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)**

REPLY BRIEF OF THE CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION

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TABLE OF CONTENTS

Page

I. INTRODUCTION 2

II. PG&E'S PROPOSED APPLICATION OF RULE 30'S PROVISIONS IS NOT JUST AND REASONABLE 3

A. The Record Confirms that Rule 30's Heightened Risk-Mitigation Provisions Were Developed to Address Speculative Data Center Load, Not Decarbonizing and EITE Existing Customers 3

B. PG&E Fails to Justify Its Proposal to Apply Rule 30's Provisions to Decarbonizing and EITE Existing Customers 7

1. PG&E's Balancing Rationale Fails Because Its Proposal Imposes Burdens Without any Corresponding Benefits 8

2. PG&E's "Embedded Data Center" Argument Does Not Justify Blanket Application 9

3. PG&E Improperly Conflates Ordinary Operational Variability with Speculative Load Nonperformance 10

4. PG&E's Definitional Concerns Do Not Justify Blanket Application 12

C. The Commission's Electric Rate Design Principles Support CLECA's Exemption for Decarbonizing and EITE Existing Customers 13

1. Principle 3 Supports Differentiation Based on Risk and Cost Causation ... 14

2. Principle 4 Supports Differentiation Based on Emissions Reductions and Electrification Goals 15

3. Principle 8 Supports Differentiation Based on State Policy Goals 15

4. Principle 9 Supports Differentiation Based on Neutrality and Avoiding Implicit Subsidies 17

D. Existing Exceptional Case Filing Procedures Should Remain for Decarbonizing and EITE Existing Customers 18

III. CONCLUSION 19

TABLE OF AUTHORITIES

Page

Statutes
Cal. Pub. Util. Code § 913.22 16
Cal. Pub. Util. Code § 913.22(a) 16

CPUC Decisions
D.23-04-040 .... 13, 16, 17

CPUC Rules of Practice and Procedure
Rule 13.12 1

Other Authorities
SB 57 § 2(c) 16
SB 57 § 3 16

Summary of Recommendations

- Reject PG&E's proposal to apply Rule 30's heightened risk-mitigation provisions to all transmission-level customers. PG&E has not shown that Decarbonizing and EITE Existing Customers present the same stranded cost, underutilization, or nonperformance risks that Rule 30's heightened provisions were designed to address.

- Limit any enhanced minimum demand charges, extended contract terms, and early termination fees to speculative data center load or other customer categories shown by the record to present comparable risk. These provisions should be aligned with the risk profile that justifies them, rather than applied based solely on the fact that a customer takes service at transmission voltage.

- Adopt CLECA's exemption for Decarbonizing and EITE Existing Customers. If the Commission adopts PG&E's proposed risk-mitigation provisions, Decarbonizing and EITE Existing Customers should not be subject to enhanced minimum demand charges, extended contract terms, or early termination fees designed for speculative data center load.

- Permit Decarbonizing and EITE Existing Customers to obtain incremental transmission-level service either through existing procedures or under Rule 30 without the heightened risk-mitigation provisions. If such customers elect to proceed under Rule 30, they should remain responsible for applicable incremental interconnection costs, but should not be required to accept data center-driven obligations unsupported by their risk profile.

- Reject PG&E's arguments that uniform application is required by administrative ease, technology-neutrality, or rate design principles.

- Preserve ratepayer protections where the record supports them while avoiding unnecessary barriers to policy-aligned load growth. CLECA's proposed exemption maintains protections for customers that present demonstrated risks, while preventing Rule 30 from burdening Decarbonizing and EITE Existing Customers that do not present comparable risks and whose investments advance California's decarbonization and emissions-leakage prevention objectives.

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The California Large Energy Consumers Association (CLECA)[1] submits this reply 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).

[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).

I. INTRODUCTION

This reply brief responds to certain issues raised in the opening briefs filed October 24, 2025 (First Opening Briefs) and the limited opening briefs filed May 8, 2026 (Limited Opening Briefs). The issues addressed here are limited to those that bear directly on the application of proposed Electric Rule 30 to existing customers adding incremental load to decarbonize, electrify, support electric vehicle (EV) charging, or expand operations in sectors designated by the California Air Resources Board (CARB) as Emissions-Intensive and Trade-Exposed (EITE) (collectively, Decarbonizing and EITE Existing Customers).

