

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION
RALEIGH**

DOCKET NO. E-100, SUB 208

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of Large Electric Load Additions)))	Comments of the Data Center Coalition
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I. About Data Center Coalition

The Data Center Coalition (“DCC”) respectfully submits these comments to the North Carolina Utilities Commission (“NCUC” or “Commission”) regarding the integration of large electric load additions. DCC commends the Commission for opening this proceeding, requesting input on key issues such as cost allocation, interconnection procedures, reliability standards, and appropriate tariff terms for large load customers.

DCC is the national membership association¹ for the data center industry, representing 35 leading data center owners and operators who maintain data center infrastructure across the country and globe, as well as companies that lease large amounts of data center capacity. DCC empowers and champions the data center community through public policy advocacy, thought leadership, stakeholder outreach, and community engagement. As the voice of the data center industry, DCC also advocates for a highly

¹ The Data Center Coalition is a membership organization of leading data center owners and operators. Public testimony and written comments submitted by DCC do not necessarily reflect the views of each individual DCC member. A list of current DCC Members is accessible at <https://www.datacentercoalition.org/members>.

skilled and diverse technology workforce, greater access to clean energy, and a competitive business environment to support the growth and success of this essential business sector.

North Carolina is already home to significant data center investments, and the state is poised for further growth. As electricity demand rises, the Commission's decisions in this docket on load forecasting practices, interconnection rules, rate design, and contract terms will directly shape whether that growth results in reliable electric service, fair cost allocation, and continued economic benefits for all customers. DCC is committed to working collaboratively with the Commission, utilities, and other stakeholders to ensure that large load integration strengthens North Carolina's economy while protecting existing ratepayers.

II. Introduction

Data centers provide essential infrastructure for commerce, health care, education, and public service, among others. Demand for digital services continues to accelerate, and that growth depends on reliable access to electricity. Increasingly, work, education, grocery shopping, banking, and medical care occur online. Data centers make this possible by supporting the applications, platforms, and services we rely on every day, ensuring we remain connected in our modern lives and that businesses, organizations, and individuals can remain competitive and grow our 21st century economy.

In recent years, North Carolina has experienced a surge in interest from prospective data center customers. That surge is part of a national trend. As every segment of the economy becomes increasingly dependent on digital services, the development of data centers, which make those services possible, has accelerated across the country to meet those needs. Data centers require a massive amount of electricity. Those needs create both

challenges and opportunities. On one hand, data center-driven load growth challenges utilities to build the infrastructure required to serve those customers' demands in a timely manner while mitigating the risk of those investments to all customers. On the other hand, data center-driven load growth will generate significant new revenues for electric utilities, and those revenues can create downward pressure on the rates that all customers pay. DCC agrees with Duke Energy that no immediate new tariff is necessary; the issue is applying sound, cost-based practices within existing tariffs so that growth benefits all customers.²

Digital demand is accelerating, with the average U.S. household using more than 20 connected devices.³ Analysts project that data usage will double within the next five years compared to the past decade.⁴ At the same time, rapid adoption of generative AI, expected to create 2.6 trillion to 4.4 trillion in global economic value by 2030,⁵ requires dense, energy-efficient computing capacity in close proximity to users. If North Carolina establishes clear permitting processes, invests in timely grid upgrades, and maintains balanced rate structures, the state will secure durable economic benefits from new large loads, including high-wage jobs, tax revenue, and innovation across industries statewide.

Data centers are not the only customers driving a new era of load growth for electric utilities. As the economy modernizes and electrifies, driven by environmental and

² See Duke Energy Comments, p. 9.

³ Deloitte, *Consumers embrace connected devices and virtual experiences for the long term* (September 5, 2023), available at <https://www2.deloitte.com/us/en/insights/industry/telecommunications/connectivity-mobile-trends-survey/2023/connectivity-mobile-trends-survey-full-report.html>.

⁴ JLL, *Data Centers 2024 Global Outlook*, available at <https://leadsdell.com/wp-content/uploads/2024/09/jll-data-center-outlook-global-2024.pdf>

⁵ McKinsey, *How data centers and the energy sector can sate AI's hunger for power* (September 2024), available at <https://www.mckinsey.com/industries/private-capital/our-insights/how-data-centers-and-the-energy-sector-can-sate-ais-hunger-for-power>.

economic imperatives, electric utilities anticipate an increasing volume of requests for higher capacity service from a range of large loads. These include advanced electrified manufacturing facilities, hydrogen production facilities, battery manufacturing facilities, and large-scale charging hubs, among others in addition to data centers. Increasingly, the line between data centers and other industrial customers is also blurring, as an increasing number of “traditional” industrial facilities adopt data intensive operations that demand constant computing capacity. Like data centers, both “traditional” large load industrial facilities and hybrid large load customers often require substantial new utility investments in transmission and distribution infrastructure.

