350 days per year.[13]

12 U.S. DOE, Powering AI and Data Center Infrastructure (2024)
13 ImpactECI analysis of PJM Dominion Zone (2024)

Other studies confirm the pattern. A GridLab analysis of NV Energy found that curtailing one GW of data center load for 500 to 880 hours per year, focused on summer evening peaks, yielded significant system cost reductions and could accelerate interconnection timelines.[14] An ImpactECI analysis of PJM's Dominion Zone found that 50 to 350 peak-hour curtailments would free 6% to 17% of total system capacity, several gigawatts of headroom, without building any new infrastructure.[15] Research from Duke University shows that even 0.25% annual curtailment, approximately 22 hours, unlocks substantial grid capacity.

Yet none of the 25 DC tariffs examined here capture this potential value, even though the mechanisms to do so already exist. Flexible interconnection agreements could offer faster grid access in exchange for curtailment commitments during system peaks. Time-varying demand charges could differentiate between the 350 hours that strain the grid and the 8,410 hours that do not.

Performance-based programs like PG&E's Emergency Load Reduction Program already pay $2 per kW-mo for dispatched curtailment, and PJM's capacity performance product offers $50 to $200 per megawatt-day for resources that deliver during emergencies, with behind-the-meter battery systems already qualifying.[16] Microsoft and Nvidia demonstrated sub-five-minute AI-optimized demand response at a Phoenix data center in 2025, proving that response times can be fast enough for grid services.

What flexibility tariff language could look like

To illustrate, consider the same hypothetical 100 MW facility used throughout this report.

Under current tariff structures, the operator pays an 80% demand ratchet with no mechanism to earn a reduced rate by providing grid services. A flexibility-integrated tariff could offer a reduced ratchet floor, say 65%, in exchange for verified load reduction during the 50 to 350 peak hours identified in the ImpactECI analysis. As Figure 5 shows, at $12 per kW-mo, that 15-percentage-point reduction saves the operator roughly $2.16 million per year in demand charges. The utility gains 100 MW of dispatchable load reduction during exactly the hours when capacity is most scarce and expensive.

14 GridLab, Large Loads Interim Report, March 2025. NV Energy: curtailing 1 GW for 0.5–1% of annual hours yields significant system cost reduction.

15 ImpactECI analysis of PJM Dominion Zone 2024 load data. 50–350 peak hour curtailments free 6–17% of total capacity.

16 ImpactECI, Data Center Flexibility Report, February 2026 (Chapters 3, 5, 8). PG&E ELRP: PG&E Emergency Load Reduction Program tariff. PJM capacity prices: PJM capacity auction results, 2023–2025. Microsoft/Nvidia Phoenix: Latitude Media, "Nvidia and Oracle tapped startup to flex Phoenix data center," 2025.

Figure 5: Illustrative annual demand charge savings from a flexibility-integrated ratchet

The ratchet trade-off is not the only mechanism available. Coincident peak demand charges, which are billed based on the operator's contribution to system peak rather than facility peak, would create a direct price signal for load shifting. An aggregation pathway for behind-the-meter battery storage to participate in PJM's capacity market could generate $1.8 million to $7.3 million annually for a 100 MW facility at recent clearing prices. Non-firm interconnection options, offering faster processing timelines for operators who accept curtailment obligations, could address the five-to-seven-year queue that is currently pushing operators toward behind-the-meter gas.

These mechanisms exist in demand response programs, capacity markets, and interconnection frameworks for other resource types. They have just never been applied to data center load through tariff design.

The flexibility mechanisms absent from tariff design are beginning to emerge through legislation instead. Texas SB 6, signed in June 2025, requires new large loads to install equipment enabling remote curtailment during grid emergencies and directs ERCOT to create a voluntary demand response service for large loads.[17] That legislation arrived through a state legislature rather than a utility commission, suggesting that policymakers recognized the flexibility opportunity before tariff designers did.

Clean energy: Transition or afterthought?

The problem

Under the old model, a data center's energy mix was whatever the utility's generation portfolio provided. Operators who wanted clean energy could purchase renewable energy credits (RECs) independently or negotiate bespoke power purchase agreements, but neither mechanism was embedded in the tariff structure.

The solution: New resources vs. paper compliance

Forty percent of the tariffs analyzed in this report have no clean energy requirements. However, the more consequential distinction is whether a tariff requires new clean generation — or just allows operators to purchase credits against existing supply.

