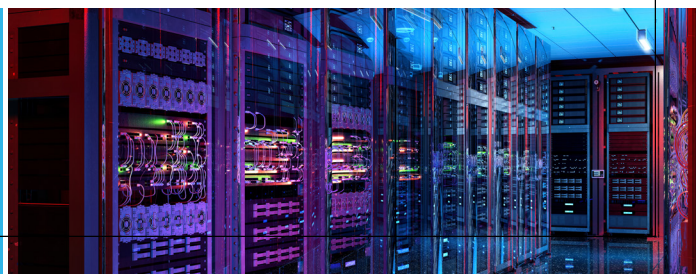


Energy Legal Blog®

WE KNOW ENERGY®



FERC Issues Show Cause Order on Large Load Interconnection Reforms to Support Data Centers and Advanced Manufacturing

June 25, 2026

By Josh Robichaud, Cathy McCarthy, Boris Shkuta, Lily Walton, Bryan Clark, Ted Duver, Ty Johnson, and Jared Berg

What to Know

- FERC has directed each RTO/ISO to demonstrate if and how its current procedures adequately enable the expedited interconnection of large loads and co-located resources.
- To the extent the current provisions are inadequate, each RTO/ISO is expected to make tariff revisions to implement the necessary reforms outlined by FERC.
- Each RTO/ISO has 60 days to respond to the briefing questions posed by FERC and, separately, 30 days to file an informational report on whether and how the RTO/ISO intends to ensure that adequate generation will be available to serve existing and new large loads.
- It remains to be seen if the scope and detail of the reforms will be implemented consistently across the RTO/ISOs such that they will meet the needs of data center developers and hyperscalers seeking interconnection in the near term.

To accelerate the connection of new large loads, such as datacenters,¹ to the grid, the Federal Energy Regulatory Commission ("FERC" or "Commission") recently issued a series of orders directing organized market operators to "show cause" as to why their planning and interconnection processes readily allow these large loads to connect. Specifically, on June 18, 2026, FERC issued six show cause orders (each, a "Show Cause Order," and

collectively, "Show Cause Orders") directed at each of the Regional Transmission Organizations and Independent System Operators ("RTO/ISOs")² and their constituent transmission owners regarding what FERC views as a package of necessary reforms to better enable large load interconnections. This was the latest step in a proceeding that began with FERC's issuance, at the direction of the U.S. Department of Energy ("DOE"), of an [Advanced Notice of Proposed Rulemaking \("ANOPR"\) in October 2025](#). Although contemplated by the ANOPR, FERC took no action outside the footprint of RTOs/ISOs.

While some anticipated a FERC Notice of Proposed Rulemaking ("NOPR") proceeding, the Commission issued the Federal Power Act ("FPA") Section 206 Show Cause Orders, preliminarily finding that the current RTO/ISO tariffs each appear to be unjust and unreasonable because they do not adequately address the challenges associated with the integration of large and co-located loads with the transmission system. Each RTO/ISO has 60 days to respond to certain briefing questions and, separately, 30 days to file an informational report on resource adequacy and how the RTO/ISO intends to ensure that adequate generation will be available to serve existing and new large loads. Though, in similar contexts, FERC has granted extensions of deadlines when a FERC-regulated entity has demonstrated that it is making a good-faith effort to respond but is not able to do so from a practical standpoint.

1. "Load" refers to the electricity demand of an end-use customer. The term "large load" is intended to include a range of energy-intensive commercial and industrial activities. In addition to the datacenter development being pursued by hyperscalers and others, the term large load also includes manufacturing, industrial processes, and some refining activities.

2. These include PJM Interconnection, L.L.C. ("PJM"), Midcontinent Independent System Operator Inc. ("MISO"), Southwest Power Pool Inc. ("SPP"), California Independent System Operator ("CAISO"), ISO New England Inc. ("ISO-NE") and New York Independent System Operator ("NYISO").

FERC expects that the Show Cause Order approach – rather than a one-size-fits-all rule – will allow the reforms to be implemented more quickly while also allowing flexibility to account for the regional differences of each RTO/ISO. FERC intends the reforms to cover the study process and cost allocation to enable the co-location of generation with large loads. As discussed further below, although the Show Cause Order approach likely allows for action faster than would have been possible under a NOPR process, it risks a lack of consistency among the RTO/ISOs on how large load interconnections are defined, studied, and interconnected.