These trends create both challenges and opportunities for electric utilities and their customers. Meeting those challenges and leveraging those opportunities calls for utilities, regulators, and all stakeholders to collaborate and develop balanced, durable regulatory solutions. In particular, large load provisions must balance two goals: protecting existing customers from stranded-cost and reliability risks, while ensuring that data centers and other large loads have a fair opportunity to invest and operate in North Carolina. To be clear, consistent with Duke Energy’s Comments, DCC proposes that the Commission focus on clarifying, and where appropriate, refining the application of existing tariff structures and contractual tools for large loads, not creating a new large load tariff.⁶ With these objectives in mind, DCC respectfully asks the Commission to consider DCC’s recommendations, as discussed herein and summarized below:

1. Transparent, data-driven load forecasting: Require electric public utilities to use standardized methodologies, share underlying assumptions, and reconcile near-term customer demand with long-term planning models. In situations where customer demand exceeds supply, utilities and the NCUC

⁶ See Duke Energy Comments, p. 9.

should endeavor to find equitable and fair solutions to meet customer demand to the fullest extent possible.

2. Cost-based, non-discriminatory design within existing tariffs: Ensure large-load rate provisions reflect cost causation, avoid cross-subsidies, and include reciprocal utility obligations such as clear interconnection timelines.
3. Flexible and clearly stated contract terms that balance risk: Allow tailored exit fees, reasonable load-ramp schedules, and flexible collateral options so utilities recover prudent costs while customers can scale responsibly. Contract terms should be shared with prospective customers, in writing, as early as practicable in the customer’s site evaluation process.
 - a. Load-ramp schedules: Allow multi-year ramps (typically 3–5 years) so utilities can stage infrastructure and customers can scale responsibly.
 - b. Voluntary demand response and load flexibility: Participation by large loads in curtailment or flexibility programs should remain voluntary.
 - c. Exit-fee design: Tie exit fees to unrecovered utility investment and permit capacity transfers to the next-in-queue customer so stranded-asset risk stays low.
 - d. Collateral flexibility: Offer multiple security forms—parental guarantees, letters of credit, surety bonds, or cash—and phase collateral down as project risk declines over time.
 - e. Clearly stated contract terms shared with customers as soon as practicable: Complete initial drafts of all required utility agreements, such as Letters of Agreement (“LOA”) and Electric Service Agreements (“ESA”), should be shared with the prospective customer as soon as practicable. Such drafts should avoid vague terms and open-ended obligations to the extent possible.

III. Data Centers Make Significant Economic Contributions

The importance of data centers is difficult to overstate, in part because nearly every sector of the modern American economy relies on cloud computing, a service facilitated by data centers in some way. The importance of data centers can be measured financially, however. DCC commissioned a PwC 2025 impact study that shows the data center sector

is a major economic force nationally.⁷ In 2023 the U.S. data center sector supported 4.7 million jobs, including 603,900 direct positions—up 51% since 2017. Those roles generated \$404 billion in wages, a 93% jump over the same period. Direct operations added \$231 billion to national GDP, and when indirect and induced effects are included the total 2023 contribution reached \$727 billion. The industry also generated \$162.7 billion in federal, state, and local taxes, marking a 146% increase from 2017. Notably, each direct data center job sustains more than six additional jobs elsewhere in the economy, underscoring the sector’s broad multiplier effect.

While national trends demonstrate the data center sector’s macroeconomic weight, the story is even clearer at the state level. PwC’s 2025 breakout for North Carolina shows that data-center activity is no longer a niche contributor but a pillar of the state’s economy. In 2023, data centers provided 15,270 direct jobs and supported 87,380 positions statewide. Workers earned \$6.7 billion in wages and benefits, and the sector added \$12.2 billion to North Carolina’s GDP. These facilities also produced \$939 million in state and local taxes, helping to fund schools, infrastructure, and public safety.