PG&E has failed to meet its burden to justify its proposed application of Rule 30's heightened risk-mitigation provisions to all transmission-level customers. At most, the record may support heightened ratepayer protections from speculative data center load that presents risks of non-realization, underperformance, or early departure before associated transmission investment is recovered. That record showing is tied to a particular risk profile, and does not establish that every transmission-level customer presents the same stranded cost, underutilization, or nonperformance risk.

Importantly, the record evidence presented by CLECA and the other intervenors demonstrates that Decarbonizing and EITE Existing Customers do not pose the unique risks that Rule 30 was developed to address. These customers' incremental load is tied to existing California operations, policy-driven investment, and continued service on the system. For EITE customers, incremental load may also reflect in-state operational expansion that California policy seeks to encourage to reduce emissions leakage and preserve economic activity within the state. PG&E has not shown that imposing the same heightened minimum demand charges, financial security requirements, and departure-related protections on these customers is necessary to address the risks identified in the record.

Accordingly, if the Commission adopts PG&E's proposed risk-mitigation provisions, the substantial record evidence supports adopting CLECA's proposed exemption for Decarbonizing and EITE Existing Customers. Under that exemption, these customers would continue to obtain incremental transmission-level service either through existing procedures or under Rule 30, subject to payment of applicable incremental interconnection costs, but without the heightened risk-mitigation requirements. They should not be subject to enhanced minimum demand charges, extended contract terms, or early termination fees designed to address risks associated with speculative data center load. That approach preserves justified ratepayer protections while keeping Rule 30 targeted, cost-based, and just and reasonable.

II. PG&E'S PROPOSED APPLICATION OF RULE 30'S PROVISIONS IS NOT JUST AND REASONABLE[4]

A. The Record Confirms that Rule 30's Heightened Risk-Mitigation Provisions Were Developed to Address Speculative Data Center Load, Not Decarbonizing and EITE Existing Customers

As CLECA explains, "the Commission must heavily weigh and maintain a clear distinction between data centers and traditional customers as it determines whether the proposed Rule 30 provisions are just and reasonable."[5] That distinction is critical because the enhanced minimum demand charges, extended contract terms, and early termination fees PG&E seeks to apply

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[4] *Assigned Commissioner's Scoping Memo and Ruling on pacific gas and Electric Company's Request to Implement a New Electric Rule 30 Tariff*, A.24-11-007, Mar. 11, 2026 at 6, Issue 1.

[5] *Opening Brief of the California Large Energy Consumers Association*, A.24-11-007, Oct. 24, 2025 (CLECA First Opening Brief) at 2.

would impose material financial and contractual burdens on Decarbonizing and EITE Existing Customers. Without record evidence that Decarbonizing and EITE Existing Customers create the risks those provisions are designed to intend, the Commission cannot find that applying the provisions to those customers is just and reasonable.

Parties' opening briefs confirm that PG&E developed Rule 30 largely to address the recent surge of large, speculative data center requests for transmission-level service, and not incremental load additions by Decarbonizing and EITE Existing Customers.[6] These briefs also