Background

By [letter](#) dated October 23, 2025, DOE Secretary Chris Wright directed FERC to act to accelerate the interconnection of large retail loads, such as data centers. On October 27, 2025, FERC issued a Notice Inviting Comments on the DOE ANOPR, in which FERC preliminarily proposed to standardize load interconnection procedures and agreements for transmission providers to provide transmission interconnection service to large loads, and allow customers to file joint, co-located load and generation interconnection requests. FERC received more than 3,500 pages of comments in the proceeding and convened stakeholder meetings on the topics contained in the ANOPR. The June 18, 2026 Show Cause Orders represent the outcome of the ANOPR proceeding.³

The issues addressed in the Show Cause Orders are not new. Over the past two years, RTO/ISOs and other stakeholders have been filing various tariff revisions and other pleadings at FERC that involve these same issues. As discussed further below, FERC's Show Cause Orders cited favorably some of the reforms and modifications made by RTO/ISOs, which FERC accepted in recent months, and flagged them as example frameworks that respondents to the Show Cause Orders should consider in their own processes.

Procedural Context

Each Show Cause Order requires the relevant RTO/ISO and transmission owners to respond to a set of briefing questions to explain how their current RTO/ISO procedures do (or do not) address the substantive

issues outlined below. To the extent that an RTO/ISO or transmission owner is unable to establish that their current procedures suffice, FERC expects that it would make an FPA Section 205 filing proposing tariff revisions. Most RTO/ISOs have stakeholder processes for developing such tariff revisions, which can take several months or longer. Once filed with FERC, the proposed tariff revisions would be subject to comments and/or protests.

As noted above, each RTO/ISO and transmission owner has 60 days from the date of the order to respond to the briefing questions included in their respective Show Cause Order and 30 days from the date of the order to file an informational report regarding resource adequacy and how it intends to ensure that adequate generation will be available to serve existing and new large loads. Interested parties may respond to the RTO/ISO filings within 30 days of their submissions. The RTO/ISOs and transmission owners may request an abeyance of the relevant Show Cause Order within 45 days of its issuance. In similar proceedings, FERC has granted extensions when public utilities have made a good-faith showing that they are working towards a response.

Proposed Definitions

The Show Cause Orders include certain definitions that the Commission uses to frame the discussion. However, each RTO/ISO may propose its own definition, so long as it can establish that its definition is just and reasonable in the context in which it is being utilized. For example, for the purposes of the Show Cause Orders, a large load is defined as a:

1. new commercial or industrial customer,
2. located at a single site behind one or more points of interconnection,
3. that has a peak load of 50 MW or greater,
4. interconnects to the transmission system at a voltage level of greater than 69 kV, and
5. is not part of a co-location arrangement.

Notably, the ANOPR proposed a 20 MW size threshold, while commenters in the proceeding suggested a threshold as high as 250 MW. The 50 MW threshold included in the Show Cause Order appears to recognize

3. Although the original deadline for FERC action on the ANOPR, as set by the DOE, was April 30, 2026, on April 16, 2026, FERC issued an order in the ANOPR proceeding that, based on the overwhelming interest in the proceeding, it would be acting in the proceeding by the end of June 2026. The June 18, 2026, issuance of the Show Cause Orders was the promised action. Interconnection of Large Loads to the Interstate Transmission System, 195 FERC ¶ 61,045 (Apr. 16, 2026).

the need to set the threshold at a level high enough that it appropriately targets the types of datacenter, advanced manufacturing, and energy-intensive processes contemplated by the overall policy, but not so high that it inadvertently excludes small- and medium-sized projects that are currently under development. This definition tracks the definition accepted in Southwest Power Pool Inc.'s ("SPP") recent large load tariff revisions.⁴

A co-located load is defined as a configuration that "refers to end-use customer load that is physically connected to the facilities of an existing or planned generating facility on the interconnection customer's side of the point of interconnection to the RTO/ISO's transmission system." This definition closely aligns with the definition adopted in PJM's recent co-location tariff revisions.⁵

Regardless of the definition stated in the Show Cause Order, it will ultimately be up to each RTO/ISO to establish the relevant definitions and justify those choices to the extent a particular definition differs from the one provided by FERC. This approach risks a lack of consistency among RTO/ISOs – including concerning something as fundamental as the size of a large load – unless FERC steps in to require a level of consistency when reviewing the various RTO/ISO filings.