Taken together, these national and North Carolina-specific economic impacts confirm that every megawatt of new data center load produces broad economic benefits far beyond the facility fence line. DCC is committed to working with the Commission, utilities, and stakeholders to advance solutions that ensure grid reliability, maintain equitable and cost-based allocation of utility investments, and address North Carolina’s specific energy and infrastructure needs. By doing so, the state can enable data centers to

⁷ PwC, Economic contributions of U.S. data centers, 2017-2023 (February 2025), *available at* <https://www.centerofyourdigitalworld.org/2025-impact-study>.

continue driving innovation, strengthening competitiveness, and delivering broad economic opportunities across North Carolina.

IV. Data Centers are Highly Efficient Facilities, Enabling Efficiency Gains Economy-wide, and Leading the Clean Energy Transition

Data centers aggregate our collective computing demands efficiently and securely. Previously, these types of computing resources were dispersed across businesses, which was far less efficient and secure. By centralizing computing resources, data centers have been able to leverage innovations in design, equipment, and technology to maximize energy efficiency. While electricity consumption at data centers rose six percent from 2010 to 2018, computing output jumped 550 percent, marking significant gains in efficiency and productivity.⁸

Moreover, data centers are highly incentivized to continue operating as efficiently as possible. According to the U.S. Chamber of Commerce, energy is the largest operating item for data centers, making up 40-80 percent of total annual expenditures.⁹ Apart from meeting sustainability commitments, data center companies strive to maximize energy efficiency to keep costs low for customers and in supporting their own operations.

It is important to recognize that data centers are not simply large consumers of electricity; they also facilitate efficiency gains and energy savings for homes, businesses, industrial consumers, and utilities across the economy. Many technologies and strategies deployed across Virginia – including smart thermostats, smart meters, managed electric

⁸ Lawrence Berkeley National Laboratory, “Recalibrating global data center energy-use estimates,” Science Magazine, https://datacenters.lbl.gov/sites/default/files/Masanet_et_al_Science_2020.full_.pdf.

⁹ U.S. Chamber of Commerce, “Data Centers: Jobs and Opportunities in Communities Nationwide,” https://www.uschamber.com/assets/archived/images/ctec_datacenterrpt_lowres.pdf.

vehicle (“EV”) charging, smart lighting, and grid enhancing technologies – require the digital infrastructure provided by data centers.

Moreover, leading data center owners and operators have not stopped at energy efficiency: the data center industry is now driving half of all contracted corporate renewable energy in the U.S.¹⁰ This aggressive investment in clean energy is in line with the industry’s sustainability goals: many data center companies have committed to achieving carbon neutrality and supporting their operations with 100 percent clean energy within the next 10 years. Many companies are already reaching this goal and supporting their operations with 100 percent renewable energy. Data center companies are also actively supporting next-generation clean electricity technologies from utility-scale hydrothermal power and long-duration storage to the development of small modular reactors (“SMRs”) and nuclear fusion efforts.

The industry’s interest and commitment to advancing a future era of affordable, abundant, sustainable power delivered by the grid is unparalleled by any other industry – and represents a unique opportunity for North Carolina.

V. Digital Infrastructure Supports Key Industries in North Carolina

Strategic investment in digital infrastructure is redefining North Carolina’s growth trajectory. The state’s semiconductor fabs, life science research corridors, advanced manufacturing hubs, and financial services clusters all rely on secure, high bandwidth

¹⁰ S&P Global, “Data centers account for half of US clean energy procurement but only 20% in Europe: report,” October 31, 2024, <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/electric-power/103124-data-centers-account-for-half-of-us-clean-energy-procurement-but-only-20-in-europe-report>.

computing to design chips, model genomes, evaluate risk, or automate production. Data centers provide that backbone, enabling firms to scale resources instantly, run real-time analytics, and stay competitive in global markets.

North Carolina’s Research Triangle Park (“RTP”) is the largest research park in the United States, spanning 7,000 acres and anchoring the state’s biotech and technology innovation ecosystem.¹¹ RTP is home to more than 375 companies employing roughly 55,000 workers, with some estimates placing employment closer to 65,000.¹² The park hosts global leaders in pharmaceuticals, information technology, and advanced manufacturing, and continues to drive North Carolina’s competitiveness in high-growth industries.¹³

North Carolina’s life sciences cluster has become one of the state’s strongest economic engines, anchored in the Triangle region and extending statewide. A 2024 TEconomy/NCBiotech report found the sector supports more than 103,000 jobs across nearly 6,700 business establishments, generating 51.6 billion in direct corporate revenues.¹⁴ The Economic Development Partnership of North Carolina further reports that the state is now home to more than 840 life sciences companies, ranging from biotech startups to global pharmaceutical manufacturers.¹⁵ The area supports over 700 life sciences

¹¹ Evolution of Research Triangle Park, available at <https://www.rtp.org/2024/10/evolution-of-research-triangle-park/>.