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[6] CLECA First Opening Brief at 3-4 ("PG&E proposed Rule 30 because of data center interconnection requests at the transmission level. From 2014 to 2022, PG&E received 24 new transmission level interconnection requests, totaling 196 MW of load and averaging to 8.2 MW per request. From 2023 to this point in 2025, PG&E received 43 new transmission level interconnection requests, totaling 10,383 MW of load and averaging to 241 MW per request. 75% of these requests came from data centers"); *Limited Opening Brief of the California Large Energy Consumers Association*, A.24-11-007, May 8, 2026 (CLECA Limited Opening Brief) at 7("The 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"); *Opening Brief of The Utility Reform Network*, A.24-11-007, Oct. 24, 2025 (TURN First Opening Brief) at 1 ("Regardless of how PG&E choses to euphemize the concept of Rule 30 customers, it expressly mentions new data center demand in justifying the need for its proposed tariff"); *Opening Brief of The Utility Reform Network Addressing Administrative Law Judge's Ruling Dated January 9, 2026*, A.24-11-007, May 8, 2026 (TURN Limited Opening Brief) at 1 ("Rule 30 is principally a tariff to accommodate new transmission-level data center load"); *Public Advocates Office Opening Brief*, A.24-11-007, Oct. 24, 2025 (Cal Advocates First Opening Brief) at 2 ("At the time of PG&E's Supplemental Testimony, 75 percent of customer requests to interconnect at the transmission-level are from data centers. Based on trends observed around the country, Cal Advocates expects the number of data center customer interconnection requests as well as the load they demand to continue to grow"); *Public Advocates Office Limited Opening Brief*, A.24-11-007, May 8, 2026 (Cal Advocates Limited Opening Brief) at 2 ("As of October 2025, 75 percent of large-load customer interconnection requests are from data centers. The number of data center customer interconnection requests and their corresponding demand is expected to continue to grow"); *Opening Brief of the Natural Resources Defense Council*, A.24-11-007, May 8, 2026 (NRDC Limited Opening Brief) at 8 ("Therefore, it is both necessary and within the scope of this proceeding for the Commission to determine whether data centers are similarly situated to other customers with respect to Facility Type 4 upgrades, refunds, and other issues at hand"); *Sierra Club's Limited Opening Brief on Questions in Administrative law Judge's Ruling*, A.24-11-007, May 8, 2026 (Sierra Club Limited Opening Brief) at 1 ("The unprecedented growth of large-scale data centers presents the Commission with a consequential and time-sensitive challenge").

underscore the record evidence that, relative to traditional transmission-level customers, this new data center load poses distinct challenges to the electric system, including the risk of stranded costs, cost-shifting to other ratepayers, and reliability impacts. [7]

The Utility Reform Network (TURN) explains that Rule 30 is principally a tariff response to data center load growth, and the scale, concentration, and uncertainty of that load justify

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[7] Cal Advocates Limited Opening Brief at 10 ("Sierra Club provides examples that data center loads have unique characteristics and uncertainties that other jurisdictions addressed through specific tariffs or rate schedules") (citing SC-01, *Prepared Testimony of Anirudh Krishna on Behalf of Sierra Club*, A.24-11-007, Mar. 13, 2026 at 6:16-30, 7:1-13), 13 ("PG&E's assertions ignore the fact that data centers have concentrated 24-hours 7-days-a-week power demands and with relatively rapid, outsized impacts on driving the need for new capacity upgrades compared to other loads. Data center load and impact is amplified due to clustering of data centers in specific areas of PG&E's service territory which has already triggered the need for large scale TNUs. Data centers drive substantial TNUs when the loads are large and geographically clustered like PG&E's planned data center loads") (citing Cal Advocates-23, *Prepared 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 3:6-21; 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 7-10; 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, App. C-5 at C-0613-C-0616; Cal Advocates-25, PG&E's Request Window Proposals—CAISO 2025-2026 Transmission Planning Process, September 25, 2025, A.24-11-007, Apr. 14, 2026 at 60, 69); NRDC Limited Opening Brief at 8-9 ("Data centers are widely recognized to pose unique risks, as they have large, concentrated energy demands, relatively high utilization factors (or load factors), pose unique electricity use requirements risks, and advance with relatively fast development timelines") (citing Ex. SC-01 at 5-7); TURN Limited Opening Brief at 1 ("Rule 30 is principally a tariff to accommodate new transmission-level data center load. The unprecedented scale, concentration, and uncertainty of these loads require strong protections against cost shifting and stranded costs for existing ratepayers"); Sierra Club Limited Opening Brief at 1-2 ("At the same time, data centers are not typical transmission customers. Their operational characteristics distinguish them in ways that are directly relevant to cost allocation. They concentrate massive loads in geographically constrained areas, often to align with data processing infrastructure, thereby creating localized system stress that necessitates targeted transmission expansion. They require exceptionally high levels of service reliability, driving the need for redundant infrastructure and additional capacity. And they are frequently developed within a speculative market environment, where multiple interconnection requests may be submitted for projects that are never built, and where long-term load retention is far from guaranteed. These features introduce both heightened costs and heightened risks that, absent appropriate safeguards, will be borne by other customers").

