

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1259

Introduced by Hansen, 16; Sanders, 45.

Read first time January 21, 2026

Committee: Natural Resources

- 1 A BILL FOR AN ACT relating to electricity; to adopt the Grid
- 2 Modernization Act.
- 3 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Sections 1 to 21 of this act shall be known and may be
2 cited as the Grid Modernization Act.

3 **Sec. 2.** For purposes of the Grid Modernization Act:

4 (1) Board means the Nebraska Power Review Board;

5 (2) Closed private generation system means electric generating
6 facilities and associated infrastructure that:

7 (a) Is not connected to and operates independently from the
8 transmission system of a public power utility;

9 (b) Serves one or more customers with a minimum cumulative electric
10 demand of one hundred megawatts; and

11 (c) Serves one or more large-load customers through direct
12 connection;

13 (3) Connected generation system means electric generating facilities
14 and associated infrastructure that:

15 (a) Is connected to and operates in conjunction with the
16 transmission system of a public power utility;

17 (b) Serves one or more large-load customers through connection to
18 the transmission system of a public power utility; and

19 (c) Except as provided in a large-load contract, operates
20 independent of the generation resources of any public power utility;

21 (4) Evaluation means an assessment that:

22 (a) Estimates the impact of a large-scale service request on the
23 systems of a public power utility;

24 (b) Identifies any necessary:

25 (i) System modification or upgrades to the systems of the public
26 power utility to provide service as requested in a large-scale service
27 request;

28 (ii) Generation capacity; or

29 (iii) Transmission service requests;

30 (c) Provides cost estimates for any required improvements; and

31 (d) Establishes an estimated timeline for implementing any necessary

1 changes to systems;

2 (5) Large-load construction contract means a contract for the
3 construction of large-load facilities between:

4 (a) A public power utility or a large-scale generation provider; and

5 (b) A large-load customer;

6 (6) Large-load contract means a large-load construction contract or
7 large-load service contract;

8 (7) Large-load customer means a current or potential customer in the
9 service territory of a public power utility that requests electric
10 service under a large-scale service request or enters into a private
11 generation contract with a large-scale generation provider;

12 (8) Large-load facilities means facilities and resources reasonably
13 necessary, as determined in an evaluation, to provide safe and reliable
14 electric service as requested in a large-scale service request, including
15 the reasonably allocated share of facilities or upgrades necessary to
16 facilitate a transmission request from a public power utility or large-
17 scale generation provider to serve a large-scale service request;

18 (9) Large-load flexible tariff means a tariff:

19 (a) Pursuant to which a large-load customer will:

20 (i) Receive components of electric services from a large-scale
21 generation provider; or

22 (ii) Reduce demand at periods specified by a large-scale generation
23 provider; and

24 (b) Under which a large-load customer receives components of
25 available electric services from a public power utility to the extent:

26 (i) The public power utility's resources are reasonably expected to
27 be available and sufficient; and

28 (ii) As determined by an agreement with the public power utility or
29 tariffs approved by the board;

30 (10) Large-load incremental costs means all costs reasonably
31 necessary for:

1 (a) The design, engineering, procurement, construction, and
2 completion of large-load facilities and any activities required to
3 provide electric service under a large-scale service request; and

4 (b) The long-term operation and maintenance of large-load facilities
5 for the duration of any applicable service contract;

6 (11) Large-load service contract means a contract for the provision
7 of electric service for a large-scale service request between a large-
8 load customer and a public power utility or large-scale generation
9 provider;

10 (12) Large-scale generation provider means an entity that:

11 (a) Is not a public power utility;

12 (b) Is registered with the board in accordance with section 11 of
13 this act; and

14 (c) Owns, operates, or contracts for the output of one or more
15 qualifying generation resources intended to be used to supply certain
16 retail electric services to a large-load customer pursuant to a large-
17 load contract or a private generation contract;

18 (13) Large-scale service request means a request submitted to a
19 public power utility for:

20 (a) New electric service that is expected to reach a cumulative
21 demand of one hundred megawatts or greater within five years of the
22 requested initial start date; or