¹² *Id.*

¹³ *Id.*

¹⁴ 2024 Evidence & Opportunity Impact of Life Sciences in North Carolina, p. 92 (Jan, 2025), available at https://www.ncbiotech.org/sites/default/files/2025-01/NCBiotech%202024-TEconomy_0.pdf.

¹⁵ Life Sciences Bloom in North Carolina, available at <https://edpnc.com/industries/life-sciences/>.

companies employing over 64,000 employees, contributing nearly \$10 billion to regional GDP. Together, these firms position North Carolina as a national leader in biotechnology, pharmaceuticals, and medical innovation.¹⁶ Data centers provide the secure, high capacity computing backbone these companies depend on to process genomic data, run clinical trials, and manage global supply chains, making digital infrastructure a prerequisite for continued growth in the sector.

Electric vehicle and battery production are accelerating statewide. Toyota committed a total of \$13.9 billion to its Toyota Battery Manufacturing North Carolina (“TBMNC”) facility in Randolph County, which is expected to employ more than 5,000 workers.¹⁷ Similarly, VinFast is investing up to 4 billion to build its first North American electric vehicle and battery manufacturing campus at the Triangle Innovation Point mega site in Chatham County, a project projected to create 7,500 jobs.¹⁸ These massive new facilities will generate terabytes of manufacturing, performance, and grid-integration data daily, requiring secure, low-latency data center capacity for analytics, predictive maintenance, and smart charging optimization. Without access to scalable digital infrastructure, EV manufacturers could not refine battery chemistry, optimize production, or manage charging networks that support North Carolina’s growing clean energy economy.

¹⁶ TEConomy report: NC life sciences growth outpaces nation, passes 100,000 job milestone, *available at* <https://www.ncbiotech.org/news/teconomy-report-nc-life-sciences-growth-outpaces-nation-passes-100000-job-milestone>.

¹⁷ See <https://www.edpnc.com/news/toyota-october-2023-battery-expansion/>.

¹⁸ See <https://researchtriangle.org/news/automaker-vinfast-to-invest-4b-in-chatham-county-assembly-plant-lands-1-25b-incentive-package/>.

Financial services and logistics also rely on local compute power. Charlotte, a major U.S. banking hub, uses nearby data centers for low-latency trading, AI-driven analytics, and secure customer services. Similarly, logistics systems, from ports to intermodal networks, depend on real-time data processing that only reliable digital infrastructure can provide.

Academic research institutions amplify demand. UNC, NC State, Duke, and other universities use high-performance computing for breakthroughs in material science, genomics, and engineering. That work relies on scalable, secure data center infrastructure to support partnerships and datasets.

Together, these examples illustrate that data center infrastructure is a precondition for advancing key industries in North Carolina—from biotechnology and semiconductors to EVs, logistics, and finance. Embedding best-practice tariff terms for large loads will support the expansion of these sectors while protecting the broader customer base from unnecessary costs.

North Carolina's economic future depends on the continued alignment of advanced industries with robust digital infrastructure. As sectors from life sciences to EV manufacturing, finance, logistics, and higher education generate and process unprecedented volumes of data, data centers ensure that the state remains competitive, innovative, and resilient. Sustained investment in reliable, scalable compute capacity will allow North Carolina to capture the full benefits of these strategic industries while ensuring that growth is efficient, secure, and beneficial for all ratepayers.

VI. Accurate Load Forecasting and Fair Rate Design Will Right-Size Grid Investments and Protect All North Carolina Ratepayers

After nearly two decades of relatively flat electricity consumption, the U.S. is experiencing a significant increase in power demand driven by several economic growth trends. As noted by Lawrence Berkeley National Laboratory in the 2024 U.S. Data Center Energy Usage Report, “This surge in data center electricity demand...should be understood in the context of the much larger electricity demand that is expected to occur over the next few decades from a combination of electric vehicle adoption, onshoring of manufacturing, hydrogen utilization, and the electrification of industry and buildings.”¹⁹

Supporting the nation’s and North Carolina’s growing electricity demand through timely and prudent investments in new generation, transmission, and distribution infrastructure; along with investments in energy efficiency, grid enhancing technologies, and other innovative strategies is essential to economic growth, global competitiveness, and national security. As a growing data center market, North Carolina is uniquely positioned to create a balanced and durable solution that supports continued economic development and protects all customers from unnecessary costs.

