

**FACTUM OF 9380-8566 QUÉBEC INC. AND GOOGLE CLOUD CANADA CORPORATION
(JOINTLY “GOOGLE”)**

**Request concerning the setting of rates for data-center services and for cryptographic uses
applied to blockchain networks**

File number: R-4333-2026

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I. Executive Summary

- (1) This report provides recommendations pertaining to Hydro-Québec's proposed CD Tariff for data center customers with authorized power levels of at least 5 MW. Hydro-Québec additionally proposed amendments to the cryptographic "CB" tariff applied to blockchain, which this report does not address. The proposals were filed with the Régie de l'énergie ("Régie") in February 2026. The CD Tariff provides rates, including those for energy, power, excess energy use, and unused capacity, and other terms including a minimum billing power provision and a transitional rate structure for existing data center customers.
- (2) We recommend that the Régie reject Hydro-Québec's proposed CD Tariff and require Hydro-Québec to develop properly-supported rates, terms, and conditions for data centers that meet the requirements of Decree 89-2026 while providing just and reasonable rates for existing and new data center customers.
 - It is inappropriate for Hydro-Québec to establish tariff rates for data centers according to the full cost of new generation which will function as system resources providing benefits to all Hydro-Québec customers. Hydro-Québec's IRP, Strategic Plan, and Energy Resources Overview show that load growth is being driven not just by data centers, but by significant growth in other rate classes, associated with industrial and transportation electrification, green hydrogen production, battery component manufacturing, and greenhouse farming.
 - The Unused Power Premium and Excess Energy Charge are not cost based. The derivations are calculations only in the sense of taking a mathematical form, and in reality function only as penalties.
 - The proposed CD Tariff lacks sufficient explanatory language around critical mechanisms that govern Hydro-Québec's administration of CD customers' electric service.
 - The Unused Power Premium and the Minimum Billing Power provision create the potential for an inappropriate double penalty for the same load level.
- (3) We recommend that Hydro-Québec establish separate rates for existing customers and for new CD customers. Existing customers should be allowed to remain on the LG tariff until a general rate case can establish appropriate cost-based rates for a) existing customers in the data center category currently taking service under the LG tariff, b) new data center customers that would take service under a CD Tariff, and c) other existing and new large load customers.

- The rates proposed by Hydro-Québec, which are based on the cost of new incremental supply to customers that currently receive service based on approved energy blocks, are not just and reasonable.
- (4) We recommend that CD Tariff customers should be allowed to request modifications of the project ramp schedule if Hydro-Québec has not yet undertaken incremental investments to meet it.
- Hydro-Québec’s CD Tariff proposal requires a ramp capacity commitment contemplated to extend ten years, and to bind CD customers to annual power demand levels with no mechanism to modify the commitment schedule if business needs change over time.
 - The combination of a rigid ramp commitment with a low threshold of 60% of the ramp for applying the unused power premium would encourage customers to sit on unused, reserved capacity, preventing its productive use by another customer and also limiting payments from such other customers to Hydro-Québec for meeting revenue requirements. This is not consistent with the Decree’s objective to optimize the use of available system capacity and avoid or postpone major investments.

A CD Tariff mechanism should provide reasonable opportunities for customers to release unneeded capacity if it can be used by others.

If Hydro-Québec has not yet undertaken incremental investments to meet a project ramp service level, a CD Tariff customer should be allowed to reduce its capacity reservation subject to defined limits – such as the lesser of 10% or 50 MW each year.

II. Hydro-Québec’s Proposal

II.A. Background

- (5) Hydro-Québec filed an application before the Régie on February 18, 2026 requesting approval to create a data center customer segment and to implement a new electric service tariff guiding rates and service provisions for data center customers (“CD Tariff”).¹ For purposes of the application, Hydro-Québec defines a data center as a physical site where computer and telecommunications infrastructure are grouped together to store, process, or distribute data in a secured manner.²

¹ Application in Docket No. R-4333-2026.

² HQD-1, Document 1.1, page 6, lines 12 – 14.

- (6) Hydro-Québec has additionally proposed adjustments to its existing CB Tariff, which applies to annual contracts under which electricity is delivered for cryptographic use applied to blockchains and where the installed capacity dedicated to this use is at least 50 kW.³ The proposed CB rates are designed in part to reflect the limited economic benefits that the industry provides to Québec.⁴ However, this report is focused on the specifics of the CD Tariff.
- (7) Hydro-Québec’s proposal was designed as a regulatory mechanism intended to mitigate future cost impacts that the cloud service industry’s power needs might impose on Hydro-Québec and on its customer base.⁵ Data centers require significant amounts of electricity (referred to as “energy”), which requires Hydro-Québec to maintain a proportional electricity supply plus a reserve margin (referred to as “capacity”). Increased demand for energy, capacity, and the infrastructure required to transport electricity to customers can require significant network investments that carry the potential to increase Hydro-Québec’s costs and may ultimately affect customer rates.⁶ Hydro-Québec notes that any increase in electricity demand, regardless of the customer’s underlying business activity, may result in additional network investments.⁷
- (8) Against this backdrop, the Ministry of Economy, Innovation, and Energy ordered in January 2026 that the Régie be made aware of its economic, social, and environmental concerns and should consider them when assessing future proposals by the Hydro-Québec to address data center electricity rates. The Ministry ordered that a new category of electricity customers specifically for data centers should be defined, that rates should reflect avoided supply costs, that a transitional rate schedule to mitigate immediate rate impacts on existing data center customers should be included, and mechanisms should be implemented with the effects of avoiding or postponing major transmission and distribution network investments.⁸

II.B. Proposed CD Tariff

- (9) The proposed CD Tariff is intended to limit the cost impacts that data center customers impose on other customers while providing service conditions comparable to those offered in other North American jurisdictions.⁹ Hydro-Québec’s application contains assessments of select jurisdictions and tariff mechanisms, which it describes as generally reflecting incremental costs associated with the data center sector.¹⁰ Hydro-Québec explains that memorializing rates and service conditions in a tariff

³ Hydro Québec Electricity Rates, Section 7.1.

⁴ HQD-1, Document 1.1, page 4, line 5.

⁵ HQD-1, Document 1.1, Section 1.1.

⁶ HQD-1, Document 1.1, Section 1.1.

⁷ Response to Régie RFI 1, Question 1.2.

⁸ HQD-3, Document 1.1.

⁹ HQD-1, Document 1.1, Section 1.1.

