Large Energy Customers Must Demand Better

The rapid rise of energy-intensive AI-driven data centers and new high-tech manufacturing could put critical climate goals at risk without a near-term course correction. It is crucial that we ensure that large electricity users, utilities, regulators, and policymakers are aligned around the best pathways for reducing emissions while meeting growing demand.

While more than half of the world's largest corporations have reportedly committed to net zero emissions targets, utilities are increasingly turning to new gas, and even keeping old coal plants online, to meet growing load from large new corporate customers. The discrepancy between the pledges of large customers and the actions of their host utilities is sharp. Big customers often assert that they're facilitating renewable energy growth, but many either just buy unbundled renewable credits, or contract with inexpensive wind and solar in a different part of the country. Increasingly, large customers site data centers and manufacturing facilities where they can find interconnection without regard to their host utilities emissions, or intention to reduce emissions. And so utilities with zombie coal plants and gas plants in the queue are getting new customers, and our climate goals are in peril.

Large energy customers must step up to the plate, and **Demand Better**. Large energy buyers must demand that their host utilities provide **both** clean energy and clean capacity, and reject new gas plant or coal plant extensions. Large energy buyers should commit to local, additional, around-the-clock clean energy, and regulators must be prepared to ensure that existing residential customers do not bear new costs and risks to serve highly concentrated new loads.

We lay out three core recommendations to accomplish these goals:

1. Large energy customers should commit to procuring around-the-clock clean energy (also called "24/7 carbon-free energy"), either through direct or sleeved power purchase agreements, or by working with their utilities to build comprehensive green energy tariffs that allow customers to meet their energy and capacity needs with zero emissions resources;

2. Large energy customers should engage in utility regulatory proceedings to ensure that their host utilities conduct good planning, procure clean energy, and are held accountable for outcomes that serve the interests of both large and small customers;

3. Large customers should advocate for broad, binding clean energy standards that meet rigorous emissions targets, align the interests of all electricity customers, and ensure broad consumer protections.

We ask that new large load customers, especially those with climate goals, show leadership to support the system services that integrate and balance renewable energy, like energy storage, transmission upgrades, and demand-management.

DEMANDING BETTER

SIERRA CLUB

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Regulators and policymakers have a significant role in aligning interests. We offer the following recommendations.

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Policy Recommendations

Utility Regulators
Look to engage large customers in utility proceedings, from planning to ratemaking
Ensure utilities and large customers assess every opportunity for demand management
Require vertically-integrated utilities to offer comprehensive green energy tariffs that meet both energy and capacity requirements with clean energy
Prevent utilities from repurposing system beneficial clean energy for large customers alone
Require large load customers and utilities to be fully transparent about demand projects
Require utilities to engage in rigorous system energy planning in conjunction with large load customers to assess real demand and risks
Require utilities to conduct timely energy planning to find clean, affordable pathways to meet demands
Ensure that large customers pay their fair share of new generation and transmission costs, and do not impose costs or risks on incumbent ratepayers (particularly residential)

Policymakers
Require large load customers and utilities to be fully transparent about demand projects
Require large load customers to assess and use batteries for onsite backup generation, and offer incentives for use as system resources
Work with regional registries to create a consistent system for tracking and verifying time-based renewable energy credits
Tighten existing mandatory renewable portfolio standards and clean energy standards, and look to create a national clean energy standard to reduce leakage and align outcomes
Reduce or remove development incentives for large customers that fail to meet clean energy requirements; offer incentives for leading customers
Ensure federal and state development incentives (i.e. CHIPS and state incentives) prioritize large energy users with 24/7 carbon-free energy, and use federal R&D funds to drive low-energy chip fabrication and use in data centers