



FERC Acts on Large Load Integration: Key Issues Addressed

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By [Joseph Nelson](#), [Meghan O'Brien](#), [Jedrick Kim](#), and [Kendal Bradley](#)

The Federal Energy Regulatory Commission (FERC or Commission) has launched a broad effort to rethink and reshape the rules governing how large loads access and use the electric grid. Through a series of six show cause orders, FERC is directing independent system operators and regional transmission organizations (ISOs/RTOs) and FERC jurisdictional transmission owners in those regions to identify changes to their existing transmission rules that will better accommodate the unique characteristics of large loads and related co-located generation/load configurations. These orders raise consequential questions about who bears the costs of new infrastructure, whether new types of transmission service are needed to support delivery of electricity to large loads, and the appropriate process by which large loads are synchronized to the grid. Given the significant level of demand and complexity of integrating large loads into existing transmission grids, these six show cause proceedings will be a critical engagement opportunity for all stakeholders.

Overview

On June 18, 2026, FERC issued a series of six show cause orders under Section 206 of the Federal Power Act (FPA) as part of its efforts to address the increasing demand for connection of large loads to the transmission grid and related co-location of generation with large loads. FERC used show cause orders to initiate on its own motion (rather than a party filing a complaint), an investigation into whether existing rates, terms, or practices have become unjust, unreasonable, unduly discriminatory, or preferential. The orders require the affected entities to justify (*i.e.*, “show cause”) why existing tariff provisions should remain in place or to propose revisions to remedy the Commission’s concerns.

FERC’s show cause orders focus on five main concerns: (1) developing efficient transmission service application and study processes, including the consideration of alternative transmission technologies; (2) preventing cost-shifting and requiring transparency into transmission costs; (3) accommodating co-location agreements and behind-the-meter generation; (4) providing new transmission services for flexible large loads; and (5) developing a process to study generating facilities that serve “electrically proximate” large loads and co-located loads. In its review, the Commission identified PJM and SPP as having taken proactive steps to address the challenges of integrating large loads, co-located loads, and/or generation and electrically proximate large load onto the transmission system.

There are several key themes and issues that flow through FERC’s overall approach and the collective orders, which are highlighted below.

Key Issues Addressed by FERC

A. FERC Asserts Jurisdiction Over Transmission Service for Large Loads

The show cause orders provide one of the Commission's most explicit statements to date on the federal and state jurisdictional divide in the large load context. FERC asserts exclusive jurisdiction over:

- The rates, terms, and conditions of interstate transmission service to Eligible Customers serving large loads connecting to the transmission system;
- The study process used to evaluate transmission service requests to Eligible Customers on behalf of large load; and
- The Network Upgrades and associated costs to provide transmission service to Eligible Customers on behalf of large loads, which directly affect wholesale transmission rates.

The definition of "Eligible Customer" determines who is legally entitled to take transmission service under the tariff. Each ISO/RTO has a slightly different definition of Eligible Customer. Further, these definitions all precede, by decades, the entry of large loads and co-located configurations, which present unique challenges to identifying the entities who may request transmission service in support of an integrated large load. FERC also acknowledges that the states will continue to regulate: (1) the specific terms of retail sales to large load, including retail cost allocation; (2) which entities may make retail sales within their borders, including which entities are legally permitted to provide electricity to retail large load customers; and (3) any siting decisions and construction associated with the large load project.

B. FERC Identifies "Large Load" as a Distinct Customer Class

The Commission highlights that existing tariffs generally do not distinguish between traditional load and large load, despite the latter's unique operational characteristics and system impacts. The orders emphasize that Eligible Customers taking transmission service and the underlying large loads they serve are distinct concepts, and that tariffs must address the application process, study procedures, and operational requirements applicable to transmission service requested on behalf of large loads. FERC signals that recognizing large load as a distinct category is necessary to support tailored rules governing interconnection, transmission service, and reliability obligations to prevent unjust and unreasonable tariffs.