¹⁰ HQD-1, Document 1.1, page 4, line 1.

is preferable to negotiating contractual agreements with individual customers. An individual contract framework would require special contracts for each existing and future data center customer, each requiring the Québec government's involvement.¹¹ Additionally, Hydro-Québec notes that "continuity and reliability are among the essential characteristics sought by [data center] client[s]."¹²

- (10) Hydro-Québec's CD Tariff proposal includes the following elements:¹³

II.B.1. Application Scope

- (11) The proposed CD Tariff will apply to annual subscriptions under which all or part of the electricity delivered is for the operation of a data center if the customer's authorized power is at least 5 MW. A 5 MW application threshold was selected to maintain consistency with the LG Tariff application and energy block allocation process thresholds.¹⁴

II.B.2. Rates for Energy and Power

- (12) The proposed rate for energy is \$0.0871/kWh and the proposed rate for power is \$32.704/kW-month. These rates equate to an all-in equivalent of \$0.1343/kWh. The CD Tariff rates were designed specifically to reflect Hydro-Québec's \$0.12/kWh avoided energy costs and \$166/kW-year avoided power costs.¹⁵ Hydro-Québec notes that avoided costs are an estimation of future costs.¹⁶
- (13) Under the proposal, a CD Tariff customer will be charged rates that reflect an assumed cost to build additional energy and capacity to accommodate the customer, rather than rates that reflect the customer's proportional share of Hydro-Québec's existing costs. The avoided costs on which the Hydro-Québec based the proposed CD Tariff rates were derived from average supply and transportation costs and marginal power costs identified in tenders conducted in 2023 and 2015 respectively.¹⁷

¹¹ Response to Régie RFI 1, Question 4.1.

¹² Response to Régie RFI, Question 5.2.1.

¹³ HQD-2, Document 1.1.

¹⁴ Response to AQCIE-CIFQ RFI 1, Question 2.1.

¹⁵ HQD-1, Document 1.1, page 7, lines 6 – 10.

¹⁶ Response to Régie RFI 1, Question 1.4.

¹⁷ HQD-1, Document 1.1, footnote 7 and HQD-3, Document 3, page 5, lines 10 – 21 in Docket No. R-4307-2025.

II.B.3. Minimum Billing Power

- (14) The minimum billing power applied in each consumption period is 75% of the singular maximum power call across the winter billing periods that wholly occurred within the prior 12 months ending at the end of the consumption period concerned.¹⁸
- (15) A customer's monthly power-related charges will be assessed based on the minimum billing power value if a customer's greatest actual power demand in the consumption period falls below that value.

II.B.4. Unused Power Premium

- (16) The premium applies when a customer's largest power demand in each of the prior 12 consecutive consumption periods is less than 60% of the predicted power specified in the customer's ramp-schedule.¹⁹ The premium applies a \$92.280/kW rate to the difference between the customer's largest power demand and its predicted power commitment.²⁰ The premium is calculated by converting the \$0.0874/kWh energy and \$32.704/kW-month power charges into an all-in \$/kW-month rate using a 95% load factor.²¹
- (17) Hydro-Québec received the Régie's approval to apply a similar unused power charge under the LG Tariff to encourage customers to make supply requests consistent with their actual power needs.²² In this proceeding, Hydro-Québec noted the additional benefit of avoiding unnecessary network investments to supply load that will not materialize at the anticipated levels.²³ Hydro-Québec stated that unused power primarily results due to slow-ramping customers or due to customers that formulate their power requests based on long-term growth potential, rather than on contemporary needs, to avoid subsequent electrical capacity requests.²⁴
- (18) The decision rendered by the Régie in this prior proceeding that approved an unused power premium for the LG Tariff is being challenged by Judicial Review before the Superior Court of Québec.²⁵ The matter is ongoing.

¹⁸ HQD-2, Document 1.1, page 3.

¹⁹ Hydro-Québec's proposal and responses to intervenor RFIs introduce ambiguity as to whether the premium is based on a comparison of a customer's power demand in a prior month to the predicted power demand in the current month, or on a comparison of a customer's power demand in a prior month to the predicted power demand in that prior month.

²⁰ HQD-1, Document 1.1, page 8, Section 2.3.

²¹ Response to Régie RFI 1, Question 5.1.

²² Response to Google RFI 1, Question 1.2, Decision in R-4270-2024, page 109, March 6, 2025, and HQD-2, Document 2.1, pages 47 – 48 in Docket R-4270-2024.

²³ Response to Régie RFI 1, Question 5.2.

²⁴ HQD-2, Document 2.1, pages 47 – 48 in Docket R-4270-2024.

²⁵ Superior Court of Québec Docket Nos. 500-17-134569-253 and 500-17-134904-252.

- (19) It is possible for power demand in a given month to trigger application of both the unused power premium and the minimum billing power provision.²⁶

II.B.5. Excess Energy Charge

- (20) Hydro-Québec proposes to apply a \$0.17420 rate to energy consumption that exceeds 110% of the maximum power call specified in a customer's committed ramp-up.²⁷ This rate is simply double the proposed energy rate.²⁸
- (21) The Excess Energy Charge serves two purposes: discouraging customers from underrepresenting their predicted ramp-ups to circumvent the unused power premium²⁹ and encouraging customers to make credible commitments to their intended electricity use.³⁰ The charge is solely intended to encourage certain customer behaviors and is not reflective of specific costs identified by Hydro-Québec in this proceeding.

II.B.6. Ramp-Up Period

- (22) All data centers with maximum authorized power of at least 5 MW must meet reach maximum committed power within 10 years.³¹ The maximum power level must be maintained if its reached prior to the 10-year deadline.³²
- (23) If a customer reaches its maximum contracted power ahead of the schedule specified in its committed ramp-up, the Excess Energy Charge will be continuously applied.³³

II.B.7. Transitional Rates for Existing Data Center Customers

- (24) Existing customers who are eligible for the CD Tariff as of the requested November 1, 2026 implementation date are entitled to a rate reduction until March 31, 2030.³⁴ For each consumption period, the customer will be charged the CD Rate multiplied by:
- 62% from November 2026 to March 202

²⁶ Response to Google RFI 1, Question 1.7.1.

²⁷ HQD-1, Document 1.1, page 8, Section 2.3.

²⁸ HQD-1, Document 1.1, page 8, Section 2.3.

²⁹ HQD-1, Document 1.1, page 8, line 18.

³⁰ Response to Google RFI 1, Question 1.3.1.

³¹ HQD-1, Document 1.1, page 8, Section 2.3.

³² HQD-1, Document 1.1, footnote 9.

³³ Response to Régie RFI 1, Question 6.5.1.

³⁴ HQD-1, Document 1.1, Table 1.

- 71% from April 2027 to May 2028
- 81% from April 2028 to May 2029
- 90% from April 2029 to March 2030
- 100% from April 2030 onward

II.B.8. Credits for Interrupted or Decreased Energy Supply

- (25) A CD Tariff customer can obtain a bill credit if for a continuous period of at least 1 hour:³⁵
- Electricity was not supplied to Hydro-Québec because the power supply was interrupted;
 - The customer was prevented from using electricity in whole or in part at Hydro-Québec's request; or
 - The customer was prevented from using electricity in whole or in part due to war, rebellion, riot, epidemic, fire, or any other force majeure event.
- (26) The customer may also obtain a credit if Hydro-Québec interrupts its electricity supply twice or more on the same if the total duration of the interruptions is at least 1 hour.
- (27) Credit amounts are for the difference between what would have been paid for the full consumption period and the actual amount owed for that period.

II.B.9. Markup Clause

- (28) If a CD Tariff customer is willing to pay a higher price to increase the competitiveness of their offer for a limited supply of energy blocks, the customer may include an offer to do so in their request for service.³⁶ The clause aims to offer customers whose power supply is conditional on government block allocation the opportunity to differentiate themselves.³⁷
- (29) No clause similar to the markup clause has ever been offered by Hydro-Québec.³⁸

II.C. Energy Block Allocation Process

- (30) Projects requiring large amounts of energy must obtain authorization from the Government of Québec under the Energy Block Allocation process before they can be connected by Hydro-Québec.³⁹

³⁵ HQD-2, Document 1.1, page 4.