23 (b) Additional electric service that is expected to increase a
24 customer's total service level by one hundred megawatts or greater within
25 five years of the requested start date for the additional service;

26 (14) Private generation contract means a contract for the provision
27 of electric service through a closed private generation system between a
28 large-scale generation provider and a large-load customer requesting new
29 electric service that is expected to reach a cumulative demand of one
30 hundred megawatts or greater within five years of the requested initial
31 start date;

1 (15) Public power utility means public power districts, public power
2 and irrigation districts, municipalities, registered groups of
3 municipalities, electric cooperatives, electric membership associations,
4 joint entities formed under the Interlocal Cooperation Act, joint public
5 agencies formed under the Joint Public Agency Act, agencies formed under
6 the Municipal Cooperative Financing Act, and any other governmental
7 entities providing electric service; and

8 (16) Qualifying generation sources means one or more generation
9 resources that, in combination:

10 (a) If connected to the transmission system of a public power
11 utility:

12 (i) Meets or exceeds the resource adequacy standards of the public
13 power utility;

14 (ii) Includes sufficient resources and capacity to meet all
15 requirements imposed by the North American Electric Reliability
16 Corporation, the Southwest Power Pool, the Midwest Reliability
17 Organization, and the Western Area Power Administration; and

18 (iii) Is capable of satisfying the load and electricity requirements
19 of a large-load customer without drawing on any generation or services
20 provided by a public power utility except to the extent such services are
21 provided under a large-load contract; or

22 (b) If not connected to the transmission system of a public power
23 utility:

24 (i) Is capable of satisfying the load, transmission, and electricity
25 requirements of a large-load customer without drawing on any generation
26 or services provided by a public power utility; and

27 (ii) Meets any other reliability standards established by the board.

28 **Sec. 3.** The procedures and standards set forth in the Grid
29 Modernization Act shall govern:

30 (1) Large-scale service requests;

31 (2) Services sought, provided, or received under either a large-

1 scale service request or a private generation service request;

2 (3) Services provided through closed private generation systems
3 under private generation contracts; and

4 (4) The review and approval of large-load contracts and private
5 generation contracts.

6 **Sec. 4.** (1) Except for large-load customers seeking electric
7 service under a private generation contract, a large-load customer
8 seeking electric service shall submit a large-scale service request to
9 the public power utility serving the proposed location.

10 (2) A large-scale service request shall include:

11 (a) A customer's identifying information;

12 (b) The proposed location for electric service;

13 (c) The requested amount of electric demand in megawatts;

14 (d) A proposed service commencement date;

15 (e) Load profile information, including anticipated annual energy
16 usage, expected hours of operation, seasonal variations, peak demand
17 requirements, and any special service requirements;

18 (f) Information sufficient to demonstrate the financial capability
19 to complete the large-load customer's project that is the subject of the
20 large-scale service request; and

21 (g) Confirmation that the customer will not use the electric service
22 for resale.

23 (3) After submitting a large-scale service request and before
24 entering into a large-load contract, a customer shall ensure that all
25 information submitted under this section remains current and shall
26 promptly notify the public power utility of any material changes to
27 information submitted under this section.

28 **Sec. 5.** (1) A public power utility that receives a large-scale
29 service request shall:

30 (a) Acknowledge receipt of the request;

31 (b) Notify the customer of any missing required information within

1 fifteen business days after the processing start date of the utility
2 described in subsection (2) of this section; and

3 (c) Complete an evaluation as soon as reasonably practicable after
4 the processing start date provided in subsection (2) of this section, but
5 no more than six months after such date.

6 (2) The processing start date of a public power utility for large-
7 scale service requests, including conducting evaluations, shall be no
8 later than:

9 (a) April 1, for requests received after September 30 of the prior
10 year and on or before March 31; or

11 (b) October 1, for requests received after March 31 and on or before
12 September 30.

13 (3) During the evaluation process, the public power utility shall
14 provide the customer with regular updates and notify the customer when
15 the evaluation is completed.