At one end, three tariffs condition service on building or procuring new clean resources. NV Energy's CTT is designed specifically to encourage customers to exit the utility's standard generation portfolio entirely and procure energy through an individually negotiated Energy Supply Agreement backed by new clean resources. This model has already started to catch on. Google's February 2026 agreement with Xcel Energy in Minnesota uses a Clean Energy Accelerator Charge (CEAC) explicitly modeled on the CTT structure, pairing 1,900 MW of new clean energy with full cost assignment.

Oregon's POWER Act goes further with Pacific Power's Schedule 401, which requires that service "must not impede" state clean energy targets, and the underlying statute mandates direct cost assignment so new load does not dilute existing clean energy commitments.[18] Meanwhile Dominion's Carbon-Free Generation tariff makes clean energy a core value proposition, allowing customers to define their own carbon-free requirements, including nuclear.[19]

17 Texas Senate Bill 6, signed by Governor Abbott June 20, 2025, effective immediately. Applies to loads ≥75 MW in ERCOT. Mandatory curtailment for new loads after Dec 31, 2025; voluntary demand response program; $100K+ study fees; co-location requires ERCOT/PUCT approval. PUCT Project No. 58317.

18 Oregon HB 3546 (POWER Act), signed June 16, 2025. New customer class for DCs using ≥20 MW; 10-year contracts, direct cost assignment.

19 Dominion Energy Virginia, Schedule CFG (Carbon-Free Generation), approved December 2024. 5-year experimental tariff.

The six tariffs with voluntary provisions fall somewhere in between. They offer green pricing programs and renewable riders, but do not require participation in these programs.

Michigan: Three approaches in one state

Michigan is the only state in the dataset where the full spectrum is visible in a single regulatory proceeding. The result is a case study in how tariff design and legislative mandates interact.

Consumers Energy's Rate General Service Primary Demand Rate (GPD), approved in November 2025, takes a voluntary approach. It makes the utility's voluntary green pricing program available to data center customers and encourages behind-the-meter renewable deployment, but does not require either.[20]

DTE's special contract with Oracle, approved in December 2025, takes a dedicated-resource approach. It pairs traditional service under DTE's D11 tariff with 1.4 GW of battery storage, the largest utility-scale storage commitment tied to a single customer analyzed in this report. DTE chose storage for capacity reasons: under MISO's methodology, storage receives 96% capacity accreditation compared to 10.5% for wind and 4.8% for solar. During the proceedings, the Commission found that serving this one customer would increase DTE's renewable portfolio standard target by 30.5% and require 3.2 GW of incremental renewable capacity over the contract term.[21]

The legislature, however, went further than either utility. Michigan's Public Act 207 of 2024 requires data centers to procure clean energy equivalent to 90% of their forecasted annual electricity usage in order to qualify for the state's sales tax exemption. The Consumers Energy proceeding itself revealed the scale of the challenge. Testimony showed that serving 2.65 GW of projected data center load would require Consumers to procure 31.77 million RECs by 2035, more than an eightfold increase from the 3.8 million it procured in 2023.

Michigan demonstrates a recurring pattern seen in the state's rethinking of how to handle data centers. When regulators design tariffs focused exclusively on cost protection, the clean energy question arises anyway, whether through RPS compliance exposure at DTE or through legislative mandate under Act 207. The question is not whether clean energy requirements will arrive, but whether they arrive through tariff design or after the fact.

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20 Consumers Energy, Rate GPD Large Load Provision (U-21859), approved November 6, 2025. ≥100 MW threshold, 80% ratchet, 15-year term.
21 DTE Electric, Special Contract U-21990 (Green Chile Ventures/Oracle), conditionally approved December 18, 2025. 1,383 MW, 80% MBD, 19-year term.

The behind-the-meter escape hatch

A February 2026 analysis by Cleanview identified 46 data centers with a combined capacity of 56 GW that plan to build their own on-site power generation, bypassing the grid entirely, at least initially.[22] That represents roughly 30% of all planned U.S. data center capacity. Of the 23 GW where generation equipment could be identified through permits and site plans, approximately 75% was natural gas.

Cleanview found that 90% of these projects, representing approximately 50 GW, were announced in 2025 alone. A year earlier, behind-the-meter data center power was a niche curiosity, embodied by xAI trucking mobile gas generators into Memphis. It has since become an industry-wide strategy.

