

Energy Law: Month in Review - December 2025

by Daniel Brey

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Welcome to Dorsey's Energy Law: Month in Review. We provide this update to our clients to identify significant developments in the previous month. Please reach out to any of the authors, listed above, to discuss these issues.

LITIGATION AND DISPUTES

Hawaiian Electric Reaches \$47.8M Investor Settlement Over Maui Wildfire Claims

On January 5, 2026, Hawaiian Electric Industries Inc. filed an unopposed motion for preliminary approval of a \$47.8 million proposed settlement resolving a federal securities class action arising from the August 2023 Maui wildfires. Shareholders had alleged that the company and certain executives made misleading statements regarding wildfire risk, grid safety, and emergency preparedness, contributing to stock price declines following the fires. The court has scheduled a preliminary approval hearing for February 5, 2026.

REGULATORY DEVELOPMENTS

FERC Orders PJM to Develop Data Center Load Policies

On December 18, 2025, the Federal Energy Regulatory Commission (FERC) directed PJM Interconnection (PJM) to revise its tariff to address the growing electricity demand from data centers and artificial-intelligence facilities. FERC found PJM's existing tariff unjust and unreasonable because it lacked clear rules for how large co-located loads should be served. The order also requires PJM to craft transparent rules and require eligible customers to choose from several transmission service options. PJM must also report on expedited interconnection processes for shovel-ready projects, reliability backstop mechanisms for resource shortfalls and improved load forecasting and demand flexibility measures to identify new capacity needed for system reliability by January 19, 2026.

Related People

- Daniel Brey

Related Capabilities

- Energy & Natural Resources
- Electric Power
- Environmental, Social, Governance (ESG)
- Sustainability

FERC Accepts SPP Tariff Revisions Establishing “Provisional Load” Process for Large Load Additions

On December 3, 2025, FERC accepted the Southwest Power Pool’s (SPP) compliance filing implementing tariff revisions that establish a new Provisional Load Process for studying requests to add significant new load, including data centers, while accounting for planned generation rather than requiring fully designated resources at the outset. The process is intended to provide transmission customers additional time to secure firm transmission service for generation planned to serve new load. Under the approved framework, network upgrade costs associated with planned generation are directly assigned to the transmission customer and are not eligible for Base Plan Upgrade treatment unless the generation becomes a designated resource under SPP’s tariff. The action reflects FERC’s continued focus on adapting transmission planning processes to accommodate rapid large-load growth while protecting other customers from premature cost socialization.

DOE Issues Emergency Orders to Keep Coal-Fired Power Plants Open

In December, the U.S. Department of Energy (DOE) issued Emergency Order Nos. 202-25-11, 202-25-12, 202-25-13, 202-25-14, under Section 202(c) of the FPA directing TransAlta’s Centralia Generating Station Unit 2; Northern Indiana Public Service Co.’s R.M. Schahfer Station; CenterPoint’s F.B. Culley Station; and Tri-State Generation and Transmission Association, Inc.’s Craig Unit 1 to remain open until March 2026. The orders generally cite reliability concerns within the regions served by these stations as justification for their continued operation. The orders reflect DOE’s expanded use of emergency authority to address reliability risks tied to coal-plant retirements and supply constraints across multiple regions.

Georgia PSC Approves \$15 Billion Plan to Expand Power Grid for Data Centers

On December 19, 2025, the Georgia Public Service Commission (GPSC) voted unanimously (order adopted December 30, 2025) to approve a stipulated agreement permitting Georgia Power to develop up to 9,885 MW of new generation capacity to serve projected load growth, predominantly from data centers and other large customers. The GPSC emphasized that the agreement protects existing ratepayers by ensuring the costs of serving these new large loads will not increase current customer rates, even if projections for future demand do not materialize. Under the agreement, Georgia Power will financially backstop the new projects in 2029-31, extending beyond the existing rate freeze that remains in place through the end of 2028. The GPSC clarified that its approval governs Georgia Power’s obligation to serve new and existing customers, not the siting or construction of data centers themselves.

