



To: Chair James, Rep. Sibilía, and members of the House Committee on Energy & Digital Infrastructure

From: Mark Sciarrotta, General Counsel
Shana Louiselle, Communication & Public Relations Manager

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Re: H.727, An act relating to sustainable data center deployment

This testimony provides an overview of the current regulatory landscape, federal policy developments, and the existing framework that would apply if a large data center or other significant new load sought to interconnect to Vermont's transmission system.

Key points:

- There are no current requests to interconnect large data centers to the VELCO transmission system.
- No standardized federal interconnection framework currently exists for large transmission level loads.
- Any such project would be subject to regional reliability studies.
- The interconnecting customer is responsible for funding required system studies and transmission upgrades.
- Federal policy discussions are ongoing, but no reforms are currently in effect.

Federal Policy Developments

At the federal level, policy discussions regarding large load interconnections are ongoing.

The U.S. Department of Energy has directed the Federal Energy Regulatory Commission to consider reforms addressing large load interconnections at the transmission level. These discussions reflect growing national attention to data centers and other high demand facilities seeking direct transmission service.

Potential reforms under consideration include:

- Development of a standardized interconnection framework for large loads
- Extension of federal jurisdiction to retail transmission level load interconnections

- Incentives for curtailable or flexible loads
- New pathways for co-located generation paired with load

These reforms are not yet in effect. Despite Federal Department of Energy direction for a final rule by end of April, timelines, scope, and final outcomes remain uncertain. As a transmission owner operating within the regional framework, VELCO continues to monitor these proceedings and engage with state and regional partners, including ISO New England.

How a Large Load Would Interconnect to VELCO's Transmission System

There is currently no standardized, FERC-approved interconnection process specifically for large retail loads connecting directly to the transmission system.

If a transmission level interconnection were requested, ISO-New England would likely apply a process like its existing generator interconnection framework as an interim approach. That process includes:

- Identification of a point of interconnection
- An initial feasibility assessment
- Submission of a formal interconnection request
- Participation in a regional study process- possibly a cluster study involving multiple potential interconnection customers-- to evaluate system impacts and identify necessary upgrades

Retail transmission service is not offered in Vermont. In theory, a large customer that wanted to take transmission service directly from VELCO could pursue an approach similar to the one used by GlobalFoundries. In that case, a separate utility entity called GlobalPower was created to take service under Schedule 21 of the ISO New England Open Access Transmission Tariff. That entity then served a single retail customer, GlobalFoundries.

The ISO-New England Open Access Transmission Tariff governs wholesale transmission service across the ISO New England region and requires transmission providers to treat wholesale customers on a non-discriminatory basis. Schedule 21 specifically governs local transmission service on the VELCO system.

A special purpose utility seeking service under Schedule 21 would be required to:

- Obtain necessary financial and regulatory approvals
- Fund required system studies

- Pay for any transmission upgrades necessary to serve the load
- Execute operating agreements
- Pay ongoing transmission service charges
- Obtain state approvals for any required facilities

Large projects of this type involve multiple layers of jurisdiction, including state siting review, ISO New England planning processes, and federal tariff requirements.

Study Process and Cost Responsibility

Before the ISO New England allows any customer to interconnect to the high voltage system, including VELCO's system, the system must be studied to identify system upgrades necessary to ensure grid reliability.

These studies typically include:

- System impact studies evaluating performance under normal and stressed conditions and identifying any necessary transmission upgrades or solutions to constraints caused by the customer interconnection.
- Proposed Plan Applications assessing how recommended upgrades would operate on the system to ensure the proposed change does not have a "significant adverse impact" on system reliability or performance.

These analyses determine whether the system can reliably serve the proposed load and what network modifications may be required.

If upgrades are identified, they must be designed, approved, and constructed before service begins. The interconnecting customer is responsible for funding studies and any transmission upgrades necessary to accommodate the new load.

Conclusion

There are no active large load interconnection requests in Vermont. Under existing rules:

- Reliability is the governing principle.
- Regional study processes apply.
- The interconnecting customer bears upgrade costs.
- Federal policy changes remain under consideration but are not yet in effect.

VELCO will continue to monitor federal developments and evaluate any future proposals consistent with applicable tariff and reliability requirements.