A. DCC continues to lead in the call for improved and reformed load forecasting at the state, regional, and utility levels.

Accurate load forecasting and equitable rate structures are critical to aligning infrastructure investments with North Carolina’s evolving economic and industrial landscape, while protecting ratepayers from unnecessary cost shifts. Improvements in forecasting practices are necessary to ensure grid investments are appropriately scaled and

¹⁹ Lawrence Berkeley National Laboratory, 2024 U.S. Data Center Energy Usage Report (Dec., 2024), available at <https://eta.lbl.gov/publications/2024-lbnl-data-center-energy-usage-report>.

to minimize the risk of stranded assets. As electric demand accelerates, particularly from large new loads, it becomes more important for utilities, regulators, customers, and other stakeholders to coordinate closely and share data openly. Forecasts must be grounded in actual project development timelines and incorporate best practices to ensure they accurately reflect expected growth. A disconnect between near-term customer demand signals (such as from data centers) and the long-term forecasts that guide infrastructure planning can lead to misaligned investments. That gap must be closed through greater transparency, better data sharing, and consistent stakeholder engagement.

Data center demand is different from traditional load growth. It often arrives in large, discrete increments—for example, a 300 MW campus coming online in under two years—which requires more proactive planning to maintain grid reliability and avoid congestion. This demand does not exist in a vacuum. It is frequently tied to and accelerates growth in other strategic sectors, including biotechnology, advanced manufacturing, logistics, and financial services. These industries increasingly depend on collocated or regional data center infrastructure to support AI enabled applications, advanced modeling, and cloud computing. As such, utility planning processes must consider the “load cluster” effect of these interconnected industries.

Public and collaborative forums that include utilities, data center operators, and other large load customers can improve planning by ensuring that project timelines, efficiency efforts, and future growth expectations are fully accounted for. Greater transparency in load forecasting, interconnection processes, and scenario planning will allow infrastructure to be right-sized, cost effective, and responsive to actual demand. With more refined forecasting tools and practices, North Carolina can build a more reliable,

resilient, and efficient grid that supports economic growth while keeping costs fair for all customers.

In situations where customer demand exceeds supply, utilities and the NCUC should endeavor to find equitable and fair solutions to meet customer demand to the fullest extent possible. This mindset should apply for both long-term planning and short-term solutions that enable the prospective customers to execute their business plans. A specific example that is available to prospective large load customers in many states, but remains unavailable in North Carolina, is the opportunity for a large load customer to buy electricity directly from a third-party-owned generation resource that is collocated at the customer site (also known as 3rd-Party Power Purchase Agreements or 3rd-Party PPAs).

Currently, it is DCC's understanding that North Carolina prohibits this type of structure, although it is allowed in many other states. This recommendation would provide additional important options to large load customers beyond the currently allowed self-generation structures that require the customer to either purchase electricity from the regulated utility or produce it themselves with generation resources owned by the customer. Many large load customers are uninterested in becoming owners and operators of generation resources that are collocated at their sites, for any number of reasons, including that such investments and activities are far outside their core scope of expertise. Meanwhile, there are many proven entities that provide such 3rd-Party PPA solutions to large load customers in other markets.

Where available, these 3rd-Party PPA solutions have become increasingly beneficial to large load customers as utilities have increasingly found themselves in situations where, for a number of years, they expect to lack the resources (generation capacity and related

infrastructure) to meet the customer's needs. Large load customers often view these 3rd-Party PPAs as “bridge power solutions”, where the customer's long-term interest is to be fully served by the regulated utility while being able to invest and expand in accordance with its business plans, all while relying on the expertise of experienced 3rd-Party PPA providers and not having to venture into the ownership and operation of power generation resources themselves.

These bridge power solutions should be strongly considered and made available as another tool for utilities and the NCUC to enable large loads to consider expansion in North Carolina. For many such customers, 3rd-Party PPAs will be viewed as a much more attractive solution than mandatory requirements to participate in onerous curtailment/demand-response structures. Additionally, the merits of these structures are clear in that they insulate other customers from any cost impacts related to the development or operation of the 3rd-Party owned generation resource.