16 (4) Within fifteen business days after completing an evaluation, the
17 public power utility shall provide to the customer a written service
18 proposal that includes:

19 (a) Whether the public power utility can provide the requested
20 service within the time frame required by the customer;

21 (b) The estimated large load incremental costs that will be
22 allocated to the customer, based on the information provided by the
23 customer;

24 (c) Any required system upgrades, improvements, or transmission
25 service requests;

26 (d) The estimated timeline for commencing the requested electric
27 service; and

28 (e) The proposed terms and conditions of service, including
29 provisions for addressing long-term operation and maintenance costs for
30 large load facilities.

31 (5) A public power utility:

1 (a) May charge reasonable fees for costs incurred in evaluating a
2 large-scale service request and necessary subsequent or related
3 assessments; and

4 (b) Is not required to begin work on an evaluation until the
5 customer pays applicable fees and provides the information required for
6 the public power utility to conduct an evaluation.

7 **Sec. 6.** (1) Electric service for a large-scale service request
8 shall be provided only under one or more large-load contracts with a
9 public power utility, a large-scale generation provider, or a combination
10 of both.

11 (2) A large-load customer shall:

12 (a) Contract for all of the customer's projected electrical
13 requirements under the large-scale service request; and

14 (b) Maintain contracts with resources or load-shedding capabilities
15 sufficient to meet the customer's actual electrical requirements at all
16 times.

17 (3) A large-load contract with a public power utility shall:

18 (a) Require that all large-load incremental costs are allocated to
19 and paid by the large-load customer;

20 (b) Comply with all system requirements;

21 (c) Require the large-load customer to maintain financial security
22 sufficient to cover the customer's obligations;

23 (d) Specify points of interconnection, power delivery points, the
24 amount of electrical capacity contracted for, the length of service, and
25 any arrangements for backup power supply;

26 (e) Provide curtailment provisions if the large-load customer's
27 demand exceeds the amount of contractually supported demand;

28 (f) Identify the generation resources that the public power utility
29 will use to serve the large-load customer; and

30 (g) Include provisions addressing the allocation and payment of
31 long-term operation and maintenance costs for large-load facilities.

1 (4) A large-load contract with a large-scale generation provider
2 that provides service through a connected generation system shall:

3 (a) Ensure that all large-load incremental costs are allocated to
4 and paid by the large-load customer;

5 (b) Comply with all system requirements;

6 (c) Specify points of interconnection, power delivery points, the
7 amount of electrical capacity contracted for, the length of service, and
8 any arrangements for backup power supply; and

9 (d) Provide curtailment provisions if the large-load customer's
10 demand exceeds the real-time dispatch, net of transmission losses of the
11 large-scale generation provider's resource under the large-load contract.

12 (5) Except as explicitly provided in a large-load contract, a public
13 power utility shall have no duty to serve a large-load customer and is
14 not required to provide backup power.

15 (6) A public power utility shall not be required to commence design
16 and construction of large-load facilities until after executing a large-
17 load construction contract and obtaining board approval in accordance
18 with section 8 of this act.

19 (7) A public power utility or large-scale generation provider shall:

20 (a) Obtain board approval in accordance with section 8 of this act
21 before providing electric service under a large-load contract; and

22 (b) Negotiate the terms of a large-load contract with a large-load
23 customer on a case-by-case basis.

24 **Sec. 7.** A customer seeking to receive electric service through a
25 closed private generation system:

26 (1) May negotiate directly with a large-scale generation provider;
27 and

28 (2) Is not required to submit a large-scale service request to a
29 public power utility.

30 **Sec. 8.** (1) Within fifteen business days after executing a large-
31 load contract, a public power utility or a large-scale generation

1 provider executing the contract shall submit an application for approval
2 or denial of the contract to the board. Such application shall include:

3 (a) A copy of the large-load contract; and

4 (b) Evidence sufficient to demonstrate compliance with subsection
5 (2) of this section.

