UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Interconnection of Large Loads to the Interstate Transmission System	**Docket No. RM26-4-000**

COMMENTS OF PRIME MOVER INSTITUTE

Prime Mover Institute submits these comments in strong support of the Commission's efforts to address the urgent challenge of meeting rapid large-load growth, and particularly in support of the comments filed by Travis Fisher of the Cato Institute in this docket (Nov. 21, 2025), urging the Commission to confirm that Consumer Regulated Electricity systems, being physically islanded, are outside the jurisdiction of FERC and NERC.

1. America is at an energy policy crossroads.

America faces a power shortage crisis. Demand for electricity is surging—driven by artificial intelligence, data centers, and a new wave of manufacturing. Yet our grid is constrained, and interconnection queues for new load and generation are now measured in years, not months. The risk of blackouts and soaring bills is real. If we do not act boldly, America will fall behind in the global race for energy, innovation, and economic leadership.

The status quo is not working. A legacy of bad policy and regulatory inertia has left us with a system that cannot deliver new power at the speed and scale required. The main obstacle is not technology or capital—it is a regulatory regime that rewards delay, socializes costs, and protects incumbent interests at the expense of consumers and new entrants. As Robert Bryce has observed, the "anti-industry industry"—well-funded non-profits and lawyers—defends this status quo through litigation and regulatory obstruction. But the public and policymakers are demanding change, and the courts are increasingly skeptical of arbitrary administrative power.

Prime Mover Institute is a public interest organization dedicated to advancing American energy dominance. We work with coalition partners to bring technical expertise and legal clarity to rulemaking, always focused on the impacts of regulation on citizens, the grid, and the rule of law. In the words of Vaclav Smil, "prime movers are energy converters able to produce kinetic (mechanical) energy

in forms suitable for human uses." In the same way, Prime Mover Institute helps convert insight into action.

2. Consumer-Regulated Electricity (CRE) is precisely the kind of new solution that the Commission should support and unleash.

Meeting this moment requires a fundamentally new paradigm—one that empowers markets to work alongside traditional utility service, unlocking the full potential of private investment and entrepreneurial innovation. The scale and urgency of today's energy challenges demand that we move beyond incremental reforms and embrace new models that can deliver results at the pace the nation requires. The current regulatory framework, built for a different era, is simply not equipped to handle the explosive growth in demand or the need for rapid, flexible solutions. We must create space for new entrants, new business models, and new ways of thinking about how electricity is produced, delivered, and paid for.

Consumer-Regulated Electricity (CRE) is a compelling example of this new approach. CRE refers to private, physically islanded electric systems that serve large loads under direct contract, built and financed entirely by private capital. While CRE is not the only answer, it illustrates how market-driven solutions can broaden our toolkit and challenge the status quo. By allowing private actors to meet the needs of large customers outside the constraints of traditional regulation, CRE demonstrates what is possible when we unleash competition and innovation.

How would CRE work in practice? A CRE utility would develop generation capacity—whether natural gas, nuclear, renewables, or a combination—and construct transmission and distribution infrastructure to serve one or more large commercial or industrial customers at a specific site or campus. These facilities would operate as an islanded system with no physical connection to the bulk electric system. The CRE utility and its customers would enter into direct contracts governing price, reliability standards, and service terms, with all capital and operating costs borne privately. Because the system remains electrically isolated, it imposes no reliability obligations on the broader grid and shifts no costs to existing ratepayers or taxpayers.

CRE offers a parallel path to "speed to power." CRE could deliver new capacity in months, not years—without the need to navigate interconnection queues, transmission planning cycles, or state rate proceedings, private developers can move from project concept to commercial operation on timelines that match the urgency of demand growth. Every gigawatt of load served by a CRE system is one less gigawatt competing for scarce transmission capacity, straining aging infrastructure, or adding to the backlog of interconnection requests. By taking large industrial and data-center loads off the traditional system, CRE eases

congestion, improves reliability for remaining customers, and buys time for utilities to upgrade the grid without the pressure of serving explosive new demand.

CRE also avoids cost shifts to existing ratepayers and taxpayers. Under the traditional utility model, network upgrades required to serve new large loads are often socialized across the entire rate base, meaning residential and small commercial customers subsidize infrastructure built primarily to serve a handful of industrial users. CRE eliminates this cross-subsidy by requiring the beneficiaries of new infrastructure to pay for it directly through private contracts. No public funds are required. No ratepayer dollars are at risk. The model is entirely self-financing.