³⁶ Response to RNCREQ RFI 1, Question 8.2.

³⁷ Response to Régie RFI 1, Question 8.3.

³⁸ Response to Régie RFI 1, Question 8.1.

³⁹ <https://www.quebec.ca/agriculture-environnement-et-ressources-naturelles/energie/production-approvisionnement-distribution/autorisation-projet-electrique> and HQD-5, Document 1, Section 1.5.2.

Pursuant to section 76 of the Act Respecting the Régie de l'énergie⁴⁰, a licensee must seek ministerial authorization to distribute electricity to any entity who requests a power of at least 50 kW in the case of an application for cryptographic use applied to blockchains for cryptocurrency mining purposes, or at least 5 MW in the case of any other application.⁴¹

- (31) The allocation process involves multiple analytical elements including assessments of transmission and distribution network capacities and economic, environmental, and social impact studies.⁴² Projects may receive “special treatment” if they are deemed to be in the public interest. Government authorization provided under the allocation process is conditional. The project must be developed in accordance with the conditions specified in the decision or the authorization may be revoked or revised.⁴³
- (32) The government retains sole discretionary power to authorize or to reject project applications. Hydro-Québec does not hold any influence over the final decision, and thus the protocols governing the Energy Block Allocation process – to which CD customers are subject – are not provided in the CD Tariff.

III. Large Customer Tariffs Should Address Cost Causation While Recognizing Benefits of Large Loads

III.A. Challenges Raised by Rapid Growth of Data Center Loads

- (33) Significant investments in the electric system will be required to serve data centers in coming years. There is some concern that costs to serve data center customers could get shifted onto other customers. There is also a concern that generation capacity and the grid infrastructure that is built to accommodate data centers will not be used if demand for AI turns out to be less than expected. In this case, revenues collected from data centers might not be sufficient to recover costs of these assets, with the potential for revenue requirement shortfalls being pushed to non-data center customers.
- (34) It should be clarified that standard utility ratemaking based on customer usage allocators will generally produce appropriate and fair cost recovery, even if one class of customers is growing faster than others, as long as the incremental costs to meet growing load are similar to the average embedded costs of the utility system. There is only a cost-shifting concern if incremental

⁴⁰ R.S.Q., c. R-6.01.

⁴¹ HQD-5, Document 1, Section 1.4.

⁴² <https://www.quebec.ca/agriculture-environnement-et-ressources-naturelles/energie/production-appvisionnement-distribution/autorisation-projet-electrique>. Other criteria include project alignment with government priority guidelines and strategies and guarantees of project completion and maturity.

⁴³ <https://www.quebec.ca/agriculture-environnement-et-ressources-naturelles/energie/production-appvisionnement-distribution/autorisation-projet-electrique>.

infrastructure costs exceed embedded costs on a dollars per unit basis. Incremental costs currently exceed average embedded costs for many utilities in North America for various reasons, including increased commodity and labor costs, inflation, but also restricted supply relative to the demand need.⁴⁴ But this is not inherently the case, and rapid load growth is not unprecedented. Moreover, as discussed in Section III.B, below, anticipated load growth in Québec is not due to data centers only.

- (35) Decree 89-2026 is consistent with efforts in other jurisdictions to address the challenges of rapidly growing customer load while ensuring that the respective customer classes do not bear an inappropriate share of associated costs. In particular, the Decree establishes that utility cost recovery from a new data center class should reflect the cost of new supplies, rather than the average cost of supplies.⁴⁵ As in other jurisdictions, the challenge is to ensure that such incremental costs to serve customer load growth are appropriately identified and fairly allocated. This requires careful assessment, particularly with respect to investments in new system capacity that is used to serve all customers, not just those that ostensibly “caused” the investments to be undertaken.
- (36) Decree 89-2026 builds on Québec’s innovative block allocation process that ensures the assignment to new large customers of system capacity consistent with system capability as well as provincial policies and objectives.
- (37) There is an inherent risk during a period of rapid demand growth that there is a mismatch between the amount of investment in electric infrastructure and the ultimate system need. A shortfall in investment would limit or delay the ability to interconnect new loads over time. An excess of investment relative to realized demand could result in an overhang in transmission and/or generation capacity. In either case, Hydro-Québec’s existing planning procedures should reflect and adapt to new information about system needs over time, mitigating impacts to new and existing customers.

III.B. Hydro-Québec’s Load Growth is Not Just From Data Centers

III.B.1. Hydro-Québec’s Projected Demand Growth

- (38) Hydro-Québec has reported an anticipated 60 TWh of additional energy demand by 2035 and 150-200 TWh of additional energy demand by 2050 relative to a 2022 baseline.⁴⁶ Additional supplies of more than 100 TWh of energy will need to be from clean resources in order for the province to achieve its goal of carbon neutrality by 2050.⁴⁷ Capacity requirements are expected to grow

⁴⁴ “How Will Data Centers Pay for Power?”, <https://americanaffairsjournal.org/2026/05/how-will-data-centers-pay-for-power/>.

⁴⁵ Decree 89-2026, itemized concern number 2.

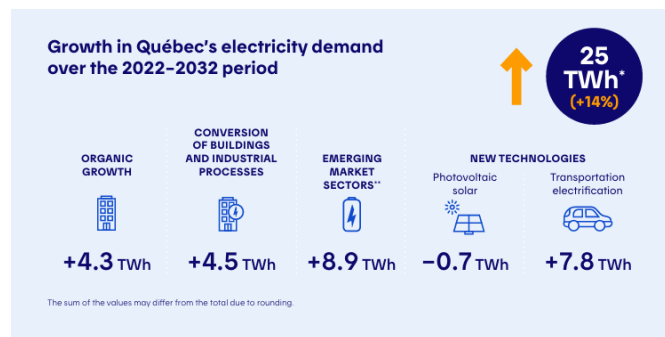
⁴⁶ “Generating more for the energy transition,” *Hydro Quebec*, <https://www.hydroquebec.com/a/energy-transition.html>.

⁴⁷ “Strategic Plan 2022-2026,” *Hydro Quebec*, <https://www.hydroquebec.com/data/documents-donnees/pdf/strategic-plan.pdf?v=2022-03-24>, p. 2.

substantially, with a potential need for an additional 4,000 MW of capacity by 2032,⁴⁸ and possibly 8,000-9,000 MW of additional capacity by 2035.⁴⁹

- (39) Data centers are expected to account for approximately 16% of the energy demand growth expected to materialize through 2032.⁵⁰ A multitude of factors driving the remaining growth are provided in Figure 1.

Figure 1: Sources of Electricity Demand Growth in Québec, 2022-2032



Source: "Overview of Hydro-Québec's Energy Resources 2023-2032," *Hydro Quebec*, October 2022, <https://www.hydroquebec.com/data/achats-electricite-quebec/pdf/overview-hydro-quebec-energy-resources-2022-2032.pdf>, p. 3.