The data center industry has experienced firsthand the real-world impact of inaccurate or under-forecasting of various energy demand growth drivers. It is critical to ensure that load forecasts accurately model a wide range of demand drivers including EV load growth, broader electrification efforts, the onshoring of industrial manufacturing (such as semiconductor chip, solar, and battery manufacturing), large customer growth (including data centers), and other industry trends. Inaccurate forecasting, coupled with exclusionary transmission planning processes, have had a detrimental effect, not only on the data center industry, but also with community investment, local tax revenue, and overall economic growth.

The data center industry is currently facing substantial uncertainty and billions of dollars in stranded costs and investments due to transmission constraints in multiple markets. In some cases, completed facilities are sitting idle while awaiting access to power previously committed by utilities. These types of transmission constraints have a profound economic ripple effect that extends well beyond our industry, into our local communities: construction crews are sent home from project sites and local revenue projections are thrown into a state of flux. For data centers to continue to effectively serve customers, maintain the integrity of the internet, and spur economic development across the country, the industry needs reliable access to electricity.

B. North Carolina should continue to leverage equitable and sound rate design principles.

Equitable electricity rates are the bedrock of a just and reliable grid. Chapter 62 of the North Carolina General Statutes already requires public utilities to provide and the Commission to establish “just and reasonable rates.”²⁰ That outcome is best achieved through the application of and adherence to sound ratemaking principles that have served North Carolina and our nation well, in both periods of load growth and flat electricity demand. A well-designed rate structure includes, but is not limited to, the following principles:

1. Non-discrimination: No customer, industry, or class should be singled out for differential rate treatment unless such distinctions are backed by verifiable cost-based reasoning.
2. Cost causation: Customer rates should reflect the actual costs of service. The ratemaking process should ensure that incremental costs are fairly attributed to the loads or customer classes they impact. Cost allocation

²⁰ N.C.G.S. §§ 62-2 and 130.

methods should establish a clear link to usage and be accurate, transparent, and reproducible by others outside the utility.

3. Limit cross-subsidization: Rates should avoid creating unfair subsidies between customer groups or loads, ensuring that costs are distributed equitably among those who incur them.
4. Transparency: The ratemaking process should be open and accessible, providing customers with the necessary information and a clear understanding of how rates are determined.

Within existing tariffs, those principles translate into three concrete tools: (1) minimum contract terms paired with exit-fee schedules that reflect unrecovered investment; (2) negotiated load-ramp schedules that give both customer and utility time to build; and (3) collateral rules that accept multiple security forms and taper as risk falls. Together these tools keep utilities whole without deterring investment.

Customer classes must be established based on load characteristics, including aggregate load shape, total consumption, and customer count, because those factors drive system costs. End use is irrelevant to cost causation, and tying rates to a customer's business activity would let utilities single out data centers, or any new sector, for harsher terms than peers with identical load profiles. Data centers must meet the same standard as any other large customer class. Punitive tariffs, surcharges, or bespoke rate structures should not be instituted without transparent, verifiable cost studies showing that data centers impose unique, measurable costs on the grid. Absent that proof, disparate treatment would erode fairness, chill capital deployment, and invite litigation. The Commission should therefore demand a rigorous cost-of-service showing before approving any deviation from uniform treatment.

The same evidence standard must apply to non-rate requirements such as security deposits, collateral, minimum bill thresholds, contract lengths, exit fees, and emergency service provisions. These terms shape project viability and should be uniform across all large loads, paired with reciprocal utility duties. Public proceedings that let customers test assumptions deter overreach and spare the Commission from redesigning tariffs each time a new industry scales up. It also signals to investors that North Carolina values consistent, principle-based regulation.

Cost causation remains the bedrock of fair ratemaking. Proper allocation starts with detailed engineering studies, moves through transparent functionalization and classification, and ends with reproducible allocation factors. When rates mirror usage, customers that drive peaks see marginal costs, while those that flatten load curves benefit, preventing distorted incentives that raise everyone's bills. Strict adherence to this framework shields residential and small-business customers from cross subsidies, preserves North Carolina's appeal to capital intensive projects. Data centers already pay their full cost of service and often fund associated infrastructure (breakers, transformers, substations) plus pre-connection and facility costs that protect other ratepayers from stranded assets.

Utility accountability is equally important. In other jurisdictions, prolonged power-delivery timelines, often due to understaffed engineering teams, supply chain bottlenecks, or demand-forecast errors, have delayed data center projects and slowed regional growth. If additional obligations are placed on large customers, utilities should meet corresponding performance benchmarks, including defined delivery deadlines. The

Commission should continue to review cost allocations and rate designs in contested proceedings, supported by open data, workshops, and stakeholder engagement.