safeguards against stranded costs and cost shifting.[8] Sierra Club similarly describes data centers as atypical transmission customers because they concentrate massive loads in constrained areas, require exceptionally high reliability, and are often developed in a speculative market environment in which projects may not be built, and long-term load retention is uncertain.[9] Natural Resources Defense Council (NRDC) likewise argues that data centers should be treated separately because of their size, rapid growth trajectory, and outsized reliance on network upgrades.[10]

Together, those briefs tie the need for Rule 30's heightened protections to characteristics specific to data center load: extraordinary scale, geographic concentration, speculative development, and uncertainty regarding load realization and retention. Accordingly, these briefs demonstrate that the record support for PG&E's proposed risk-mitigation provisions rests on concerns arising from speculative data center load, and not transmission-level service in general. That record does not support applying the same provisions to Decarbonizing and EITE Existing Customers.

CLECA's briefs underscore that these existing customers' incremental load additions support decarbonization, electrification, EV charging, and EITE production, not speculative market entry or uncertain load realization.[11] Sierra Club similarly recognizes that "electric loads for projects that will decarbonize California's economy are safe bets because they are necessary for climate goals, which are supported by a planning processes and a variety of implementing

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[8] TURN Limited Opening Brief at 1.
[9] Sierra Club Limited Opening Brief at 1-2, 4-6.
[10] NRDC Limited Opening Brief at 8-9, 15.
[11] CLECA First Opening Brief at 2-3, 12; CLECA Limited Opening Brief at 2-5, 7-13.

policies."[12] CLECA's evidence further shows that EITE incremental load reflects those same characteristics: in-state EITE investment supports continued California operations, improves efficiency and competitiveness, and reduces the risk of emissions and economic leakage.[13]

Accordingly, to the extent the Commission adopts PG&E's proposed data center-driven risk protection provisions, it should expressly exempt Decarbonizing and EITE Existing Customers. PG&E mistakenly characterizes this exemption as "a piecemeal solution in which [] protections for existing customers are applied only intermittently."[14] To the contrary, this record-supported exemption would ensure that Rule 30 serves as a targeted response to the specific risks associated with speculative, large data-center loads that maintains protections for existing customers while promoting beneficial load growth.

B. PG&E Fails to Justify Its Proposal to Apply Rule 30's Provisions to Decarbonizing and EITE Existing Customers

PG&E has not met its burden to establish that applying Rule 30's heightened risk-mitigation provisions to all transmission-level customers is just and reasonable. PG&E characterizes Rule 30 as a generally applicable tariff governing a broad range of transmission-level customers, and emphasizes uniform treatment across customer types. However, as TURN aptly notes, regardless of how PG&E describes Rule 30 customers, PG&E expressly relied on new data center demand to justify the proposed tariff.[15]

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[12] Sierra Club Limited Opening Brief at 9.
[13] CLECA Limited Opening Brief at 4-5, 8-10.
[14] *Pacific Gas and Electric Company's (U 39 E) Limited Opening Post-Hearing Brief*, A.24-11-007, May 8, 2026 (PG&E Limited Opening Brief) at 6-7.
[15] TURN Opening Brief at 1.

Moreover, PG&E does not meaningfully engage with the record evidence that the risks driving Rule 30's risk-mitigation provisions arise from the scale, concentration, and uncertainty associated with large, speculative data center load. Nor does PG&E identify record evidence showing that Decarbonizing and EITE Existing Customers present comparable risks. Instead, PG&E relies on generalized assertions about transmission-level service and hypothetical load variability that fail to bridge the gap between data center-specific concerns and the materially different characteristics of existing customers' incremental load.

1. PG&E's Balancing Rationale Fails Because Its Proposal Imposes Burdens Without any Corresponding Benefits

PG&E acknowledges that "Electric Rule 30 must strike a careful balance between protecting existing ratepayers and avoiding incenting customers to locate in other states."[16] CLECA agrees with that objective. However, the record demonstrates that applying the rule's heightened provisions to Decarbonizing and EITE Existing Customers, as PG&E proposes, would not strike that balance. Rather, this approach would burden customers whose incremental load is tied to existing California operations and policy-driven investment, while doing little to address the speculative load risks that prompted the rule.