III.B.2. Planned Generation and Capacity Additions

- (40) Hydro-Québec plans to meet the balance of the energy needs identified in its 2023 – 2032 Electricity Supply Plan through tenders for renewable energy.⁵¹ Several tenders for wind and renewable energy were released through 2022 to procure long-term supplies for December 2027. Hydro-Québec plans to add an additional 2,000 MW of hydroelectric generating capacity and 2,000 MW of wind capacity through 2035.⁵²

⁴⁸ "Overview of Hydro-Québec's Energy Resources 2023-2032," *Hydro Quebec*, October 2022, <https://www.hydroquebec.com/data/achats-electricite-quebec/pdf/overview-hydro-quebec-energy-resources-2022-2032.pdf>, p. 4.

⁴⁹ "Towards a Decarbonized and Prosperous Quebec: Action Plan 2035 Highlights," *Hydro Quebec*, <https://www.hydroquebec.com/data/a-propos/pdf/aide-memoire-plan-action-2035-en.pdf>, p. 2.

⁵⁰ "Overview of Hydro-Québec's Energy Resources 2023-2032," *Hydro Quebec*, October 2022, <https://www.hydroquebec.com/data/achats-electricite-quebec/pdf/overview-hydro-quebec-energy-resources-2022-2032.pdf>, p. 3.

⁵¹ "Overview of Hydro-Québec's Energy Resources 2023-2032," *Hydro Quebec*, October 2022, <https://www.hydroquebec.com/data/achats-electricite-quebec/pdf/overview-hydro-quebec-energy-resources-2022-2032.pdf>, p. 9.

⁵² "Overview of Hydro-Québec's Energy Resources 2023-2032," *Hydro Quebec*, October 2022, <https://www.hydroquebec.com/data/achats-electricite-quebec/pdf/overview-hydro-quebec-energy-resources-2022-2032.pdf>, p. 9.

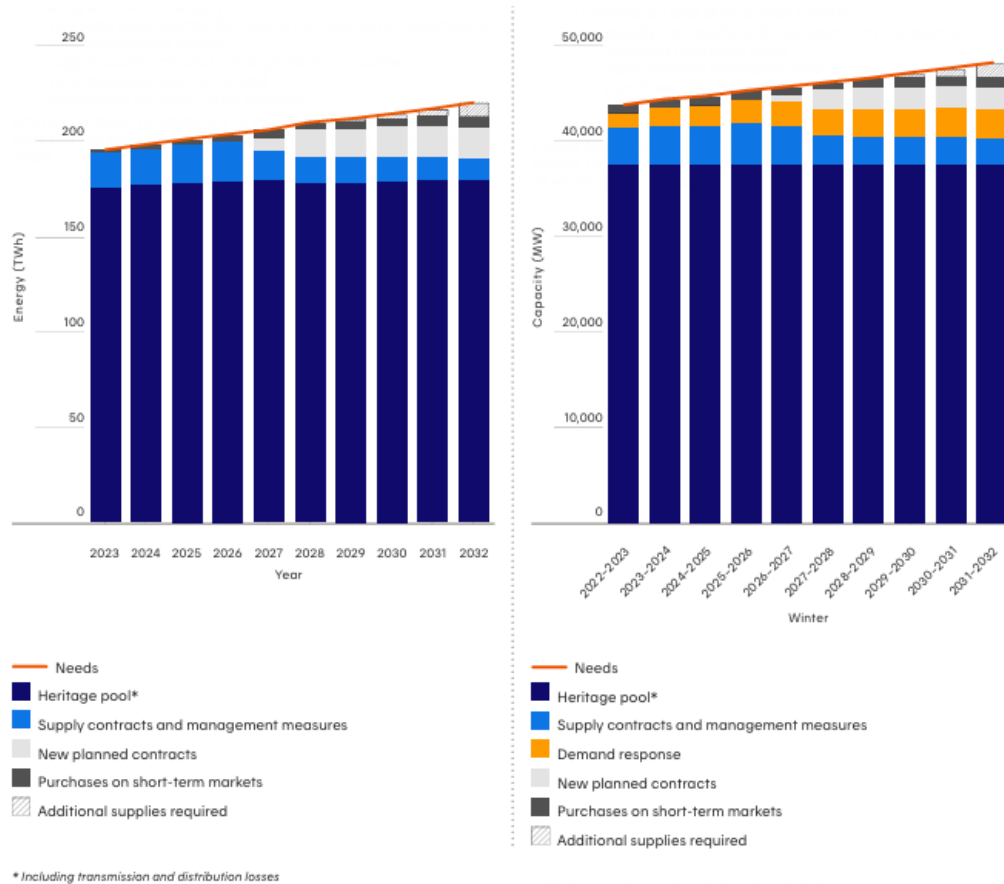
- (41) Much of the increase in both energy and capacity needs will be filled by sources outside of the “heritage pool,” which represents the energy produced by hydroelectric plants built between 1900 and 2000.⁵³ Figure 2 details these sources. The heritage pool consists of 165 TWh of annual electricity output which carried an inflation-adjust price of 0.0308 CAD/kWh in 2021.⁵⁴ The average price of the non-heritage energy and capacity supplies needed to meet Hydro-Québec additional electricity needs is approximately 0.11 CAD/kWh.⁵⁵

⁵³ “Overview of Hydro-Quebec’s Energy Resources 2023-2032,” *Hydro Quebec*, October 2022, <https://www.hydroquebec.com/data/achats-electricite-quebec/pdf/overview-hydro-quebec-energy-resources-2022-2032.pdf>, p. 5 and “Ensuring Sufficient Supply,” <https://www.hydroquebec.com/power-generation-grid/construction/projects/planning/ensuring-supply.html>.

⁵⁴ “Overview of Hydro-Quebec’s Energy Resources 2023-2032,” *Hydro Quebec*, October 2022, <https://www.hydroquebec.com/data/achats-electricite-quebec/pdf/overview-hydro-quebec-energy-resources-2022-2032.pdf>, p. 7.

⁵⁵ Hydro-Quebec 2022 – 2026 Strategic plan, <https://www.hydroquebec.com/data/documents-donnees/pdf/strategic-plan.pdf?v=2022-03-24>, p. 10.

Figure 2: Sources to Balance Increases in Hydro-Québec's Energy and Capacity Needs



Source: "Overview of Hydro-Québec's Energy Resources 2023-2032," *Hydro Quebec*, October 2022, <https://www.hydroquebec.com/data/achats-electricite-quebec/pdf/overview-hydro-quebec-energy-resources-2022-2032.pdf>, p. 5.

- (42) To meet its projected demand growth, Hydro-Québec will need to procure new energy and power supplies which carry higher incremental costs than the average embedded cost of Hydro-Québec's existing heritage supply pool. This demand growth is a function of growth across multiple customer segments, not data centers only. Thus, assigning cost responsibility based on Hydro-Québec's ongoing assessments of avoided supply costs to only a subset of customers does not allow for the determination of just and reasonable rates.

III.C. Data Center Loads Cause Costs But Also Provide Benefits

- (43) It is important to recognize that large loads are not inherently a burden to electric systems, but provide substantial benefits to system planning and operations, and in relieving the burden of fixed costs from other customers.