C. The Commission Signals Need for New and Revised Transmission Service Offerings

In its orders, the Commission finds that new transmission services should reflect the "operational reality" that large loads will use the transmission systems in different ways and some are willing and able to limit their use under specific conditions. A central theme in the orders is that existing transmission service offerings, principally Network Integration Transmission Service (NITS) and Point-to-Point service, may not reflect the use of the transmission system by large, flexible,

or co-located loads. FERC directs the ISOs and RTOs to consider tariff revisions that include transmission services tailored to flexible loads that can curtail usage; service structures for co-located load and load with behind-the-meter generation; and interim or non-firm transmission services that provide access while upgrades are constructed.

D. FERC Raises Resource Adequacy Concerns and Requires Near-Term Reporting

The Commission expresses concern that rapid growth in large loads may outpace generation development and threaten resource adequacy. As an initial step, each of the ISOs and RTOs is required to file an informational report detailing any proposals under consideration in its stakeholder process to address the issue of resource adequacy to serve new large loads. The informational report must be filed within the next 30 days and include: (1) detailed schedule of key milestones; (2) identification of any ongoing stakeholder processes that aim to increase the pace of adding generation capacity within the region; and (3) a detailed schedule of such initiatives.

E. The Commission Emphasizes Prevention of Cost Shifting

FERC preliminarily finds that the ISO/RTO tariffs each lack adequate mechanisms to mitigate the risk of cost shifting among transmission customers. To address this concern, the Commission requires the development and use of *pro forma* cost recovery agreements between the ISO/RTO, the transmission owner, and the Eligible Customer taking service for delivery of electricity to large loads. These agreements must include a minimum financial contribution that is intended to reduce the cost burden to other network load customers by recognizing that, in addition to directly assigned upgrades for a large load interconnection, there is also an embedded cost to operating a grid with significant large loads. The Commission has further directed changes to transmission rate designs to ensure that the minimum financial contribution is credited to, and reduces, the transmission owner's annual revenue requirement that is paid by network load. The Commission further finds that minimum contributions should be tied to the MW level of requested transmission service.

F. FERC Calls for Streamlined and Standardized Study Processes

Through its show cause directives, FERC is pressing the ISOs/RTOs to have clear and consistent study procedures for interconnection of large loads and the related requests for transmission service on behalf of a large load. These study procedures must consider the unique characteristics and impacts of large loads on the transmission system. In addition, FERC emphasizes the need to appropriately assess electrically proximate configurations of generation and large load, noting that such configurations may have more limited and localized impacts to the transmission grid. Further, FERC requests additional information as to how the ISO/RTOs will treat electrically proximate generation and load with respect to provision of ancillary services and within resource adequacy programs.

Conclusion and Timeline

While the orders contemplate potentially significant reforms, the Commission emphasizes that it does not intend to disrupt existing commercial arrangements. The Commission directs the establishment of an effective date for ISO/RTO tariff revisions that allow a reasonable amount of time to finalize ongoing agreements and that minimizes disruption to existing commercial arrangements.

Lastly, the orders establish an expedited procedural schedule:

- **Interventions**

Any interested person desiring to be heard in these show cause order proceedings must file a notice of intervention or motion to intervene, as appropriate, within 21 days of the date of issuance of the order, which is July 9, 2026.

- **Informational Reports**

The ISOs and RTOs must file an informational report on resource adequacy within 30 days of the issuance of the order. These reports are due on July 20, 2026.

- **Abeyance requests**

Within 45 days of the date of issuance of the order, respondents may request up to 90 days of abeyance to develop Section 205 filings, subject to Commission approval. Requests for abeyance are due no later than August 3, 2026.

- **Show Cause Order Responses**

Within 60 days of the issuance of the order, by August 17, 2026, the identified ISOs/RTOs and transmission owners must either show cause why their tariff remains just and reasonable or submit proposed tariff revisions addressing the issues identified in the order.

- **Comments and Protests**

Within 30 days after the ISO/RTO filings, interested parties may submit comments or protests on the show-cause responses by September 16, 2026.

For More Information

Stakeholders interested in assessing the implications of these developments and navigating FERC's evolving framework for large load integration are encouraged to contact [Meredith Berger Chambers](#), [Joseph Nelson](#), [Suzanne Keppeler McBride](#), or [Meghan O'Brien](#) for further advice and regulatory support.

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