Substantive Reforms

Each Show Cause Order summarizes the large load interconnection orders to date, particularly those concerning reforms in the PJM Interconnection, L.L.C. ("PJM") and SPP markets, provides an overview of the relevant RTO/ISO's current tariff provisions, and then describes the specific issues FERC would like the RTO/ISO to address in its response to the briefing questions.

Although the discussion of issues in each Show Cause Order is tailored to the specific RTO/ISO, each addresses reforms across five categories.

1. Transmission service application and study process, including consideration of alternative transmission technologies.

These reforms focus on establishing large loads as a distinct category, implementing an application process and study procedures for transmission customers seeking to take transmission service on behalf of a large load⁶ that acknowledges the unique operational

and reliability challenges of large loads, and deterring speculative or duplicative requests for transmission service. As to the reliability impacts of large loads, the Commission notes that they are typically more energy-intensive and geographically concentrated than traditional loads and exhibit different load profiles and operational characteristics. Therefore, specific and additional information is needed as part of the application process to understand and properly study the impacts large loads may have on the grid. These reforms include establishing *pro forma* provisions in transmission service agreements between the RTO/ISO and the transmission customer that takes transmission service on behalf of a large load to memorialize relevant operational details (e.g., equipment requirements, data requirements, remote disconnect capability).

2. Preventing cost shifting and requiring transparency.

These reforms are focused on transparency regarding the assignment of network upgrades, and their associated costs, needed to provide transmission service to large loads and establishing a *pro forma* cost recovery agreement between the RTO/ISO, the relevant transmission owner, and the customer taking transmission service on behalf of large loads that ensures that the customer and large load seeking interconnection bear the risk and are ultimately responsible for costs incurred to provide transmission service, including the cost of network upgrades. The Commission notes that it has exclusive jurisdiction over transmission rates, but that states determine how Commission-approved rates are collected from the relevant retail consumers, as well as the rates for state-jurisdictional matters. States have authority over how the wholesale costs of providing electricity, including transmission of such electricity, to those retail customers are recovered through retail rates. Therefore, FERC's reforms focus on providing state public utility commissions and other state regulators with the information needed to understand which transmission costs are attributable to which transmission customers, so they can sub-allocate these costs to the appropriate retail customers.

3. Co-location arrangements and behind-the-meter generation.

These FERC reforms regarding co-location arrangements focus on establishing the rates, terms, and conditions of service that apply to interconnection customers (i.e., transmission customers) serving co-located load, and

4. *Sw. Power Pool, Inc.*, 194 FERC ¶ 61,031, PP 10-11 (2026).

5. *PJM Interconnection, L.L.C.*, 193 FERC ¶ 61,217 at P 2 (2025), *order on reh'g*, 195 FERC ¶ 61,209 at PP 91-102 (2026).

6. This is the local utility in most instances and could include non-FERC jurisdictional municipalities and cooperatives.

on clarifying and standardizing transmission services that accommodate customers willing and able to limit their energy withdrawals from the transmission system under certain conditions. The Commission also noted that it had previously found that, regardless of whether a co-located load directly withdraws energy from the transmission system, it nonetheless relies on and benefits from ancillary services, such as frequency regulation and black start services, and must pay for these services on a gross demand basis. These reforms focus on establishing processes and procedures for co-located loads and on avoiding cross-subsidization by ensuring that they are appropriately allocating the costs of the ancillary services they rely on.

4. New transmission services for flexible large loads.

These reform requirements are focused on accommodating large loads that can limit their withdrawals from the transmission system under certain conditions, thereby potentially deferring or reducing the need for network upgrades. This flexibility is operationalized through an interim transmission service that "ramps up" as the network upgrades necessary to support the full load are completed, and a non-firm transmission service that is available when system conditions allow, but is not guaranteed, when the grid is constrained. By implementing these types of transmission services, the intent is to allow large loads that can verifiably limit their withdrawals to interconnect sooner than would otherwise be possible.

5. Generating facilities serving electrically proximate large loads and large co-located loads.

These reforms focus on capturing cost savings and operational efficiencies in the interconnection study process for generation and large loads sited near one another. For these purposes, a proximate large load is considered one that is sufficiently electrically close to the generation interconnection customer's requested point of interconnection, such that the impact on the transmission system of the combination of the generating facility and the load, with the exception of the transmission facilities between the two, will be effectively the same as if they were located at the same substation. Generally speaking, this is a large load located no more than two substations from the generating facility. When combined with the verifiable commitments from the generator and load to limit grid injection and withdrawals to avoid larger system

impacts, as discussed above, these arrangements can allow the interconnection of large loads sooner than would otherwise be possible.