As CLECA explains, applying data center-driven requirements to Decarbonizing and EITE Existing Customers would exacerbate affordability constraints, chill decarbonization investment, and increase the risk of emissions and economic leakage.[17] The record shows that layering data center-driven risk protections onto these customers' operations and investments increases

[16] PG&E Limited Opening Brief at 6.
[17] CLECA Limited Opening Brief at 3, 8-10.

uncertainty, compounds already significant electricity-cost barriers, and undermines capital spending decisions that California's policies encourage.[18]

2. PG&E's "Embedded Data Center" Argument Does Not Justify Blanket Application

PG&E's concern about some traditional customers that may also operate data centers is misplaced.[19] CLECA does not propose to exempt all load additions by every university, government entity, hospital, industrial facility, or EITE customer regardless of purpose. CLECA's exemption applies to existing customers adding incremental load for decarbonization, electrification, EV charging, or EITE production. If an existing customer seeks incremental transmission-level service for a standalone or functionally comparable data center load, that load would not qualify for CLECA's exemption.

The discussion in Section A above reflects that the relevant inquiry is not whether a customer could operate computing infrastructure in some form, but whether the incremental load presents the risks that Rule 30's heightened protections were designed to mitigate. PG&E does not show that Decarbonizing and EITE Existing Customers present those risks when they add load for decarbonization, electrification, EV charging, or EITE production. Moreover, a university, hospital, government facility, or industrial customer adding load to support existing operations or policy-driven investment is not similarly situated to a speculative data center developer merely because some portion of its operations may involve data processing. If the incremental load is actually data center load, PG&E's concern can be addressed through the

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[18] CLECA Limited Opening Brief at 7-13, 16-20.

[19] *Pacific Gas and Electric Company's Opening Post-Hearing Brief*, A.24-11-007, Oct. 24, 2025 (PG&E First Opening Brief) at 56.

scope of the exemption; it does not justify imposing enhanced minimum demand charges, extended contract terms, and early termination fees on Decarbonizing and EITE Existing Customers whose load additions do not present comparable risk.

3. PG&E Improperly Conflates Ordinary Operational Variability with Speculative Load Nonperformance

PG&E's attack on CLECA's minimum demand charge position rests on a false equivalence between ordinary operational variability and speculative load nonperformance. PG&E attempts to criticize CLECA for distinguishing Decarbonizing and EITE Existing Customers from speculative data center load, while also acknowledging that existing industrial and manufacturing customers may experience cyclical, seasonal, or maintenance-related load variation.[20] Contrary to what PG&E suggests, this is not a contradiction; those are fundamentally different concepts. Operational variability at existing facilities does not establish the same stranded cost, underutilization, or early departure risk that Rule 30's heightened provisions were designed to mitigate.

CLECA's record evidence explains the distinction. Decarbonizing and EITE Existing Customers operate in industries that may experience market cycles, seasonal production patterns, and scheduled maintenance outages; those operational realities do not convert long-standing customers into speculative load.[21] As CLECA explains, these customers "have demonstrated repeatedly over decades of service that they are a safe bet to the system," remain

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[20] PG&E Limited Opening Brief at 57-58.

[21] CLECA Limited Opening Brief at 16 (citing CLECA-03, *Rebuttal Testimony of Sam Harper on Behalf of California Large Energy Consumers Association*, A.24-11-007, Apr. 8, 2026 at 9:18-10:2).

on the system for the long term, and more than pay for the cost of their additional revenue requirement.[22]

The uncertainty associated with data center load is different in kind. As Sierra Club notes, "[e]ven after a data center is built, its load remains uncertain. According to Moody's, the risk that data centers may relocate or terminate service is growing due to the rapid pace of advancing technology and changing market needs."[23] That concern is tied to speculative data center development and long-term load retention, not to ordinary cycles in industrial operations. Therefore, PG&E's attempt to treat these distinct forms of variability as equivalent does not support applying the revised 75 percent minimum demand charge to Decarbonizing and EITE Existing Customers.