- (44) Data centers' high load factors – i.e., high, consistent, and predictable energy consumption – allow for more efficient operation and planning of the electric utility grid. This steady demand enables utilities to optimize generation and transmission infrastructure, which in turn reduces the need for new infrastructure investments. Additionally, data centers' consistent energy use helps to distribute the utility's fixed costs across a larger energy volume, lowering the average cost per kWh for all customers.
- (45) As discussed above, there is a legitimate concern of unwarranted cost impacts from rapid load growth of one rate class, combined with incremental infrastructure costs being higher than the average embedded costs of the system. However, these legitimate concerns do not eliminate the benefits that accompany load growth. Fashioning fair and equitable rates for all customers – large and small, existing and new – requires comprehensive assessment of costs and benefits as well as appropriate application of cost causation principles. This can only be achieved reliably through a contested general rate case.
- (46) In light of the above, we submit that a contested general rate case provides the most appropriate forum in which to establish cost-based rates for existing data center customers, for new data center customers, and for other new and existing large customers.

III.D. Incremental Capacity Has Broad Strategic Value for Hydro Québec

- (47) Hydro-Québec's proposed CD Tariff power rate is based on accepted offers for new firm generation capacity. It should not be construed, however, that such resources or generation assets added by Hydro Québec as a consequence of the need to meet data center load growth would only serve such need. Generation assets are inherently resources that serve all customers on the system.
- (48) The addition of wind capacity is already identified as a strategic objective by Hydro-Québec, with wind resources providing valuable complementary benefits in combination with hydro resources. Particularly when hydro resources are constrained by relatively dry conditions, wind resources can allow for more efficient use of hydro generation resources, which can effectively function as giant batteries. When wind output is high, hydro generation can be reduced, with unused water remaining in reservoirs for later use when wind generation is low. Hydro resources thus, in turn, firm up wind resource capacity – the electric load carrying capability, or ELCC – of wind plants.
- (49) In March 2026 Hydro-Québec announced a Request for Information regarding potential development of offshore wind farms in the region of Nova Scotia.⁵⁶ Potential offshore wind is reported as

⁵⁶ <https://news.hydroquebec.com/news/press-releases/all-quebec/hydro-quebec-launches-request-information-information-potential-development-offshore-wind-farms-off-nova-scotia.html>; [Estimation of Wind Conditions in the Offshore Direction Using Multiple Numerical Models and In Situ Observations](#).

complementing “the approximately 10,000 megawatts planned under Hydro-Québec’s Wind Power Strategy.”⁵⁷

- (50) Assigning full incremental costs of such additional wind resources to data centers would be inappropriate considering the broad strategic use of these assets.

III.E. Standard Utility Ratemaking Principles

- (51) James Bonbright states that “while the ultimate purpose of rate theory is that of suggesting feasible *measures* of reasonable rates and rate relationships, an intelligent choice of these measures depends primarily on the accepted *objectives* of rate-making policy and secondarily on the need to minimize undesirable side effects of rates otherwise best designed to attain these objectives.”⁵⁸ Good attributes of a “sound rate structure” would include, but are not limited to, the following:⁵⁹
1. Non-discrimination - customer rates should not single out a particular customer or class of customers for distinct treatment unless there is a justifiable basis for such distinction associated with the cost to serve.
 2. Cost causation – customer rates should align with the actual cost to serve. Ratemaking should account for incremental costs that can be reasonably linked to particular loads/classes. For allocation of costs on this basis to be reasonable, the linkage of costs to load must be clearly defined and demonstrable, and the allocation methodology must be reliable, accurate, transparent, and reproducible (by parties other than the utility)
 3. Limit cross-subsidization – rates should not inappropriately create cross-subsidization among loads/classes.
 4. Reliability and efficiency – provide incentives that promote system reliability and economic efficiency over operational and planning time horizons.
 5. Transparency – to ensure the above principles are upheld, utilities should follow an open process that ensures customer access to information and the basis for rate development.
- (52) Hydro-Québec’s proposed CD Tariff does not adhere to these principles. As addressed in Section V, the proposed rates for the CD Tariff are not cost-based rates, and are not properly demonstrated to correspond to cost causation principles. Further, the absence of any recognition that incremental generation assets will support service not just to new data centers but to all customers on the system,

⁵⁷ *Id.*, Hydro states: “[w]ith its large hydroelectric generating fleet and reservoir capacity, Hydro-Québec plays a central role in energy markets across Northeastern North America. The company helps balance power grids by complementing variable renewable energy sources, particularly wind power.”

⁵⁸ Bonbright (1961), “Principles of Public Utilities Rates”, available to download at <https://www.raponline.org/knowledge-center/principles-of-public-utility-rates/>. See electronic 155, pages 290 - 291.

⁵⁹ Bonbright (1961), “Principles of Public Utilities Rates”, available to download at <https://www.raponline.org/knowledge-center/principles-of-public-utility-rates/>. See electronic 155, pages 290 - 291.

creates the likelihood of cross-subsidization by data centers of other customers classes, which would be an inequitable and discriminatory result. Finally, Hydro-Québec's proposed mechanisms for minimum billing and the unused power premium will not achieve the objectives of Decree 89-2026 to create appropriate incentives that would optimize use of system capacity and avoid or postpone major investments.

IV. Large Customer Tariffs in Other Jurisdictions

- (53) Data center growth is new in scale but is not new in regulatory logic. Electric utilities have always been required to address the effects of industries whose demand is unusually large, uncertain, or system-altering – industrial manufacturing, mining operations, semiconductor fabrication, and electrified transportation. The question has always been the same: who should bear the cost of infrastructure built for these customers? The AI-driven data center boom simply amplifies this longstanding regulatory problem. Data centers are large, can require service faster than utilities can expand generation and delivery infrastructure, and can pose stranded cost risks if a project is delayed or cancelled before the incremental costs of investments made to serve it are recovered. Historically, utilities spread investment costs across all customers because load growth was more diversified and more predictable. Data center growth changes this regulatory framework.
- (54) Recent demand growth has prompted utility jurisdictions across North America to implement tariffs to protect other customers from bearing undue cost shifts triggered by investments made to serve large customers. Large load tariffs are standardized regulatory contracts that often specify:⁶⁰
- Minimum Contract Terms: Specifies the minimum length of time a customer must operate under the tariff and be subject to its terms.
 - Minimum Billing Power: The portion of a customer's contract capacity on which the customer must pay power-based charges, regardless of the customer's actual use across the billing period.
 - Upfront Contributions or Financial Security: Used to demonstrate creditworthiness, to reduce default risk, and to disincentivize speculative projects from requesting and reserving capacity.
 - Exit Fees: Compensation to the utility if a customer exists their contract early.

⁶⁰ HQD-1, Document 1.2, page i.