Finally, CRE accelerates innovation and private capital deployment—without reliability risks to the bulk electric system. Because CRE utilities start with a clean sheet of paper, they are free to experiment with emerging technologies, novel business models, and operational approaches that would be difficult or impossible to implement within the constraints of traditional regulation. Just as the shale revolution transformed the oil and gas sector by empowering entrepreneurs to innovate outside legacy frameworks, CRE can unlock breakthroughs in electricity supply, storage, and delivery. And because CRE systems are islanded, any risks associated with experimentation are contained within the private system—they do not cascade to the broader grid or threaten the reliability of service to residential customers.

This kind of flexible, market-based approach is exactly what is needed to supplement and strengthen our nation's energy infrastructure in the face of unprecedented demand.

3. Consumer-Regulated Electricity systems are not subject to the Commission's jurisdiction.

The law is clear: the Commission has no jurisdiction to regulate CRE systems. Starting with the statute, section 215 of the Federal Power Act grants the Commission reliability jurisdiction over "users, owners, and operators of the bulk-power system." 16 U.S.C. § 824o(a)(1). Congress defined as "bulk power system" to mean facilities and control systems (a) "necessary for operating" (b) an "*interconnected electric energy transmission network*." *Id.* (emphasis added). Congress also specifically excluded facilities used in the "local distribution" of electricity from the definition of "bulk power system." *Id.*

The definition establishes a jurisdictional framework that requires both requirements to be met, with an exclusion for purely local distribution systems. Physically islanded CRE systems, by definition, are not interconnected with the bulk electric system and do not participate in the operation of the interstate grid. Power does not flow between these systems and the grid, and CRE systems do not

affect frequency regulation or voltage support on the interstate system. The operation or failure of a CRE system has no impact on the reliable operation of the bulk-power system.

Further, because such systems are not connected to the grid, they cannot cause cascading failures or impact the reliability of the broader network. Section 215 was enacted in response to the 2003 Northeast blackout, which cascaded across multiple states precisely because interconnected facilities affected one another.[1]

Adding to this, CRE systems are inherently local and likely fall within Congress's exclusion for local distribution systems. A private grid serving colocated facilities at a single site delivers power from on-site generation to on-site loads. Power flows into the system and is consumed locally; it is not transported to other markets or across the interconnected grid. This is precisely the type of local service that Congress intended to exclude from the Commission's jurisdiction under Section 215.

The Commission's own regulatory orders and the North American Electric Reliability Corporation's (NERC) definition of "bulk electric system" definition reinforce these statutory boundaries.[2] The definition excludes "radial systems"—"a group of contiguous transmission elements that emanates from a single point of connection of 100kV or higher" and serves load with limited generation. *Id.* at P 127. Private grids serving colocated loads are inherently radial: power flows in one direction from generation to load, without connection to the broader network.

The definition of "bulk electric system" also excludes behind-the-meter generation that provides 75 MVA or less of net capacity to the bulk electric system. *Id.* at P 178. A CRE system that is not connected to the grid provides *zero* net capacity to the bulk electric system because it has no connection to it. If facilities

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[1] *See* Energy Policy Act of 2005, Pub. L. No. 109-58, § 1211, 119 Stat. 594, 941.

[2] Order No. 773, *Revisions to Electric Reliability Organization Definition of Bulk Electric System and Rules of Procedure*, 141 F.E.R.C. ¶ 61,236 (2012) (directing NERC to create several new exemptions from the definition of "bulk electric system," including for radial systems and local networks); *see also New York v. FERC*, 783 F.3d 946 (2d Cir. 2015) (upholding FERC's definition of "bulk electric system"); Order No. 773-A, *Revision to Electric Reliability Organization Definition of Bulk Electric System*, 143 F.E.R.C. ¶ 61,053 (2013) (removing 100kV minimum operating voltage for the local network exclusion); Order No. 743, *Revision to Electric Reliability Organization Definition of Bulk Electric System*, 133 F.E.R.C. ¶ 61,150 (2010) (establishing exemption process for excluding systems from the "bulk electric system").

providing limited capacity to the grid are excluded, facilities providing *no* capacity must also fall outside the definition of the bulk electric system.