PG&E's proposed contractual load ramp does not cure the problem. PG&E suggests that a contractual load ramp would allow PG&E and customers to work cooperatively to establish an initial ramp that works for both parties.[24] But this approach addresses, at most, the initial ramp-up period. It does not resolve the problem that cyclical production, seasonal demand, and scheduled maintenance can occur throughout a customer's operations, including after the first five years. Applying a 75 percent minimum demand charge to those normal operating conditions would penalize existing customers for ordinary business and safety-related fluctuations, not protect ratepayers from speculative load risk.

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[22] CLECA First Opening Brief at 12; CLECA Limited Opening Brief at 16-20.
[23] Sierra Club Limited Opening Brief at 5 (citing Ex. CapPA-01 (presumably Cal Advocates-01) at 13:6-16:7).
[24] PG&E Limited Opening Brief at 56.

Accordingly, PG&E has not justified applying the revised minimum demand charge to Decarbonizing and EITE Existing Customers. The record distinguishes normal operational variability at existing facilities from speculative load nonperformance by data center projects. Treating the former as though it were the latter would impose a punitive and unsupported obligation on customers that have not been shown to create comparable stranded cost or nonperformance risk.

4. PG&E's Definitional Concerns Do Not Justify Blanket Application

PG&E's claims that a data center-specific approach would be difficult to implement and prone to manipulation because of "vague and ambiguous" definitions are wholly unconvincing.[25] Sierra Club's Limited Opening Brief identifies objective ways to identify data center load, including definitions adopted by the Public Utilities Commission of Ohio, which has already adopted a data center definition,[26] or classification tools such as relevant North American Industry Classification System (NAICS) codes.[27] While those mechanisms may inform how the Commission defines covered load, the existence of definitional questions does not support abandoning differentiation altogether.

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[25] PG&E Limited Opening Brief at 44.

[26] Sierra Club Limited Opening Brief at 6-7 (citing Ex. 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 49:17-50:2 (A data center is "[a] centralized facility (a) used primarily, or exclusively for electronic information services such as the management, storage, processing, and dissemination of electronic data and information through the use of computer systems, servers, networking, equipment, and related components that (b) has an aggregate monthly maximum demand greater than 25,000 kW").

[27] Sierra Club Limited Opening Brief at 7 (citing Oregon Revised Statutes (ORS) 757.292(1)(d), 292(2) (codifying HB 3546 (2025)); Office of Mgmt. & Budget, Exec. Office of the President, North American Industry Classification System: United States, 2022, at 518210 (2022)).

C. The Commission's Electric Rate Design Principles Support CLECA's Exemption for Decarbonizing and EITE Existing Customers

In addition to failing to justify broad application based on the evidentiary record, PG&E misplaces its reliance on the Commission's Electric Rate Design Principles. PG&E invokes the principle that rate design should not be technology-specific to argue against differentiating among transmission-level customers,[28] but Sierra Club correctly explains that PG&E's interpretation "misapprehends both the text and purpose of the Commission's rate-design principles."[29] Sierra Club further explains that PG&E improperly equates any policy that disproportionately affects a particular end use, such as data centers, with impermissible technology-specific ratemaking.[30]

Several of the Commission's Electric Rate Design Principles are particularly relevant:

iii. Rates should be based on cost causation.
iv. Rates should encourage economically efficient (i) use of energy, (ii) reduction of greenhouse gas emissions [decarbonization], and (iii) electrification.
viii. Rates should avoid cross-subsidies that do not transparently and appropriately support explicit state policy goals.
ix. Rate design should not be technology-specific and should avoid creating unintended cost shifts.[31]

Read together, these principles support CLECA's exemption, which aligns Rule 30's most burdensome provisions with demonstrated risk, supports policy-driven electrification and decarbonization, and avoids imposing data center-driven obligations on customers that have not been shown to create comparable risk.

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[28] PG&E Limited Opening Brief at 43 (Citing D.23-04-040, *Decision Adopting Electric Rate Design Principles and Demand Flexibility Design Principles*, R.22-07-005, May 3, 2023 at 6; 20-21 ("Rate design should not be technology-specific")).
[29] Sierra Club Limited Opening Brief at 13.
[30] *Id*. at 13-14.
[31] D.23-04-040 at 2-3.