6 (2) The board shall approve the application and contract if the
7 board finds by a preponderance of the evidence that:

8 (a) The contract complies with the requirements of the Grid
9 Modernization Act;

10 (b) The large-load customer bears all incremental costs reasonably
11 attributable to receiving the requested electric service; and

12 (c) Existing ratepayers do not bear costs reasonably attributable to
13 providing electric service for the large-load customer.

14 (3) Board review of an application and contract under this section
15 is limited to review of compliance with subsection (2) of this section
16 and shall not include review of other contract terms.

17 (4) The board shall approve or deny an application and contract
18 submitted pursuant to this section within sixty days after receipt of the
19 application.

20 (5) The board may adopt and promulgate rules and regulations to
21 expedite the review of applications for approval or denial of large-load
22 contracts under this section.

23 **Sec. 9.** (1) Subject to subsection (2) of this section, a public
24 power utility shall have sole right to provide electric service to a
25 large-load customer in the public power utility's service territory.

26 (2) A public power utility shall not be required to provide electric
27 service:

28 (a) In response to a large-scale service request if:

29 (i) The large-load customer has not complied with the Grid
30 Modernization Act;

31 (ii) The public power utility cannot provide the requested service

1 within the timeframe required by the large-scale service request;

2 (iii) The large-load customer and the public power utility cannot
3 agree upon terms for a large-load contract;

4 (iv) The large-load customer fails or refuses to comply with the
5 requirements of a large-load contract; or

6 (v) The large-load customer is receiving service from a large-scale
7 generation provider; or

8 (b) To a large-load customer that receives service pursuant to a
9 private generation contract.

10 (3) A public power utility that does not agree to terms with a
11 large-load customer for a large-load contract:

12 (a) Has no right or duty to serve the large-load customer;

13 (b) Is not required to provide ancillary or backup services to the
14 large-load customer; and

15 (c) Is not required to provide any services to a large-scale
16 generation provider.

17 **Sec. 10.** (1) A large-load customer may enter into a large-load
18 contract with a large-scale generation provider if the following
19 conditions are met:

20 (a) A public power utility fails to complete an evaluation or
21 provide a written response within the time periods described in section 5
22 of this act; or

23 (b) The public power utility and large-load customer cannot agree to
24 a large-load contract within ninety days after the day on which the
25 large-load customer receives the evaluation described in this title,
26 unless the public power utility and the large-load customer mutually
27 agree to a longer period of time.

28 (2) After submitting a large-scale service request, a large-load
29 customer:

30 (a) May negotiate a contract with one or more large-scale generation
31 providers; and

1 (b) Shall not execute a contract with a large-scale generation
2 provider unless the conditions described in subsection (1) of this
3 section are met.

4 **Sec. 11.** (1) Before providing electric service to a large-load
5 customer, a large-scale generation provider shall:

6 (a) Register with the board;

7 (b) Maintain any reasonable technical and financial qualifications
8 required by the board;

9 (c) Provide electric service only through qualifying generation
10 resources;

11 (d) Post security as reasonably negotiated with a large-load
12 customer, as required by contract with a transmission provider, or as
13 required by the board for services to be provided by a public power
14 utility;

15 (e) Submit to the board:

16 (i) Proof of financial capability as reasonably negotiated with the
17 large-load customer;

18 (f) The provider's operational history and experience;

19 (g) A description of the portfolio of qualifying generation
20 resources the provider intends to use to serve the large-load customer
21 without reliance on any public power utility, cooperative utility,
22 municipal utility, or other utility except as provided under a large-load
23 contract; and

24 (h) Documentation of all required permits obtained for generation
25 resources, including any environmental permits, and the estimated impact
26 of the generation sources on the state implementation plan for air
27 quality.

28 **Sec. 12.** (1) A large-scale generation provider that fails to
29 satisfy the requirements of the Grid Modernization Act:

30 (a) Shall not initiate new service to a large-load customer;

31 (b) Shall remedy any deficiency under the Grid Modernization Act

1 within ninety days after the day the deficiency arises; and

2 (c) May have reasonable conditions imposed by the board on the
3 provider's registration under the Grid Modernization Act.