Arizona Corporation Commission Approves TEP Energy Supply Agreement for Data Center Project

On December 10, 2025, the Arizona Corporation Commission (ACC) issued a decision approving an Energy Supply Agreement between Tucson Electric Power Company (TEP) and Humphrey's Peak Power LLC to serve a proposed data center campus in Pima County. The ACC concluded that the agreement includes financial terms and conditions designed to protect existing TEP customers from bearing costs associated with serving the new large-load customer. Commissioners emphasized that, although the ACC does not regulate data center siting or construction, it retains jurisdiction to ensure that utility service agreements comply with regulatory requirements and safeguard ratepayers. The approved agreement allocates costs to the data center customer and prevents cross-subsidization by residential and small commercial customers.

Colorado PUC Approves Public Service Company of Colorado's 2025–2029 Distribution System Plan and Virtual Power Plant Program with Modifications

On December 15, 2025, the Colorado Public Utilities Commission (CPUC) issued Decision C25-0903, granting in part and denying in part applications filed by Public Service Company of Colorado (PSCo) related to its 2025–2029 Distribution System Plan (DSP) and Aggregator Virtual Power Plant (VPP) program. The Commission approved PSCo's DSP and Grid Modernization Adjustment Clause with modifications, while issuing directives intended to guide future DSP, non-wires alternative, and targeted demand area filings. The decision also approved, with conditions, settlement agreements governing PSCo's aggregator VPP program, addressing cost recovery, program design, and implementation requirements. In addition, the Commission resolved multiple procedural motions, denied a penalty motion filed by Mission:data Coalition, and required PSCo to submit compliance filings, including revised tariffs and advisory letters, on shortened notice. The decision underscores the CPUC's continued emphasis on distribution-level planning, load flexibility, and non-wires alternatives to meet reliability and system needs.

New York PSC Orders Con Edison to Develop NYC Reliability Contingency Plan

On December 18, 2025, the New York Public Service Commission (NYPSC) issued an order initiating a proceeding to address electric reliability needs in New York City in Case No. 25-E-0764. The NYPSC directed Consolidated Edison to develop and file a Reliability Contingency Plan in response to studies identifying potential near-term reliability risks as generation resources retire and load grows. The order cites recent analyses by the New York Independent System Operator and Con Edison indicating increasing challenges to maintaining safe and adequate service in the city. The proceeding will evaluate short-term and longer-term measures to preserve reliability, including market-based solutions and non-wires alternatives. The order reflects heightened NYPSC oversight of urban reliability planning amid ongoing resource transitions.

California PUC Reduces Authorized Returns on Equity for Major Electric Utilities

On December 18, 2025, the California Public Utilities Commission (CPUC) voted to reduce the authorized return on equity (ROE) for the state's largest investor-owned electric utilities—Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric—for the 2026–2028 cost-of-capital period. The decision lowers authorized

ROEs by approximately 0.3 percentage points, setting them just under 10%, and applies to billions of dollars in utility rate base. The CPUC cited rising customer bills, wildfire mitigation spending, and national capital-market trends as justification for the reduction. Commissioners emphasized the need to balance ratepayer affordability against utilities' ability to finance reliability, safety, and clean-energy investments.

Washington UTC Approves PacifiCorp Tariff Updates and New Multi-State Cost-Sharing Plan

On December 22, 2025, the Washington Utilities and Transportation Commission (WUTC) approved updates to PacifiCorp's electric service tariff and a new multi-state cost-sharing framework in Docket No. UE-250224. The decision approved PacifiCorp's power cost-only rate case and adopted the company's proposed 2026 Protocol, which replaces the prior Washington Interjurisdictional Allocation Methodology and reallocates power costs across the six states PacifiCorp serves. The WUTC found the new protocol equitable and reasonable, noting it is expected to reduce Washington customer costs by approximately \$68 million compared to the status quo. The order also approved removal of coal-related costs from Washington rates by January 1, 2026, consistent with the state's Clean Energy Transformation Act. The WUTC imposed conditions requiring additional reporting on wind curtailment practices, hedging strategies, and safeguards against unapproved cost increases.