Ultimately, a non-discriminatory, cost-based tariff framework benefits North Carolina's entire economy. Data centers contribute high wage jobs, local tax revenue, and technological innovation. By ensuring that each customer pays its fair share of system costs, the Commission supports continued data center development while maintaining affordable, reliable service for residential and small business users. This balanced approach preserves North Carolina's competitive edge and promotes long term grid resilience.

As with all forecasting and ratemaking concepts, robust stakeholder engagement is key to delivering outcomes that serve all ratepayer classes and industries—Commission-initiated or other public workshops, granular cost allocation reports, and open-data initiatives can build trust in rate setting processes and ensure accountability. DCC remains committed to being a collaborative partner, an active participant in these dialogues, and a solution-oriented stakeholder in this proceeding.

VII. Contract Terms Should Balance Risk and Protect All Ratepayers

A well-structured contract does more than set prices; it defines who carries risk at each stage of a project. By pairing commitment periods with clear exit fees, phasing load in over time, and right-sizing collateral to actual exposure, a tariff can fund needed upgrades without shifting stranded asset risk to other customers.

A. Minimum contract terms and exit fees should align commitment with cost recovery.

Minimum contract terms and exit fee schedules give everyone a clear picture of who pays and for how long. When a large load customer commits to take service for say,

10 years and backs that promise with an exit fee that steps down only as utility investment depreciates, the utility can size transformers, feeders, and substation upgrades with confidence.

Contract length and fee amounts must also track local conditions. A utility facing long lead times for transmission upgrades may need a longer minimum term than a utility with ample spare capacity. Likewise, areas with rapid load growth might justify tiered exit fees that fall faster, since a replacement customer is likely. DCC's view is simple: match the contract to the dollar value and recovery period of the specific investments required and revisit those inputs when cost studies or system conditions change.

Exit fee design should also promote efficient capacity transfers. If a customer's plans change, the tariff should let the utility offer the reserved capacity to projects in the queue before levying a penalty. Any exit fee should then apply only to the unrecovered portion of the utility's investment, net of what the replacement customer picks up. This approach keeps ratepayers whole, discourages speculation, and ensures that capacity flows to projects ready to build.

B. Load ramp schedules provide flexibility to utilities and large load customers.

Load ramp provisions give both the utility and the large load customers some breathing room. Utilities gain the months they need to plan and build substations, transformers, and where required, new generation. Large load customers get the runway to install equipment, recruit tenants, and tune operations to real world demand. A structured ramp aligns cash outlays with actual load, reducing carrying costs for the utility and penalty risk for the customer.

DCC backs tariffs that lock in this flexibility while keeping the timeline finite. A negotiated, multi-year ramp—typically three to five years—should be the default, with the specific milestones worked out case by case. That approach recognizes the diversity of large load projects without shifting risk to other ratepayers. When paired with the minimum term and exit fee tools described above, a well-designed ramp lets projects scale responsibly and keeps the grid ready when the load arrives.

C. Collateral requirements should be flexible and consider different business models.

Collateral requirements serve a clear purpose: they protect the utility— and by extension all customers— if a large load project stalls or fails to pay. The design, though, must avoid forcing every developer into the same financial mold. Data center operators span public corporations, private equity backed ventures, and real estate investment trusts; each has different balance sheet tools. A tariff that accepts multiple security forms (parental guarantees, letters of credit, surety bonds, or cash) gives credit-worthy customers the latitude to choose the lowest cost option while still covering the utility’s exposure.

Timing and tapering are just as important as form. Utilities should allow a realistic runway, often tied to tenant lease milestones, before collateral must be posted, so capital is not locked up years before revenue starts. Once the project proves up and utility risk falls, collateral should step down on a transparent schedule. Phasing the requirement off in defined tranches frees capital for reinvestment, aligns with declining utility risk, and dovetails with the exit fee and load ramp tools outlined above to create a balanced, financeable tariff framework.

Taken together, these terms form a single, balanced package. Minimum service periods and exit fees secure cost recovery, load ramps match capacity buildout to verified demand, and flexible collateral protects the utility while preserving capital for growth. Adopted as a set, they give the Commission a rate structure that encourages investment, shields existing ratepayers, and keeps the grid ready for North Carolina’s expanding digital economy.