4 (2) If the board suspends or revokes a large-scale generation
5 provider's registration under the Grid Modernization Act:

6 (a) The provider shall not continue to provide electric service to a
7 large-load customer after the large-load customer has been given a
8 reasonable opportunity to secure alternative service arrangements; and

9 (b) The large-load customer shall not receive electric service from
10 another large-scale generation provider or a public power utility except
11 pursuant to a large-load contract approved by the board.

12 **Sec. 13.** (1) If the provision of electric service to a large load
13 customer requires transmission service:

14 (a) The public power utility or the large-scale generation provider
15 shall submit a transmission service request to the transmission service
16 provider;

17 (b) To the fullest extent allowed under applicable federal law and
18 regulations, the large-scale generation provider or large-load customer
19 shall:

20 (i) Pay for:

21 (A) Any interconnection-related or transmission-related studies;

22 (B) Any identified necessary interconnection upgrades, transmission
23 upgrades, network upgrades, distribution system upgrades, or other system
24 upgrades; and

25 (C) The transmission service rates in the transmission service
26 provider's open access transmission tariff; and

27 (ii) Pay and provide for any necessary ancillary services, balancing
28 services, and backup services.

29 (2) Nothing in this section shall be construed to:

30 (a) Conflict with or superseded any applicable federal law,
31 regulation, or order regarding transmission cost allocation; or

1 (b) Require cost allocation methods inconsistent with Federal Energy
2 Regulatory Commission requirements or orders.

3 (3) The board shall review transmission cost allocation methods
4 consistent with the requirements of federal law and regulations and may
5 adopt and promulgate rules and regulations for implementation of this
6 section.

7 **Sec. 14.** (1) A large-load customer may enter into a private
8 generation contract for all needed electric services from a large-scale
9 generation provider through a closed private generation system under
10 terms and conditions acceptable to the large-load customer and the large-
11 scale generation provider.

12 (2) Any closed private generation system or large-scale generation
13 provider that provides electric service on or through a closed private
14 generation system in accordance with the Grid Modernization Act:

15 (a) Is exempt from any other powers of the board over public power
16 utilities under state law;

17 (b) Shall ensure all generation, transmission, and related
18 facilities remain wholly separate from facilities owned or operated by
19 any public power utility except to the extent authorized by the Grid
20 Modernization Act; and

21 (c) May connect to or receive services from a public power utility
22 only pursuant to a contract consistent with state law and approved by the
23 board under the Grid Modernization Act.

24 (3) A closed private generation system may operate prior to
25 receiving a request from a public power utility to purchase power
26 generated by the system and prior to board approval of a large-load
27 service contract.

28 (4) The provision of electric service to a large-load customer on or
29 through a closed private generation system shall utilize qualifying
30 generation resources.

31 (5) The board may adopt and promulgate rules and regulations to

1 require appropriate notices and warnings regarding separation from the
2 systems of the public power utility.

3 **Sec. 15.** (1) A large-load customer may obtain all needed electric
4 services from a large-scale generation provider through a connected
5 generation system consistent with the Grid Modernization Act.

6 (2) A large-scale generation provider may provide service on or
7 through a connected generation system if the provider:

8 (a) Registers with the board in accordance with section 11 of this
9 act;

10 (b) Uses only qualifying generation resources;

11 (c) Maintains sufficient generation capacity to serve all contracted
12 loads;

13 (d) Has submitted system design, operational information, emergency
14 response procedures, and notification of any changes in system
15 configuration or operation to the board; and

16 (e) Maintains commercial liability insurance required by state law.

17 (3) A large-scale generation provider that provides service on or
18 through a connected generation system consistent with the requirements of
19 this act is exempt from any other powers of the board over public power
20 utilities under state law.