If you look solely at energy economics, this trend makes a lot of sense. Grid interconnection now takes five to seven years. An AI data center can earn $10 to $12 billion per GW per year. Speed to power matters more than efficiency. Natural gas, assuming the equipment can be readily procured, can be installed in months, not years.

When you include the regulatory implications, however, things become much more complicated. Tariffs are instruments of managed interconnection. They exist to bring large loads into a framework where costs are allocated, reliability is maintained, and policy objectives are enforceable. Behind-the-meter generation, however, sits entirely outside that framework. As one project in New Mexico illustrated, staying behind the meter allows developers to avoid regulators who would enforce compliance with state climate laws.[23]

The DC tariffs analyzed for this report were designed to protect ratepayers from the cost impact of large new loads, but by focusing exclusively on cost protection and saying nothing about clean energy, 40% of them left the door open for the largest new loads on the grid to lock in fossil fuel infrastructure for the next two decades. The tariffs that got this right (NV Energy, Oregon, Michigan's legislative overlay) show it is possible to embed clean energy in the tariff framework. Those that did not are now contending with 56 GW of behind-the-meter gas, an effective exit ramp for the very operators they were designed to govern.

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22 Cleanview, Bypassing the Grid: How Data Centers Are Building Their Own Power Plants, February 2026. Identified 46 data centers with 56 GW of behind-the-meter generation; ~75% of identifiable equipment is natural gas.

23 Grist, "Data centers are scrambling to power the AI boom with natural gas," February 10, 2026. Documents how behind-the-meter structures allow projects to avoid state-level clean energy compliance.

What to watch in 2026

The DC tariff landscape entered 2026 in a state of rapid escalation. In a single week in January, the PJM Board issued a sweeping decisional letter, the Trump administration and all 13 PJM state governors released a joint statement of principles, and Virginia's new governor signed executive orders targeting energy affordability. By February, a draft White House compact with major tech companies had leaked, and at least six states had introduced legislation to pause or restrict data center construction.[24]

The pace of political action now exceeds the pace of tariff design — and community opposition is accelerating alongside it. Between March and June 2025, 20 data center projects valued at $98 billion were blocked or delayed nationally, and a proposed 3.5 GW Virginia gas plant supporting 84 data centers was withdrawn after organized opposition.[25]

Federal action

Three federal developments could reshape the landscape. First, the Federal Energy Regulatory Commission's (FERC) December 2025 order directs PJM to establish rules for data center co-location at power plants. The order creates three new transmission service options and reforms behind-the-meter generation rules.[26] Combined with DOE's October 2025 letter instructing FERC to accelerate large-load interconnection rulemaking,[27] these actions signal that federal regulators view the state-by-state approach as inadequate. For tariff design, FERC's forthcoming co-location rules are a potential flexibility mechanism. They would create pathways for data centers to access generation directly, bypassing the traditional utility service model that current tariffs assume.

Second, PJM's Board directed an immediate reliability backstop procurement after its latest capacity auction cleared 6.6 GW below target.[28] The letter also creates an Expedited Interconnection Track for large loads that "bring your own new generation" (BYOG). Expected to be operational by August 2026, the track would reward data centers for contributing generation capacity rather than simply consuming it. Separately, the Trump administration and all 13 PJM governors jointly called for data center cost allocation to large-load customers,[29] which would formalize the cost-protection logic embedded in the tariffs that this report examines.

24 At least six states introduced legislation to pause or restrict DC construction (PYMNTS/Politico, Feb 10, 2026). NJ Gov. Sherrill signed orders to freeze electricity cost increases.

25 Pittsylvania County, VA: 3.5 GW gas plant + 84 data centers withdrawn after community opposition, July 2025.

26 FERC Order on Data Center Co-Location, December 18, 2025. Directs PJM to establish co-location rules; three new transmission service options.

27 DOE letter to FERC, October 23, 2025, instructing rulemaking to accelerate large-load interconnection.

28 PJM Board Decisional Letter, January 16, 2026. Reliability backstop procurement, BYONG Expedited Interconnection Track by August 2026

29 White House/PJM Governors Statement of Principles, January 16, 2026. Emergency auction, price collar extension, DC cost allocation.

