

June 23, 2026

FERC Issues Show Cause Orders to Six RTOs/ISOs on Large Load Integration

Overview

On June 18, 2026, the Federal Energy Regulatory Commission ("FERC") issued six separate orders to show cause, one directed to each of the nation's Regional Transmission Organizations ("RTOs") and Independent System Operators ("ISOs"). The orders initiated proceedings under Section 206 of the Federal Power Act ("FPA") to address the integration of large loads, including data centers, onto the transmission system.¹ The orders make preliminary findings that each RTO/ISO's tariff appears to be unjust, unreasonable, unduly discriminatory or preferential because each lack adequate provisions to address the challenges posed by unprecedented large load growth, especially load associated with data centers to support AI deployment and use. Each of the six orders is tailored to its respective region's circumstances, but collectively they are grounded in the same categories of reforms discussed below.

FERC chose to proceed through individualized show cause proceedings rather than a notice-and-comment rulemaking, reasoning that this approach would be faster than a traditional rulemaking and would allow solutions tailored to each region's specific circumstances, market constructs, and the progress (or lack thereof) each RTO/ISO has made toward addressing large load integration. Commissioners also stated this approach would allow for a more complete evidentiary record on which to make final decisions.

Background: The ANOPR and Growth of Large Loads

On October 23, 2025, the Secretary of Energy, acting under Section 403 of the Department of Energy Organization Act, directed FERC to consider an Advance Notice of Proposed Rulemaking ("ANOPR") focused on the timely and orderly interconnection of large loads to the interstate transmission system.² The ANOPR was prompted by findings from the North American Electric Reliability Corporation ("NERC") showing that electricity demand growth is higher than at any point in the past two decades, driven in large part by data centers and other large commercial and industrial loads.³ In April 2026, FERC issued an order confirming its intent to act, concluding that additional action was warranted.⁴

Five Categories of Proposed Reforms

Each order addresses five common categories of reform, though the specific Commission directives are tailored to each region's existing Tariff provisions.

1. **Transmission Service Application and Study Processes.** The Commission seeks reforms to existing rules governing how RTOs/ISOs and their transmission providers study the provision of transmission service on behalf of large loads to be sufficiently clear, consistent and efficient in integrating large loads. The orders call for aggressive study timelines of 60–90 days, rolling application processes, readiness milestones, escalating financial commitments to deter speculative or duplicative requests, and the evaluation of alternative transmission technologies (such as grid-enhancing technologies and advanced conductors) as potential solutions that could reduce costs and speed timelines.

2. **Cost Shifting Protections and Transparency.** The Commission seeks reforms to mitigate the risk of cost shifting among wholesale transmission customers, and to ensure appropriate cost recovery from developers of large loads, including greater transparency regarding Network Upgrade costs and "Cost Recovery Agreements" designed to ensure that large loads pay their fair share of costs incurred to serve them so that if a data center does not come online as planned, residential customers are not left on the hook for stranded infrastructure costs.
3. **Co-Location Arrangements and Behind-the-Meter Generation.** The Commission seeks reforms to require additional clarity regarding the rates, terms, and conditions of service applicable to co-location arrangements where end-use customer load is physically connected to generating facilities behind the point of interconnection and load with behind-the-meter generation.
4. **New Transmission Services for Flexible Large Loads.** The Commission seeks reforms to allow for the potential extension of new firm and non-firm transmission services to Eligible Customers taking service on behalf of co-located loads, load with behind-the-meter generation, and flexible large loads willing and able to limit their energy withdrawals from the transmission system under certain conditions. As Commissioner Rosner emphasized, customers willing to embrace flexibility can reduce the need for Network Upgrades and generating capacity, which speeds up interconnection and reduces costs for the co-located load as well as other customers.
5. **Generator Interconnection for Electrically Proximate Large Loads.** The Commission seeks reforms to allow RTOs/ISOs to study load and generation together, modeled on SPP's High Impact Large Load Generation Assessment ("HILLGA") concept. By matching a generator's output to the electrically proximate large load's demand, impacts to the grid are minimized, reducing the need for costly and time-consuming Network Upgrades.