21 (4) A closed private generation system or a large-scale generation
22 provider that provides service through a closed private generation system
23 may connect to the interstate transmission of a transmission service
24 provider only if:

25 (a) The closed private generation system is interconnected to the
26 interstate transmission system pursuant to the open access transmission
27 tariff of the transmission service provider approved by Federal Energy
28 Regulatory Commission; and

29 (b) The board determines that the closed private generation system
30 or large-scale generation provider has complied with the Grid
31 Modernization Act for the provision of service on or through a connected

1 generation system.

2 (5) A closed private generation system or a large-scale generation
3 provider that provides service through a closed private generation system
4 may receive services from a public power utility only if it has complied
5 with subsection (4) of this section and if it has an agreement with the
6 public power utility that has been approved by the board.

7 (6) A public power utility:

8 (a) Is not required to purchase or accept any power from a connected
9 generation system;

10 (b) Shall not accept power from a connected generation system unless
11 explicitly authorized in an agreement that has been approved by the
12 board; and

13 (c) May elect to purchase up to ten percent of the power generated
14 by a large-scale generation provider. Such election shall be made in
15 writing no later than the deadline for the board to approve or deny a
16 large-load contract as provided in subsection (4) of section 8 of this
17 act unless otherwise agreed to in writing by the large-scale generation
18 provider and the public power utility. Election by a public power utility
19 to purchase power under this subsection shall not be grounds to delay or
20 deny approval of a large-load contract or to prevent operation of a
21 closed generation system.

22 **Sec. 16.** A large-load customer shall pay all large-load incremental
23 costs necessary to receive electric service, including the costs of:

24 (1) Generation resources;

25 (2) Distribution system upgrades;

26 (3) To the extent permitted and applicable by federal law and
27 approved by the Federal Energy Regulatory Commission:

28 (a) Transmission system improvements, including network upgrades;
29 and

30 (b) Interconnection facilities;

31 (4) Transmission service; and

1 (5) Other necessary infrastructure.

2 **Sec. 17.** (1) A large-scale generation provider shall:

3 (a) Maintain separate accounting records for all investments,
4 revenues, and expenses associated with large-scale service requests using
5 generally accepted accounting principles;

6 (b) Take reasonable measures to ensure costs are properly allocated
7 between large-load customers and other customers;

8 (c) Provide all contracted energy services without reliance on any
9 public power utility except as provided under a large-load contract;

10 (d) Meet all applicable North American Electric Reliability
11 Corporation standards; and

12 (e) Maintain reasonable commercial liability insurance as determined
13 by contract or the board.

14 (2) A public power utility shall:

15 (a) Maintain separate accounting records for all investments,
16 revenues, and expenses associated with large-scale service requests using
17 generally accepted accounting principles; and

18 (b) Take reasonable measures to ensure costs are properly allocated
19 between large-load service and other operations.

20 (3) All revenues and large-load incremental costs associated with a
21 large-scale service request shall be excluded from any rate
22 determinations by the board.

23 (4) In connection with any rate determination or other appropriate
24 proceeding before the board, a public power utility shall provide:

25 (a) Operational data identifying when and to what extent the
26 generation resources identified in a large-load contract were dispatched
27 to serve large-load customers;

28 (b) An identification of the timing, magnitude, and duration of:

29 (i) The public power utility's dispatch of the resources described
30 in subdivision (4)(a) of this section;

31 (ii) Any periods in which the amount of the electric service of

1 large-load customers exceeded the dispatch of resources described in
2 subdivision (4)(a) of this section; and

3 (iii) Any periods in which the dispatch of resources described in
4 subdivision (4)(a) of this section exceeded the amount of the electric
5 service of large-load customers;

6 (c) The method by which costs for the provision of electric service
7 from the public power utility to a large-load customer will be excluded
8 from rates paid by retail customers; and

9 (d) Any other information the board requires to ensure that the
10 costs associated with electric service to a large-load customer are
11 excluded from the rates paid for by retail customers.

12 (5) A public power utility shall not be required to publicly
13 disclose specific revenue information from individual large-load
14 customers in any proceeding described in subsection (4) of this section.