- (55) 46 new tariffs targeting large load customers were identified across North America in 2025 compared to 8 new tariffs in 2024.⁶¹ Tariffs are rarely defined according to the economic activity exercised by the customer, but are rather applied based on the customer's power requirement threshold.⁶²

IV.A. The Importance of Cost-Base Tariffs Relative to Exclusive Reliance on Special Contracts

- (56) Utility ratemaking is founded on the principle that similarly situated customers should be subject to similar service terms and conditions. Applying a uniform set of rates and provisions to all similarly situated customers provides several advantages over negotiating individual contracts with each existing and future customer, which is a far more arduous process.⁶³ Many jurisdictions have actualized these advantages through implementing large load customer tariffs that provide transparency, regulatory efficiency, and investment certainty. Tariffs are publicly-filed and approved by regulators – anyone can view the prices, terms, and provisions, and customers subject to them can plan their investments and operations accordingly. Memorializing such frameworks in a tariff that can be consistently applied to utility-curated customer classes enables utilities to avoid the cumbersome process of crafting bespoke contracts tailored to each requesting customer, repeatedly engaging in the litigation process, and seeking regulatory approval. Additionally, large customer tariffs enable utilities to plan generation and transmission investments knowing that customers meeting tariff requirements will provide minimum revenue or security for a specified duration so long as the tariff requires such obligations.

IV.B. Industry Standard Tariff Designs for Large Loads Have Begun Emerging

- (57) A level of uniformity is observed among utility jurisdictions despite differing customer bases, resource mixes, environmental standards, economic development goals, and regulatory frameworks. Provisions such as financial guarantees, long-term contract commitments, exit conditions, and minimum billing mechanisms are becoming common in terms of contractual obligations aimed at reducing risks for energy supplies and their existing customers.⁶⁴ Other provisions designed to afford flexibilities to large customers that commit to such contractual obligations – such as the ability to adjust the contract capacity specified in a customer's original agreement – have also taken form across North American jurisdictions.
- (58) Dominion Energy – the world's largest data center-serving electric utility – received approval in November 2025 to implement a large customer rate schedule ("Schedule GS-5") applicable to

⁶¹ HQD-1, Document 1.2, page i.

⁶² HQD-1, Document 1.2, page i.

⁶³ Response to Régie RFI 1, Question 4.1.

⁶⁴ HQD-1, Document 1.2, page 15.

customers with a measured contract power of 25 MW or greater and a 75% or greater load factor.⁶⁵ Customers are subject to collateral requirements of up to \$1.5 million/MW and is required upon signing an ESA and taking initial service. Bills will be calculated using at minimum 85% of a customer's contract power, meaning the utility is ensured a baseline revenue stream regardless of each customer's actual power needs. Customers are required to commit to 14-year service terms and are obligated to pay an exit fee covering any outstanding minimum charges over the remaining contract duration if a customer ceases operations or otherwise defaults on its agreement during its contract term. Dominion afford large customers certain flexibilities. Schedule GS-5 customers may reduce contracted capacity during the contract term by up to 20% at no cost and by an additional 30% if another customer agrees to assume the reduced capacity.

- (59) In June 2026, the Minnesota Public Utilities Commission approved Northern States Power Company, d/b/a Xcel Energy's petition to develop a new rate class and tariff for large customers.⁶⁶ Similar to Dominion's Schedule GS-5, Xcel Energy's implementation includes a 100MW application threshold, financial security to ensure customers can meet their obligations under the tariff, a 15-year minimum contract term, minimum billing power based on 80% of a customer's contract capacity, and a requirement to pay minimum charges through the end of the contract term in instances of early service termination.
- (60) Minimum billing power is a function of a customer's contract capacity in most jurisdictions. It requires customers to pay for a percentage of their contract capacity regardless of their actual power demands. It is designed to establish a lower bound on the power-based revenues the utility will recover from a customer in each billing period, while incentivizing the customer to operate at a level such that it does not pay for power it is not using. When minimum billing power is scaled to a customer's contract capacity, the customer is incentivized to maintain a high load factor and to operate at or near its reserved capacity. When it is scaled to a customer's summer or winter peak power demand – as Hydro-Québec has proposed – the customer is incentivized to operate at or near its summer or winter peak, regardless of the amount of capacity the utility has reserved for it.
- (61) Appendix A provides a breakdown of application thresholds, contract term commitments, minimum power charges, exit fees, and capacity reduction provisions approved or pending in other utility jurisdictions.
- (62) Considering the foregoing, certain large customer tariff provisions and designs have emerged as industry-standard customer safeguards across jurisdictions with varied customer bases and regulatory environments. Significant deviation from these standards risks exposing customers and utilities to

⁶⁵ Final Order in Virginia State Corporation Commission Case No. PUR-2025-00058, issued November 25, 2025.

⁶⁶ Order Approving Tariffs, Creating the Very Large Customer Class, and Establishing Other Requirements in Minnesota Public Utilities Commission Docket No. E-002/M-25-289, issued June 12, 2026.

undue risks and, as such, we recommend that the Régie require a general rate case to determine the appropriate tariff provisions and rates applicable to existing and new data center customers.

V. The Proposed CD Tariff Will Not Meet the Requirements of Decree 89-2026

- (63) The stated intention of the proposed CD Tariff is to mitigate the rate impacts that data centers' electric service requests have on the rest of Hydro-Québec's customer base under an approach that is consistent with those of other North American jurisdictions.⁶⁷ The tariff will likely serve as a central component of Hydro-Québec's ability to achieve these objectives, as Hydro-Québec explains that the existing ministerial approval process is insufficient to mitigate such cost impacts.⁶⁸ Its structure should therefore be expected to yield a reasonable rate from data center customers while administering transparent and equitable terms of service.
- (64) Hydro-Québec's proposal rightly contains certain elements that have been identified as effective safeguards against cost shifting and that provide clarity to customers taking service under the tariff. The proposal delineates which customers the tariff will apply to, provides the rates that customers will pay for their energy use, provides that customers are subject to a 10-year ramp-up period, and provides the rates that will apply to energy use and power demand that significantly deviates from the committed ramp-up schedule.⁶⁹ The proposal additionally contains a minimum billing power provision that promotes a level of revenue security.⁷⁰
- (65) However, the proposed CD Tariff framework does not adhere to standard utility ratemaking principles, and would fail to achieve the objectives established in Decree 89-2026.

The CD Tariff Charges Existing Customers for Avoided Energy and Power Costs

- (66) The CD Tariff applies to data centers that currently take service under Hydro-Québec's M and LG Tariffs.⁷¹ These existing customers will be converted to the CD Tariff should their authorized maximum power levels reach 5 MW and will therefore be subject to the CD Rate structure, which is predicated on Hydro-Québec's avoided energy and power costs.⁷² Rates for these customers will

⁶⁷ Response to Régie RFI 1, Question 1.1 and HQD-1, Document 1.1, page 3, line 33.

⁶⁸ Response to Régie RFI 1, Question 1.1.

⁶⁹ HQD-1, Document 1.1, Section 2.1, 2.2, and 2.3.

⁷⁰ HQD-2, Document 1.1, page 3.

⁷¹ HQD-1, Document 1.1, page 5, line 36.