Although each Show Cause Order generally addresses all of the items outlined above, there are some differences. For example, the Show Cause Order issued to SPP does not contain item #5 above regarding reforms to accommodate generating facilities serving electrically proximate large loads and large co-located loads. This omission is deliberate because earlier this year SPP filed, and FERC accepted, tariff revisions to implement the High Impact Large Load Generation Assessment ("HILLGA") initiative, a new generator interconnection service and related interconnection process to expedite the interconnection of generating facilities that are specifically identified for, and limited to, serving a High Impact Large Load ("HILL") and are located no more than two substations away from the HILL.⁷ In fact, FERC cites SPP's HILL and HILLGA reforms as an example framework that other RTO/ISOs should look to in developing their own reforms.

Similarly, the Show Cause Order issued to PJM does not contain item #3 above regarding reforms to co-location arrangements and behind-the-meter generation. The Commission directed PJM to implement many of these proposed reforms in December 2025 and, on the same day as the Show Cause Orders, issued an order on PJM's compliance filing, implementing those reforms, accepting some, rejecting others, and directing further compliance filings. The Commission cites PJM's ongoing reforms at various points in the Show Cause Orders, and the additional detail provided in this parallel proceeding could assist other RTOs/ISOs in developing their responses to the Show Cause Orders.

Scope of Reforms

The reforms outlined above apply only to the RTO/ISOs that received a Show Cause Order. Given that the Electric Reliability Council of Texas ("ERCOT") is outside FERC's jurisdiction, these reforms do not apply to that market. Instead, the ongoing Batch Zero process will continue to apply to large load interconnections in ERCOT. Additionally, these orders do not apply to any utilities or transmission owners located outside these organized markets – primarily the Southeast, Northwest, and desert

7. *Sw. Power Pool, Inc.*, 194 FERC ¶ 61,031 (2026)

Southwest outside of the California Independent System Operator market – which, for the most part, continue to be served by vertically integrated utilities. This is relevant given the significant amount of proposed data center development in these regions, particularly Arizona, Utah, and Georgia. Although the Show Cause Orders "encourage transmission providers and other stakeholders outside RTO/ISO regions to make individual filings to address the issues" raised therein, there is no requirement to do so. The Commission also noted that it would leave the original ANOPR proceeding and associated docket open to receive comments from these entities or any other interested stakeholders seeking to be heard on these issues.

The degree of consistency in implementing these reforms across the RTO/ISOs will depend, in large part, on whether FERC will consider and accept deviations justified by the specifics of a particular RTO/ISO. Furthermore, depending on the order in which an RTO/ISO addresses its proposed tariff revisions, there is a chance that the guidance provided or findings made in another parallel proceeding filed by a different RTO/ISO may conflict with or supersede the tariff revisions by another RTO/ISO being pursued in a stakeholder process or already pending before the Commission. Making the necessary adjustments to account for these policy changes could further delay the implementation of the reforms contemplated in the Show Cause Orders.

Published June 25, 2026

Next Steps

As noted above, each RTO/ISO and transmission owner has 60 days from the date of the order to respond to the briefing questions included in its respective Show Cause Order and 30 days from the date of the order to file an informational report regarding resource adequacy and how it intends to ensure that adequate generation will be available to serve existing and new large loads. Furthermore, the RTO/ISOs and transmission owners may request an abeyance of the relevant Show Cause Order within 45 days of its issuance.

In addition to responding to the briefing questions, each RTO/ISO must develop tariff revisions to address any deficiencies identified in the response to the briefing questions. This tariff development process will be subject to each RTO/ISO's respective stakeholder process. For some of these reforms, the RTO/ISO can look to the other similar provisions accepted by FERC in other proceedings. But for others, the RTO/ISOs will be developing them for the first time, and securing stakeholder consensus could be time-consuming. It is not certain how much representation of digital infrastructure developers and hyperscalers currently exists in the existing RTO/ISO stakeholder processes. Those representing customers tend to be consumer advocates seeking lower rates for residential customers.

Key Contacts



Joshua Robichaud
Associate
Washington, DC



Catherine P. McCarthy
Partner
Washington, DC



Boris Shkuta
Associate
Washington, DC



Lily Walton
Associate
Washington, DC



Bryan L. Clark
Partner
Dallas



Theodore F. Duver
Partner
New York



Tyler S. Johnson
Partner
Seattle



W. Jared Berg
Partner
Houston