Finally, the Commission excluded "local networks" from the definition of the bulk electric system. *Id.* at P 185. Local networks are defined as a group of "contiguous transmission Elements … that distribute power to Load rather than transfer bulk-power across the interconnected system." *Id.* A private grid serving colocated loads at a single site does exactly this. The only question is the capacity of the system. Under current rules, local networks must operate at less than 300 kV. *Id.*

In short, the purpose of section 215 is to prevent wide-area, cascading outages on the interconnected system—not to regulate isolated, private grids. Jurisdiction stops where interconnection stops.

4. The Commission should confirm CRE systems are not subject to section 215 of the Federal Power Act.

The Commission should take this opportunity to act decisively to confirm what the Federal Power Act says and provide certainty to market actors considering CRE systems:

1. Confirm, via rule, policy statement, or order, that a physically islanded CRE system serving identified customers is not a "public utility" under Part II of the Federal Power Act and is not subject to NERC registration or reliability standards so long as it remains electrically isolated from the bulk electric system;

2. Clarify that any future interconnection to the bulk electric system would trigger all applicable FERC/NERC obligations prospectively; and

3. Invite DOE to join in issuing a joint policy statement to provide regulatory certainty for states, developers, and investors, as outlined in the Alliance for Consumer-Regulated Electricity materials appended to Mr. Fisher's filing.

5. America needs a new energy dominance paradigm.

The energy sector has entered a new era of high growth and dynamic change. The predictable, slow-growth model of the past is gone, replaced by rapid innovation and unprecedented demand.[3] This uncertainty is not a problem for central planners to manage; it is an opportunity that demands market-based solutions.

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[3] Ian Goldsmith and Zach Byrum, Powering the US Data Center Boom: Why Forecasting Can Be So Tricky, World Resources Institute, Sept. 17, 2025,

Both under- and over-shooting this new demand pose high economic risks. Undershooting means foregoing economic growth and ceding AI supremacy to overseas rivals. But overshooting under the current utility paradigm means forcing captive ratepayers to bear the costs for other parties' economic activity that may fail to materialize. If projects are cancelled, there will be no corresponding job creation or tax revenue to offset the expense, potentially turning the public against data centers, utilities, and their representatives alike.

Shifting data center growth into CRE is therefore more than a cost-saving measure. It aligns upside opportunity with downside risk. With CRE, the parties that gain the most from completed projects also have skin in the game if demand does not arrive as expected. This is fairer—and also better politics and economics.

CRE represents a new way of thinking. It creates the freedom for market participants to innovate, compete, and invest private capital to meet the nation's energy needs. We will need many such solutions to meet this moment.

Undoubtedly, such change will be resisted by incumbents and their trade associations. Indeed, we have already seen evidence of such opposition to new market solutions to deliver much-needed power to the grid. The Edison Electric Institute (EEI) has publicly opposed even allowing large new loads to pay the full cost of their own transmission upgrades, preferring to socialize those costs and earn a regulated return on the backs of captive ratepayers. If utilities will not permit voluntary direct assignment of interconnection costs, they will no doubt oppose private grids that bypass their monopoly altogether. This is a time for bold new thinking, not protection of the very market structures—and market players—that brought us to this reliability and affordability crisis.

This market-based approach already has supporters at the highest levels. President Donald J. Trump recently endorsed the concept of building dedicated power plants for large new loads, pledging to use executive authority to grant rapid approvals. He explained, "I told them that what I want you to do is build your electric generating plant right next to your plant as a separate building, connected. … You don't have to hook into the grid."[4]

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https://www.wri.org/insights/us-data-centers-electricity-demand; Martha Muir, 'Phantom' data centres muddy forecasts for US power needs, Financial Times, Nov. 12, 2025, https://www.ft.com/content/331f8e5c-a813-48d4-9af6-806c8482eede.

[4] President Donald J. Trump, Remarks of President Trump at the World Economic Forum (Jan. 24, 2025).

Mr. Fisher's Consumer Regulated Electricity proposal is lawful and exactly the kind of bold thinking this moment requires. A clear non-jurisdictional pathway for islanded CRE systems could add capacity quickly, relieve pressure on the bulk grid, protect existing ratepayers, and unleash innovation—all within current law. The Commission should act now.

Thank you for the opportunity to comment.

Respectfully submitted,

/Russell Greene/
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