⁷² HQD-1, Document 1.1, Section 2.4 provides transitional rate schedule for customers that become eligible for the CD Tariff on November 1, 2026 but were allocated energy blocks prior to 2026. The schedule is applies a discount to the CD rate and phases out over a 5-year period.

increase upon CD Tariff implementation and may increase further should Hydro-Québec's avoided costs increase in the future.⁷³

- (67) Generally accepted utility rate design principles provide that customers should pay for their representative share of system assets, regardless of what prompted the utility to procure them. The data center industry's outsized growth profile has led some jurisdictions to revisit this principle and to assign incremental costs entirely to new large loads even when the underlying assets benefit the broader system. This is due to the notion that new large customers may require incremental investments that are more expensive than the average cost of the utility's embedded assets. However, existing customers, that are already integrated into a utility's network, do not necessarily require incremental investments to the same degree as entirely new customers requesting future service. Nevertheless, Hydro-Québec proposes to charge these existing, embedded customers at rates consistent with a scenario in which every increment of existing customer demand will require new investments.

The Unused Power Premium and the Excess Energy Charge Do Not Reflect Incremental Costs Associated with Unused Capacity or Excess Energy Use

- (68) The Unused Power Premium is derived by converting the CD rates for energy and power into an all-in kWh rate based on an assumed 95% load factor.⁷⁴ The CD energy and power rates are functions of Hydro-Québec's estimated long-term avoided costs for energy and power based on offers for firm capacity that Hydro-Québec accepted in prior tenders.⁷⁵
- (69) The Excess Energy Charge is calculated as double the CD rate for energy.⁷⁶
- (70) While the Unused Power Premium is presented as a function of Hydro-Québec's avoided energy and power costs, Hydro-Québec did not provide evidence that a customer failing to meet its committed ramp-up necessarily causes Hydro-Québec to incur costs equal to the costs of procuring new energy and capacity supplies. Likewise, the Excess Energy Charge is presented as a function of Hydro-Québec's avoided energy costs, though Hydro-Québec did not provide evidence that energy use in excess of a customer's committed ramp-up necessarily causes Hydro-Québec to incur immediate costs equal to the cost of procuring new energy supplies.

⁷³ HQD-1, Document 1.1, Table 2 and Response to CER RFI 1, Question 14.4.

⁷⁴ Response to Régie RFI 1, Question 5.1.

⁷⁵ HQD-1, Document 1.1, page 7, lines 6 – 10.

⁷⁶ HQD-1, Document 1.1, page 7, line 20.

- (71) Both the Unused Power Premium and the Excess Energy Charge serve as financial incentives to encourage specific customer behaviors.⁷⁷ They are not reflective of costs incurred specifically as a result of unused capacity or excess energy use and therefore violate standard ratemaking principles.

The CD Tariff Lacks Specificity Around Key Mechanisms

- (72) A notable benefit of large customer tariffs is that they introduce a set of known, predictable service terms around which customers and utilities can project costs and revenues and can plan investments and operations. To recognize this benefit, the tariff must clearly and completely provide the mechanics of each provision to eliminate ambiguities leading to settlements outside of the tariff approval process and to ensure that customers are aware of the full suite of conditions to which they are obligated.
- (73) Hydro-Québec's HQD-2, Document 1.1 contains the proposed text for the new data center tariff.⁷⁸ Absent from the document is language concerning:
- When a customer may terminate service;
 - Whether terminating service triggers financial obligations and whether such obligations are impacted by the timing of the customer's exit relative to other commitments to which the customer has agreed;
 - Whether such financial obligations are influenced by the characteristics of a customer's ramp-up schedule;
 - The relationship between a customer's committed ramp-up schedule and the customer's ability to terminate service;
 - Whether customers are permitted to commit to ramp-up schedules that are shorter than 10 years;
 - The Excess Energy Charge;
 - The cadence with which Hydro-Québec will determine if a customer has incurred an Unused Capacity Charge and with which Hydro-Québec will bill customers for incurred premiums;
 - How Hydro-Québec will determine a customer's "usual consumption profile" for purposes of determining a customer's maximum power demand;
 - Precisely how each analytical element of Energy Block Allocation process will be conducted, whether any guiding information will be provided to the customer in the event that the

⁷⁷ HQD-1, Document 1.1, page 8, lines 6 – 11.

⁷⁸ Hydro-Québec's Application to Set CD and CD Rates – R-4333-2026, page 4. Hydro-Québec requests that the Régie "set the CD rate as described in Hydro-Québec's evidence in accordance with the text proposed in Exhibit HQD-2, Document 1.1."

government refuses the project, details governing the process of determining whether a project is developed in accordance with the terms of its authorization, and details governing the process for revising or revoking authorization;⁷⁹

- Whether rates will be continually adjusted to reflect evolving avoided cost signals, how Hydro-Québec will identify when it is prudent to apply such an adjustment, how Hydro-Québec will determine which tenders to use as the basis for adjustments, or whether rate adjustments will be administered under a different methodology altogether.

- (74) In some cases, such information is provided in Hydro-Québec's Conditions of Service, though the proposed CD Tariff text does not direct customers to the Conditions of Service. In other instances, information is solely contained in Hydro-Québec's responses to intervenor interrogatories.
- (75) In light of the above, we submit that the lack of specificity around central tariff provisions violates the "simplicity" and "understandability" that characterize a sound rate structure.⁸⁰

The CD Tariff Poses Double Penalty Risks

- (76) The proposal structure allows for multiple penalties to apply to the same increment of unused capacity.⁸¹ The Unused Power Premium triggers when power demand in a given consumption period is less than 60% of that specified in the customer's ramp-up commitment, and the customer's power demand at no time during the previous 12 months reached 60% of its committed ramp-up. The minimum billing power provision triggers when power demand in a given month is less than 75% of the customer's monthly peak power demand across the previous period December to March. Consumption in a given month will trigger both provisions should all three criteria be met.

The CD Tariff Does Not Provide a Reserved Power Adjustment Mechanism

- (77) Hydro-Québec's proposal does not include a provision that would allow a customer to modify its annual predicted power once it has been established.⁸² Ramp-up commitments are necessarily derivatives of energy use forecasts that are based on uncertain factors including economic, political, and regulatory conditions – all of which are prone to change across a customer's subscription. Allocating reservations of limited capacity supplies without the ability to adjust the reservations based on customers' actual needs can limit access for new customers and may trigger significant network

⁷⁹ The webpage provided in Response to AHQ-ARQ RFI 1, Question 4.4 enumerates the evaluation criteria but does not detail how the evaluations will be conducted.

⁸⁰ Bonbright (1961), "Principles of Public Utilities Rates", available to download at <https://www.raponline.org/knowledge-center/principles-of-public-utility-rates/>. See electronic 155, page 291.

⁸¹ Response to Google RFI 1, Question 1.7.1.

⁸² Response to Google RFI 1, Question 4.1.5.

investments that could have otherwise been avoided or postponed.⁸³ Hydro-Québec’s proposed unused Power Distribution Allowance (“PDA”) premium for the LG Tariff provided that a customer should retain the ability to initiate a review of its PDA, and that Hydro-Québec should retain an obligation, based on reasonable commercial efforts, to release the customer’s unused capacity.⁸⁴ The proposed CD Tariff contains no such allowance or obligation.