Regional Variations

The Commission recognized that significant regional differences exist in existing procedures and market structures and designed the orders to reflect those variations. Key distinctions include:

- **SPP** is furthest ahead, having already developed its High Impact Large Load ("HILL") and HILLGA processes, which are expedited frameworks for reliably serving large loads such as data centers. The orders direct other regions to follow SPP's lead in ways that work for them.
- **PJM** has taken significant steps in response to prior Commission directives on co-location; co-located loads in PJM are addressed in a separate proceeding (issued concurrently).⁵
- **MISO** has experienced the fastest data center growth of any region, with data center capacity increasing at a 43% compound annual growth rate since 2020. MISO itself acknowledged that its existing tariff does not "provide a consistent or transparent framework to evaluate" large loads.
- **CAISO** does not offer traditional Order No. 888 transmission services, requiring a different analytical framework.
- **ISO-NE** has not established express provisions to address large load integration yet, and the Commission has a less urgent concern with the state of large load integration in New England. Nevertheless, the Commission remains concerned that the ISO-NE tariff appears to be unjust and unreasonable without provisions addressing large load integration.

Federal/State Jurisdiction and Solicitation of Input

The orders expressly preserve state authority over retail sales of electricity, siting and permitting of generating resources, and construction decisions associated with large load projects, and make clear that the Commission acts to guard against cost shifting among wholesale transmission customers while leaving to the states the responsibility to address cost shifting among retail customers. Because the Commission is acting via FPA Section 206 rather than a generic rulemaking, the proceedings will be subject to ex parte restrictions, making it essential that interested parties (such as state entities) build thorough records in each region through formal filings.

Key Deadlines and Procedural Next Steps

The show cause orders establish the following deadlines:

- **21 days** from issuance (on or by July 9, 2026): Deadline to file notices of intervention or motions to intervene.
- **30 days** from issuance (on or by July 20, 2026⁶): Deadline to submit an informational report on how the RTO/ISO intends to ensure adequate generation to serve existing and new large loads. The specifically required content differs by RTO/ISO.
- **45 days** from issuance (on or by August 3, 2026⁷): Deadline to submit requests for a full or partial abeyance (limited to 90 days) to develop FPA Section 205 filings.
- **60 days** from issuance (on or by August 17, 2026): The RTO/ISO and the Transmission Owners must either (1) show cause why the tariff remains just and reasonable without the identified reforms, or (2) explain what tariff changes would remedy the Commission's concerns.
- **30 days** after the RTO/ISO and TOS' filings: Interested entities may respond, addressing whether the tariff is just and reasonable and, if not, what replacement provisions should be adopted.

The Commission strongly encouraged submission of FPA Section 205 filings proposing tariff revisions, noting that this path provides the "benefits of first wielder of the pen" and a more favorable standard of review for the proponent.

Implications

These orders represent the most comprehensive FERC action to date on large load integration. All five Commissioners concurred, underscoring the bipartisan urgency. Stakeholders across the energy industry, including data center developers, utilities, transmission owners, generation developers, and state regulators, should closely monitor developments in each RTO/ISO region and consider participating in the proceedings. The orders' emphasis on cost shifting protections, operational requirements (such as telemetry data, remote disconnect capability, and ramp rate requirements), and new categories of transmission service could significantly reshape how large loads connect to and pay for use of the transmission system.

¹ *PJM Interconnection, L.L.C.*, 195 FERC ¶ 61,211 (2026) (Docket No. EL26-67); *Midcontinent Indep. Sys. Operator, Inc.*, 195 FERC ¶ 61,212 (2026) (Docket No. EL26-70); *Sw. Power Pool, Inc.*, 195 FERC ¶ 61,213 (2026) (Docket No. EL26-68); *Calif. Indep. Sys. Operator Corp.*, 195 FERC ¶ 61,214 (2026) (Docket No. EL26-71); *ISO New England Inc.*, 195 FERC ¶ 61,215 (2026) (Docket No. EL26-72); *New York Indep. Sys. Operator, Inc.*, 195 FERC ¶ 61,216 (2026) (Docket No. EL26-69).

² *Interconnection of Large Loads to the Interstate Transmission System*, Advance Notice of Proposed Rulemaking, Docket No. RM26-4-000 (Oct. 23, 2025); Letter from Chris Wright, Sec'y, U.S. Dep't of Energy, Docket No. RM26-4-000 (Oct. 23, 2025).

³ NERC, 2024 Long-Term Reliability Assessment (Dec. 2024, updated July 2025), https://www.nerc.com/globalassets/our-work/assessments/2024-ltra_corrected_july_2025.pdf at 8.

⁴ *Interconnection of Large Loads to the Interstate Transmission System*, 195 FERC ¶ 61,405 (2026) (Docket No. RM26-4-000).

⁵ *PJM Interconnection, L.L.C., et al.*, 195 FERC ¶ 61,209 (2026) (Docket No. EL25-49-000).

⁶ 30 days is technically July 18, 2026, which is a Saturday.

⁷ 45 days is technically August 2, 2026, which is a Sunday.

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