Third, the White House is developing a voluntary compact with OpenAI, Microsoft, Google, Amazon, and Meta, committing that data centers will not raise household electricity prices, strain water supplies, or undermine grid reliability.[30] Energy Secretary Chris Wright described the administration as being "in dialogue with all the hyperscaler developers." While voluntary, the compact reflects the political reality that data center energy costs have become a midterm election issue.

State and regulatory action

The majority of the aggressive state action is focused on clean energy and accountability.

In this term alone, Virginia's General Assembly has introduced approximately 30 data center reform bills covering energy cost allocation, water disclosure, demand response, and conditions on the state's $1.9 billion annual tax exemption.[31] Gov. Abigail Spanberger signed executive orders on her first day, directing a 90-day review of energy cost reductions, and legislative action could produce a third DC tariff for the commonwealth.

Meanwhile, Illinois's POWER Act (SB 4016), introduced in February 2026, goes further than any other state bill, and would require large data centers to supply 80% of their noninterruptible load from new clean energy under a "Bring Your Own New Clean Capacity" framework.

And Colorado's legislature captures the tension directly: two competing bills would either require 100% renewable energy by 2031 or offer 100% sales tax exemptions for 20 years to attract development.

On the standardization front, Pennsylvania's model tariff is the most significant pending regulatory proceeding. It would be the first state-level standardized DC tariff template, with an 80% ratchet, 15-year term, and annual collateral recalculation. The PUCT is implementing Texas SB 6 through five active rulemaking projects, with final rules expected throughout 2026. If both succeed, they would establish replicable frameworks that other states can adopt rather than having to design from scratch.

30 Draft White House Data Center Compact, reported by Politico, February 10, 2026. Voluntary agreement: DCs will not raise household prices, strain water, or undermine reliability.

31 Virginia Governor Spanberger, EO No. 1, January 17, 2026. 90-day review of energy cost reductions. ~30 DC reform bills in 2026 GA session.

Utility pipeline

The tariff pipeline is not limited to the twenty-five examined in this report. Xcel Energy has proposed large-load tariffs in four states (Colorado, Minnesota, Texas, and Wisconsin) and has more than two GW of contracted data center capacity with an expected six GW pipeline by 2027. The company has signed strategic alliances with NextEra Energy (co-developing generation and interconnection) and GE Vernova (reserving five F-class gas turbines and multiple gigawatts of wind capacity) to support the buildout.

Xcel's approach, filing tariffs across multiple jurisdictions simultaneously while locking in generation supply, represents a different model not just for pricing data center load but for building the generation fleet around it.

In late February, 2026, Xcel announced an Electric Service Agreement with Google for a data center in Pine Island, Minnesota, that includes 1,400 MW of new wind, 200 MW of solar, 300 MW of Form Energy long-duration iron-air battery storage, and a $50 million investment in distributed batteries across Xcel's system. As noted in the clean energy section, Google pays 100% of all energy and infrastructure costs under a new Clean Energy Accelerator Charge (CEAC) modeled on NV Energy's CTT. The agreement, pending MPUC approval, represents one of the most comprehensive integrations of cost protection, clean energy procurement, and grid investment in a single data center service agreement to date.[32]

The Xcel/Google deal is not an outlier. Other utilities are making similarly large commitments. DTE must file a general DC tariff within 90 days of its Oracle contract approval, potentially producing Michigan's first published tariff alongside Consumers Energy's Rate GPD.[33] We Energies in Wisconsin is going further, proposing a 270 MW gas facility assigned entirely to one customer class,[34] which is a level of infrastructure commitment that only makes sense if the load materializes as contracted.

When looking at Georgia Power's experience, however, PSC staff testimony in November 2025 noted that data centers are "underperforming expectations" due to lower materialization rates and project cancellations, a cautionary signal for every utility in this pipeline.

32 Google/Xcel Energy Electric Service Agreement, Pine Island, MN, announced February 24, 2026. 1,400 MW wind, 200 MW solar, 300 MW Form Energy iron-air storage, $50M Capacity*Connect investment. Clean Energy Accelerator Charge (CEAC) modeled on NV Energy CTT. MPUC review pending.

33 Michigan PSC, Order in Case No. U-21990, December 18, 2025. DTE must file general DC tariff within 90 days

34 We Energies (Wisconsin Electric Power Co.), VLC/Bespoke Resources Tariffs (Docket 6630-TE-113), pending. Foundry Ridge Energy Center: 270 MW gas CT in Walworth County, WI, dedicated to data center customer class.