- (78) Considering the above, we submit that a tariff structure which does not allow for reserved power adjustments fails to recognize the efficiency and cost benefits gained by reallocating unused capacity to more prudent uses as well as the inefficiencies resulting from locking customers into commitments for capacity which they may not use.
- (79) A CD Tariff mechanism should provide reasonable opportunities for customers to release unneeded capacity if it can be used by others. If Hydro-Québec has not yet undertaken incremental investments to meet a project ramp service level, a CD Tariff customer should be allowed to reduce its capacity reservation subject to defined limits – such as the lesser of 10% or 50 MW each year.

The Unused Power Premium and the Minimum Billing Power Provision Enable Customers to Sit on Unused Capacity Without Penalty

- (80) The Unused Power Premium triggers when a customer’s largest actual power demand in each of the prior 12 consecutive consumption periods is less than 60% of the predicted power schedule provided by the customer’s ramp-up commitment. The premium does not apply when a customer’s largest actual power demand in each of the prior 12 consecutive consumption periods merely reaches 60% of its ramp-up commitment. Moreover, the premium does not apply to a customer that reaches 60% of its predicted ramp-up schedule in just 1 of the prior 12 consumption periods, regardless of the customer’s actual power demands in the other 11 consumption periods.
- (81) The Minimum Billing Power provision provides that a customer’s power-related charges will be billed using a minimum application of 75% of the maximum power drawn between December and March of the previous winter, regardless of the customer’s actual power demand in a given month.⁸⁵ The provision therefore does not apply when 75% of a customer’s largest winter power demand is less than its maximum power calls across the spring, summer, and fall consumption periods, regardless of how those power calls compare to the customer’s committed ramp-up.
- (82) These structures enable a customer to avoid both provisions over a 12-month period so long as a it reaches 60% of its predicted maximum power demand in a single consumption period and each periods’ maximum power calls are at least 75% of its largest winter-period power call. Consider a

⁸³ HQD-2, Document 2.1, Section 5.2.2 in Docket No. R-4270-2024.

⁸⁴ HQD-2, Document 2.1, Section 5.2.4 in Docket No. R-4270-2024.

⁸⁵ Response to Google RFI 1, Question 1.7.1.

customer whose ramp-up commitment is held static at 100 MW between December 2025 and November 2026, and that the customer's largest maximum power call across the winter periods occurs in December at 60 MW. The customer's Minimum Billing Power through November is 45 MW, meaning the customer may operate at a 45 MW maximum power level between April and November without meaningful application of the Minimum Billing Power provision. Additionally, the customer is protected from incurring Unused Power Premium charges through November, because it achieved 60% of its ramp-up commitment in December.

- (83) In a simpler scenario, a customer that operates at 60% of its committed ramp-up throughout its entire subscription is protected from both provisions, though 40% of its reserved capacity is unused and is unavailable to Hydro-Québec and other customers.
- (84) The CD Tariff design allows for significant deviations from customers' capacity reservation without associated penalties, thereby limiting payments to Hydro-Québec and preventing efficient use of the unused capacity by other customers in perpetuity.

VI. Summary of Recommendations

- (85) Google's recommendations are as follows:
- (86) That the Régie reject Hydro-Québec's proposed CD Tariff and require Hydro-Québec to develop properly-support rates, terms, and conditions for data centers that meet the requirements of Decree 89-2026 while providing just and reasonable rates for existing and new data center customers.
- (87) That Hydro-Québec establish separate rates for existing customers and for new CD customers. Existing customers should be allowed to remain on the LG tariff until a general rate case can establish appropriate cost-based rates for a) existing customers in the data center category currently taking service under the LG tariff, b) new data center customers that would take service under a CD Tariff, and c) other existing and new large load customers.
- (88) That CD Tariff customers should be allowed to request modifications of the project ramp schedule if Hydro-Québec has not yet undertaken incremental investments to meet it.

Appendix A

Table 1: Large Load Tariff Elements by Utility

Utility	Status	Applicability Threshold	Contract Term Length	Minimum Demand Charges	Exit Fees	Contract Capacity Reductions
AEP Ohio	Approved	≥ 25 MW	8 years + optional load ramp (4 years)	Scaling approach: 60% of contract demand at 25 MW; up to 85% for 75 MW+ 60%-85% of contract demand	After year 5, customer may terminate by paying an exit fee equal to 36 months of minimum charges ("MDC")	No reductions
Indiana Michigan Power	Approved	≥ 70 MW single site; ≥ 150 MW aggregated	12 years + optional 5 year load ramp	80% of contract capacity	After year 5 and with 42 months' notice, exit fee equal to value of remaining minimum charges up to 5 years	20% penalty free
Ameren Missouri	Approved	≥ 75 MW	12 years + optional 5 year load ramp	80% of contract capacity	5 years' worth of MDCs	20% penalty free; additional reductions subject to reduction fee
Evergy Kansas	Approved	≥ 75 MW	12 years + optional 5 year load ramp	80% of contract capacity	36-month notice required. Exit fee equal to sum of remaining minimum-bill obligations or 12 months, whichever greater	25 MW or 10%, whichever lesser, penalty free; additional reductions subject to reduction fee
Evergy Missouri	Approved	≥ 75 MW	12 years + optional 5 year load ramp	80% of contract capacity	36-month notice required. Exit fee equal to sum of remaining minimum-bill obligations or 12 months, whichever greater	25 MW or 10%, whichever lesser, penalty free; additional reductions subject to reduction fee
Appalachian Power Company (West Virginia)	Approved	≥ 100 MW at a single site; ≥ 150 MW aggregated	12 years + 5 year optional load ramp	80% of contract capacity	MDCs through remainder of contract period, up to 5 years and accounting for capacity reduction	20% penalty free after 5 years with 42 months' notice
Appalachian Power Company (Virginia)	Approved	≥ 100 MW at a single site; ≥ 150 MW aggregated	14 years, inclusive of 4 year load ramp	80% of contract capacity	MDCs through remainder of contract period, up to 5 years and accounting for capacity reduction	20% penalty free after 5 years with 42 months' notice

Appendix A

Utility	Status	Applicability Threshold	Contract Term Length	Minimum Demand Charges	Exit Fees	Contract Capacity Reductions
Dominion Energy Virginia	Approved	≥ 25 MW	14 years, inclusive of 4 year load ramp	85% transmission and distribution; 60% generation	MDC through remainder of contract period	20% penalty free; additional 30% contingent on replacement customer
Florida Power & Light	Approved	≥ 50 MW single site	20 years, inclusive of ramp	70% of contract demand	Exit fee equals the NPV of remaining Incremental Generation Charges for the remainder of contract term	
Kentucky Power	Approved	≥ 150 MW	20 years	90% of contract demand	5 years' worth of MDCs	
Xcel Minnesota	Approved	≥ 100 MW	15 years, inclusive of up to 5 year load ramp	80% of demand charges	80% of demand charges for remainder of contract period	
Portland General Electric	Approved	≥ 20 MW	10-30 years, scaling on customer size	90% transmission and generation	Remaining MDCs	
Xcel Colorado	Pending	≥ 50 MW	15 years	80% of contract capacity	24 month notice; MDC through end of remainder of contract period	
PacifiCorp Schedule 401	Pending	≥ 20 MW	10-30 years, individually negotiated	Individually negotiated	Individually negotiated	