1. Principle 3 Supports Differentiation Based on Risk and Cost Causation

As discussed above, the record in this proceeding reflects that Rule 30's heightened provisions are intended to address risks posed by data centers. Decarbonizing and EITE Existing Customers do not pose a comparable risk. [32] Differentiating based on these risk profiles is not discrimination,[33] it is cost causation.

Again, it is neither unjust nor unreasonable to subject these new, uniquely risk-presenting data center customers to new, unique risk-reducing requirements.[34] However, especially as Rule 30 was designed with data centers in mind, it is both unjust and unreasonable to subject non-unique risk presenting customers to onerous Rule 30 requirements.[35] Thus, differentiating

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[32] CLECA Limited Opening Brief at 10 (citing 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, *Rebuttal Testimony of Catherine E. Yap on Behalf of the California Large Energy Consumers Association*, A. 24-11-007, Aug. 19, 2025 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")).

[33] PG&E Limited Opening Brief at 20-21.

[34] CLECA Limited Opening Brief at 10; CLECA-01 at 7:2-6.

[35] CLECA Limited Opening Brief at 10. (citing 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"), 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"), 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*, A. 24-11-007, Sept. 18, 2025 at 5, Figure 3)), 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,*

between data center customers and non-data center customers (and particularly Decarbonizing and EITE Existing Customers) is not to "cherry-pick,"[36] but to align Rule 30 with Electric Rate Design Principle 3.

2. Principle 4 Supports Differentiation Based on Emissions Reductions and Electrification Goals

Differentiating data center customers from Decarbonizing and EITE Existing Customers, in particular, encourages economically efficient reduction of greenhouse gases and electrification within California for the reasons described in Section (II)(a)(i) of this Reply Brief and in prior briefing.[37] Thus, exemptions for Decarbonizing and EITE Existing Customers are consistent with Electric Rate Design Principle 4.

3. Principle 8 Supports Differentiation Based on State Policy Goals

Differentiating Decarbonizing and EITE Existing Customers transparently and appropriately supports the explicit state policy goals of decarbonization, electrification, and preventing emissions and economic leakage. Further, while this differentiation does not create cross-subsidies (because, in line with cost causation, low-risk Decarbonizing and EITE Customers

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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").

[36] PG&E Limited Opening Brief at 21.

[37] CLECA Limited Opening Brief at 18 (citing 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")).

do not cause more costs that they pay for),[38] Electric Rate Design Principle 8 clearly states cross-subsidization would be acceptable in this scenario.[39]

PG&E's reference to SB 57[40] in support of data centers does not constitute an explicit state policy in favor of data centers for the same reasons that PG&E's selective quotation of SB 57 in its First Opening Brief[41] does not support regulating general large-load customers on par with data center customers. SB 57 specifically looks to assess, rather than promote, data centers, and added Section 913.22 to the Public Utilities Code (Pub. Util. Code) to that end.[42] Pub. Util. Code Section 913.22 specifically tasks the Commission with assessing the extent of potential cost shifts to other customers as a result of "new loads from data centers."[43] In doing so, the Commission is advised to analyze costs associated with meeting "growing load demands from data centers' increases energy consumption" and installing transmission and distribution assets for "new data centers or expansions of existing data centers."[44] The Commission is not advised to promote data centers.

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[38] CLECA-01 at 2:5-9 (Decarbonizing and EITE Existing, or traditional, Customers "have demonstrated repeatedly over decades of service that they are a safe bet to the system…they are customers on the system for the long term [and t]hey will more than pay for the cost of their additional revenue requirement").

[39] D.23-04-040 at 19-20; NRDC Limited Opening Brief at 5 (NRDC acknowledges that cross subsidies are acceptable under Principle 8).

[40] PG&E Limited Opening Brief at 46.

[41] PG&E First Opening Brief at 2.

[42] SB 57 § 2(c) ("The quickly evolving development of artificial intelligence requires large-format data centers that currently require extremely large loads of electricity and water"), § 3.

[43] Cal. Pub. Util. Code § 913.22(a).

[44] *Id*. at § 913.22(a)(1-2).