Competing models

The published tariff approach analyzed in this report is not the only model being tested. Several of the densest data center markets have pursued fundamentally different regulatory structures, and whether these tracks converge or diverge is one of the central questions for 2026.

Deregulated and competitive markets: In Illinois, New Jersey, and Texas, data centers procure power through competitive retail providers. Texas has layered legislative requirements on top of existing requirements through SB 6, creating a hybrid model that may prove to be the most effective. The test is whether competitive markets can deliver the ratepayer protections that regulated tariffs provide when confidential deal terms make cross-market comparison difficult.

Individually negotiated service agreements: Georgia Power serves one of the largest data center clusters in the country under individual agreements filed with the PSC rather than a published rate schedule. This approach allows site-specific cost allocation but is opaque, and PSC staff testimony on underperforming materialization rates suggests the model's limits are becoming visible.

General industrial tariffs with no DC-specific provisions: California is the most notable example of a state that is relying on general industrial tariffs alone. Despite a 10 GW pipeline for PG&E alone, the state has no DC-specific rate structure.[35] [36] PG&E's Electric Rule 30 streamlines interconnection but contains no ratchets, contract minimums, or ratepayer protections. Meanwhile, CAISO approved over $2 billion in transmission upgrades for 2.5 GW of DC load, with costs socialized across all ratepayers.[37] The question is how long the cost socialization survives as the pipeline grows.

Conclusion

The 25 tariffs in this report represent the utility industry's first systematic attempt to create rate structures for data center load. They mark a clear break from the old model of serving these customers under general industrial tariffs. The before-and-after comparison reveals both achievements and gaps.

35 California SB 57 (Padilla), signed October 11, 2025. Originally proposed DC-specific tariff; enacted as CPUC cost-shift study due January 1, 2027. AB 222 (disclosure/efficiency reporting) held in Senate suspense file.

36 PG&E, Application A.24-11-007 for Electric Rule No. 30 (transmission-level retail service), filed November 21, 2024. CPUC interim approval July 28, 2025 (Decision 25-07-039). Interconnection process only; no DC-specific rate provisions

37 CAISO Large Load Considerations Issue Paper, January 30, 2026. CEC forecasts 1.8 GW DC load by 2030, 4.9 GW by 2040. CAISO approved $2B+ South Bay transmission upgrades for 2.5 GW DC load (May 2025).

On **affordability,** the shift has been decisive. Layered cost protection (high ratchets, long terms, substantial collateral, explicit ring-fencing) has replaced the one-year, metered-only framework that left utilities and ratepayers exposed. The average DC ratchet (79%) exceeds any comparable industrial rate protection on record. Whether it is sufficient will be tested as data center load grows from 35 GW today toward 78 GW by 2035.

On **flexibility,** the tariffs locked in cost protection without building any mechanism for grid coordination. Research demonstrates that targeted curtailment during 15 peak days per year could free 6% to 17% of system capacity, and existing market products already compensate resources that deliver during emergencies. No tariff examined here creates a pathway for data centers to provide that value. Texas SB 6 demonstrates that policymakers can design these mechanisms in places where tariff designers have not.

On **clean energy,** the tariffs reveal the sharpest divide in the dataset. Three require new clean resources. Two make clean energy the core mechanism. But 40% say nothing at all, and the consequences are becoming visible. As detailed in the clean energy section, February 2026 Cleanview analysis identified 56 GW of behind-the-meter data center generation under development, roughly 75% of it natural gas.

Tariff silence does not exist in isolation. Rather, it exists alongside an industry that will build whatever gets power online fastest. The tariffs that embed clean energy requirements (NV Energy, as well as both Oregon and Michigan's legislative frameworks) demonstrate that it is possible. The rest, however, are ceding the question to the market — and the market is choosing gas.

The era of serving data centers under general industrial tariffs is coming to an end. States are responding through three channels (utility tariffs, state legislation, and regulatory studies) with vastly different results. Texas has legislated flexibility mechanisms that no tariff includes. California has been unable to pass even basic transparency requirements. The 25 tariffs analyzed here represent the most structured responses, but they were designed as defensive instruments that protect ratepayers from risk, when they should be strategic instruments that capture the full potential of the data center-grid relationship.

Regulatory decisions over the next 12 to 24 months will determine whether these tariffs evolve. Otherwise, some of the largest energy customers in the U.S. will continue to be governed by structures designed to limit risk rather than capture the grid services these loads could provide.