15 **Sec. 18.** (1) The board shall:

16 (a) Investigate a large-load flexible tariff for public power
17 utilities; and

18 (b) Adopt a large-load flexible tariff if the board determines that
19 the tariff is in the public interest and fair and reasonable.

20 (2) In conducting an investigation for a large-load flexible tariff,
21 the board shall consider:

22 (a) The conditions and timing for the tariff;

23 (b) The means of determining the rates, terms, and conditions
24 pursuant to which a public power utility may provide electric services to
25 a large-load customer; and

26 (c) The conditions under which a public power utility may require a
27 large-load customer to reduce or eliminate electric usage under the
28 large-load flexible tariff.

29 **Sec. 19.** Beginning in 2029 and ever three years thereafter, the
30 board shall:

31 (1) Conduct a review of the Grid Modernization Act;

1 (2) Conduct an investigation with stakeholder input and public
2 comments and prepare a report that includes:

3 (a) Data on overall use of and participation with the Grid
4 Modernization Act;

5 (b) Analysis of impacts of the Grid Modernization Act on electrical
6 rates;

7 (c) Assessment of transmission system reliability; and

8 (d) Recommendations regarding whether to expand the Grid
9 Modernization Act or modify the act; and

10 (3) Provide the report described in subsection (2) of this section
11 and any recommendations to the Natural Resources Committee of the
12 Legislature.

13 **Sec. 20.** (1) The board shall:

14 (a) Adopt and promulgate rules and regulations for the allocation of
15 transmission costs between large-load customers and retail customers for
16 all large-load contracts executed on or after January 1, 2027;

17 (b) Retain a qualified independent consultant with expertise in
18 transmission cost allocation methodologies to:

19 (i) Analyze potential methodologies for transmission cost
20 allocation, taking into account the factors listed in subsection (2) of
21 this section; and

22 (ii) Make recommendations to the board; and

23 (c) Adopt and promulgate such rules and regulations no later than
24 January 1, 2027.

25 (2) In developing rules and regulations pursuant to subsection (1)
26 of this section, the board shall consider the following factors:

27 (a) Federal Energy Regulatory Commission policies and precedents
28 regarding transmission cost allocation;

29 (b) The projected increase in electricity demand from large-load
30 customers;

31 (c) The incremental transmission costs required to serve large-load

1 customers;

2 (d) The economic development benefits associated with serving large-
3 load customers;

4 (e) The need to maintain fair and reasonable rates for retail
5 customers;

6 (f) The extent to which new large-load facilities are required
7 specifically for service of large-load customers;

8 (g) The extent to which large-load customers utilize existing
9 transmission infrastructure;

10 (h) Methods to apportion costs based on cost causation and system
11 benefits; and

12 (i) Any other factors the board determines are relevant to
13 establishing a fair and reasonable allocation of transmission costs.

14 (3) The board may establish different cost allocation methodologies
15 based on the timing of large-load customer interconnection, the size of
16 the load being served, the cost causation attributable to various
17 customer classes, the benefits accruing to various customer classes, or
18 other relevant distinctions.

19 (4) Nothing in this section limits the board's existing authority to
20 determine fair and reasonable rates.

21 (5)(a) The board shall impose and collect a fee from each large-load
22 customer that submits a large-scale service request to cover the cost of:

23 (i) The retention of qualified independent consultants and experts
24 by the board to evaluate large-scale service requests and large-load
25 contracts; and

26 (ii) Any other reasonable costs incurred in conducting proceedings
27 and evaluations under the Grid Modernization Act.

28 (b) The fee shall be:

29 (i) Assessed on a semi-annual basis established by the board;

30 (ii) Determined based on the anticipated needs given the number and
31 complexity of requests received; and

1 (iii) Proportionately allocated among large-load customers with
2 pending requests.

3 (c) All fees collected under this subsection shall be used
4 exclusively to cover the costs described in subdivision (5)(a) of this
5 section.

6 **Sec. 21.** The board may adopt and promulgate rules and regulations
7 necessary to carry out the Grid Modernization Act.