Independent expert analysis supports aligning collateral to actual, quantifiable utility exposure rather than generalized concerns. In its July 2025 white paper, Energy and Environmental Economics (“E3”) sets out five core principles—Balance, Equity, Optionality, Scalability, and Adaptability—that modernize credit and collateral policy for large loads and ensure non-discriminatory application consistent with cost-causation.²¹ E3 also endorses a defined menu of acceptable forms of collateral, including letters of credit, surety bonds, parent/tenant/third party guarantees, and prepayment/CIAC or sponsor-support agreements so creditworthy projects can provide assurance without duplicative protections. The white paper calls for transparent, standardized criteria and cautions against overlapping mitigants when one mechanism already addresses the risk. Consistent with DCC’s recommendations, the Commission should require utilities to justify collateral amounts through a clear exposure analysis and adopt a milestone-based posting schedule with step-downs tied to project progress. This protects customers from real non-

²¹ Energy and Environmental Economics, Inc., *Balancing Risk and Growth: Best Practices for Utility Credit and Collateral Requirements for Large Load Customers* (July 2025), available at https://www.ethree.com/wp-content/uploads/2025/08/E3_Utility-Credit-and-Collateral-for-Large-Load_Whitepaper.pdf.

performance risk while avoiding over-collateralization that can delay or deter beneficial large load development.

D. Voluntary Demand Response and Load Flexibility

DCC supports exploring well-structured, voluntary demand-response and load-flexibility programs for large load customers that allocates risk appropriately, provides clear incentives and compensation, and allows customers to meet their sustainability commitments. Data center participation depends on the exact nature of demand response, load resource, or emergency response programs.

Data centers are generally 24/7 facilities that require 99.999 percent uptime in order to meet contractual obligations and support essential services. Beyond business considerations, there are other important factors related to backup generation, air permitting rules, and sustainability commitments. As such, the ways in which data centers can participate in demand response programs vary greatly by data center operator, and depend upon both the nature of their operations as well as the structure of the program.

E. Clearly stated contract terms shared with customers as soon as practicable.

Complete initial drafts of all required utility agreements, such as LOAs and ESAs, should be shared with the prospective customer as soon as practicable. Such drafts should avoid vague terms and open-ended obligations to the extent possible. While it should be understood that final agreements between utilities and large load customers will likely reflect extensive negotiations of terms and the unique characteristics of the customer and its load, providing as much clarity on the front-end to the customer as possible is in everyone's interest.

As an example of an opportunity for improvement, in response to the NCUC's initial questions, Duke Energy highlighted that its performance requirements for large-load customers include "mandated interruptible requirements for a specified period of time." In practice, however, it is DCC's understanding that Duke Energy's interruptible requirements are for an *unspecified* period of time, specifically due to Duke Energy's current form LOA that states such interruptible requirements shall endure "for a minimum term of at least five years from the initial service delivery." Additionally, DCC respectfully refers back to its comments above and underscores that requirements for load to be interruptible for an indefinite period is a clear sign for both utilities and regulators to search earnestly for other solutions including allowing 3rd-Party PPAs to enable the customer to locate and expand in North Carolina.

Furthermore, Duke Energy's LOA refers multiple times to terms that will be established definitively in the ESA that is intended to be negotiated after execution of the LOA. However, given the ESA obligations that the LOA addresses, it is important for the prospective customer to receive a draft form of the ESA as soon as practicable to best ascertain the requirements that the utility will ultimately expect of them.

VIII. Conclusion

These comments point to one integrated framework: transparent, data-driven load forecasts; cost based, nondiscriminatory application within existing tariff structures; and a contract toolkit (minimum terms, exit fees, negotiated load ramps, and flexible collateral) that aligns payment risk with actual utility investment. Together, these pieces fund grid upgrades when they are needed, prevent stranded assets, and give data center developers the certainty to build in North Carolina. The result is lower average costs as new megawatts

spread fixed charges, faster infrastructure delivery, and statewide economic gains measured in jobs, GDP, and tax revenue. By applying these proven tools under clear Commission oversight, North Carolina can protect ratepayers today and capture the benefits of tomorrow's digital economy.

Respectfully Submitted this the 21st day of August, 2025,

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CERTIFICATE OF SERVICE

The undersigned attorney for the Data Center Coalition hereby certifies that he served the foregoing Petition to Intervene upon the parties of record in this proceeding by electronic mail and/or depositing copies in the United States mail, postage prepaid.

This 21st day of August, 2025.



Robert B. Josey