

SEI Working Group Meeting 11/10/2025 Tijo Joseph, Subgroup Chair. Also Mark King, Michael Harrar, Elaine Feldman, Wade Brosius, Paul Spiegel, Tom Timmons.

Energy Efficiency Group discussion notes:

- **Energy Pricing and PJM Updates:** The PJM Base Residual Auction results clearing at a \$329.17 MW/day for the 2026-2027 period (by comparison was \$269.92/MW-day for the 2025-26 delivery year). Next auction for 2027/28 delivery period is in Dec. After which PJM is planning to return to their traditional three-year-forward auction cycle. The trend continues to be influenced by a backlog at PJM's interconnection queue and the steady rise in demand from data centers in the PJM territory coupled with a derating of gas plants for winter reliability. The governors of 11 states within the PJM Interconnection grid network held a one-day technical conference in Philadelphia on September 29, 2025 and formally requested the ability to collectively nominate candidates to fill two vacancies on the PJM Board of Managers.
 - In an August 2025 letter, specifically the governors of Pennsylvania and Virginia formally co-signed a letter recommending two specific individuals: recently retired FERC Chair Mark Christie and former FERC Commissioner Allison Clements, for the open positions
 - However, the PJM Members Committee ultimately voted to appoint its own nominees, Robert Ethier and Le Xie, to the two board positions in September 2025, following the standard PJM governance process which involves an independent nominating committee
- Several states (Ohio, Virginia, Texas, Indiana, Oregon, and Georgia) are passing bills targeting new tariffs for data centers, primarily to address the strain on the power grid and to prevent cost-shifting to other consumers. PA is in a tricky situation as it wants to attract data centers while being mindful of strain to grid and impact on rate payers. LBL report about the topic: https://eta-publications.lbl.gov/sites/default/files/2025-01/electricity_rate_designs_for_large_loads_evolution_practices_and_opportunities_final.pdf#:~:text=In%20this%20section%20of%20the%20paper%2C%20we,shifts%2C%20and%20promote%20broader%20state%20policy%20objectives.
- **OBBA Updates:**
 - Traditional 5% Safe Harbor (narrowly limited) – developers could “begin construction” by simply incurring at least 5% of total project costs. The OBBA and the new IRS guidance largely eliminates this path for most solar projects. Only exceptions -
 - If the project had qualified under the 5% method before 9/2/2025 (grandfathered projects)
 - Small solar projects (<1.5MW AC) can continue to use the 5% method so long as construction starts no later than 7/5/2026.
 - For larger, new projects, the 5% safe harbor is no longer available. Developers must rely on the “Physical Work Test” which evaluates the amount and type of actual physical construction completed on and off the project site.
 - Continuity Safe Harbor - The Continuity Safe Harbor

- Beginning construction by July 4, 2026, is not enough on its own – a project developer must also show that work continues consistently until completion.
 - To simplify this requirement, the IRS provides what it refers to as a “Continuity Safe Harbor”:
 - If a project is placed in service within four calendar years of the year in which construction began, continuity is automatically satisfied. For example, if construction begins in 2025, the project is deemed continuous if placed in service by December 31, 2029.
 - Projects that miss this four-year window may still qualify, but only if they can prove “continuous construction” based on the facts and circumstances – a higher standard than if the four-year window were satisfied.
- Federal Level Updates: All FY2025 – Budget for Weatherization Assistance Programs (WAP) state level programs were approved. For 2026 – the recommendation was a 40% reduction to WAP funding levels. Current bipartisan efforts ongoing to keep WAP funding till 2030.
- PA State Updates
 - Act 129 Phase V starts June 1, 2026.
 - PPL rate case – PPL filed first rate case since 2015. Targeting 7% increase in average rate payer bills. Increasing residential rates but decreasing LP5 rates (Large DCs fall in this category).
- PJM/FERC updates
 - PA PUCs asking for public comments on tentative order for review of large load customers– submitting plan to FERC in Dec. Large DCs could voluntarily reduce loads during peak.
 - 4 Governors – VA, MD , PA and NJ issued a plan to fast track approval for data centers that will generate and add their own power to the grid. The data center’s power sources don’t have to be on the data-center site itself. The generators can be elsewhere in the same grid area that is approved by the state. Trade-off proposed- DCs who make financial commitments to truly indicate that their load is real (like a PPA) ramp schedule will be accelerated through PJM. Accelerated interconnection. State consortium for permitting. Link: <https://insideclimatenews.org/news/30102025/pjm-governors-data-centers-power/>
 - FERC – denied a request from a group of large generators who were proposing a large tariff on DCs/ FERC decided not to comment on this. Link: https://www.utilitydive.com/news/ferc-tri-state-large-load-tariff-data-center-doe/804076/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202025-10-

[29%20Utility%20Dive%20Newsletter%20%5Bissue:78284%5D&utm_term=Utility%20Dive](#)

Topics of interest for the team:

1. Updates on Phase 5 of ACT 129 – what's changing?
2. Data Centers – latest updates on how policies are being drafted to ensure that impact to rate payers is minimized. Are they bringing in their own generation? Are there clean air, energy efficiency and water conservation standards that will be applied while constructing DCs.