4. Principle 9 Supports Differentiation Based on Neutrality and Avoiding Implicit Subsidies

Lastly, "technology-specific" does not mean what PG&E implies it does.[45] The Commission replaced proposed "technology neutral" language in Rate Design Principle 9 with "technology-specific" to "clarify that rates should not be designed in a way that gives a market advantage to any specific technology."[46] The Commission did so, at least in part, over concerns that "technology neutral" language would invalidate building electrification efforts.[47] PG&E points to no specific technology that would gain a market advantage as a result of exempting diverse Decarbonizing and EITE Existing Customers from onerous Rule 30 provisions.

The most technology-specific effect of such an exemption would encourage decarbonization and electrification, in line with Rate Design Principles 4 and 8 and the specific language chosen for Rate Design Principle 9. Data centers, however, are a specific technology. Indeed, as Sierra Club correctly notes, "[t]reating data center customers identically to materially different customer classes—without regard to their disproportionate contribution to system costs—would…thereby confer[] an implicit subsidy on data center operations."[48]

Full and proper application of Commission Electric Rate Design Principles support differentiation between customers in this Rule 30 proceeding, particularly as to Decarbonizing and EITE Existing Customers.

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[45] PG&E Limited Opening Brief at 43.
[46] D.23-04-040 at 21.
[47] *Id*. ("CEJA argues that rates that support building electrification could be portrayed as violating this [technology neutral] principle").
[48] Sierra Club Limited Opening Brief at 14.

D. Existing Exceptional Case Filing Procedures Should Remain for Decarbonizing and EITE Existing Customers

Regardless of whether the Commission adopts CLECA's proposed exemption or a separate customer classification, Decarbonizing and EITE Existing Customers should retain the option to seek incremental transmission-level service through existing exceptional-case and negotiated-agreement procedures. PG&E argues that Rule 30 would be more efficient than the current process, but it has not shown that existing procedures are necessarily inadequate.[49] As Cal Advocates notes, the current process should be adequate for at least the next several years.[50] Indeed, Cal Advocates considers the current process preferable to Rule 30 if Cal Advocates' recommendations are not taken up.[51] While CLECA does not agree with all of Cal Advocates' recommendations, CLECA agrees that the current process is adequate and preferable to potential alternatives.[52]

This is especially true if the Commission adopts Rule 30 with PG&E's proposed heightened minimum demand charges, extended contract terms, and early termination fees applicable to all customer types.[53] Allowing these customers to continue using existing procedures would preserve flexibility without weakening ratepayer protections. If a Decarbonizing or EITE Existing Customer elects to proceed under Rule 30, it should pay applicable incremental interconnection

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[49] *See* PG&E First Opening Brief at 15-16.
[50] Cal Advocates First Opening Brief at 8.
[51] *Id*. at 9.
[52] 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")).
[53] *Id*. at 12 ("There is no need to impose a contract capacity based demand charge on traditional customers. In fact, to do so will discourage these customers from making the expansions they will need to complete to decarbonize over the next two decades").

costs. But if the Commission declines to exempt these customers from Rule 30's heightened provisions, it should, at minimum, preserve their ability to proceed under existing procedures rather than requiring them to accept data center-driven obligations that PG&E has not justified applying to them.

III. CONCLUSION

PG&E has not met its burden to show that Rule 30's heightened risk-mitigation provisions are just and reasonable as applied to Decarbonizing and EITE Existing Customers. The record supports targeted protections for speculative data center load or other customers shown to present comparable risk. It does not support imposing enhanced minimum demand charges, extended contract terms, or early termination fees on existing customers whose incremental load additions are tied to decarbonization, electrification, EV charging, EITE production, and continued California operations.

Accordingly, the substantial record evidence reflects that the Commission should adopt CLECA's proposed exemption for Decarbonizing and EITE Existing Customers. At minimum, Decarbonizing and EITE Existing Customers paying applicable incremental interconnection costs should retain the option to pursue incremental transmission-level service through existing procedures or under Rule 30 without being subject to heightened risk-mitigation provisions designed for speculative data center load. CLECA appreciates this opportunity to submit this reply brief.

Respectfully submitted,

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