



PGPZ Statement Opposing a One-Size-Fits-All Approach to Large Electricity Loads in Texas

We are concerned that recent and proposed changes to Texas electricity policy fail to distinguish between conventional data centers and cryptocurrency mining facilities that can function as highly flexible, rapidly curtailable electricity loads.

Texas Senate Bill 6¹ and the Public Utility Commission of Texas's (PUC) implementing proceedings² impose significant new obligations on large electricity users. These include responsibility for certain interconnection costs, transmission-screening fees, financial commitments supporting transmission construction, operational disclosures, and mandatory curtailment capabilities. A separate proposal in PUC Project No. 58000 would replace Texas's four-coincident-peak transmission-cost methodology with a twelve-coincident-peak methodology and establish new large-load customer tariffs.³

PGPZ does not oppose protecting residential ratepayers from stranded infrastructure costs. Large customers should make credible commitments before utilities construct facilities specifically for their use, and customers should bear reasonable costs that they demonstrably cause. But Texas should not impose a one-size-fits-all regulatory framework that treats every megawatt of large-load demand as presenting the same cost and reliability profile.

Proof-of-work cryptocurrency mining, including Zcash mining, is fundamentally different from many artificial-intelligence, cloud-computing, and enterprise data centers. An individual mining facility can reduce or suspend its electricity consumption rapidly, without interrupting a hospital, telecommunications network, financial institution, or other critical service. Mining equipment can resume operation when grid conditions improve, making mining facilities particularly well suited for demand response and other reliability programs.

ERCOT has expressly recognized this capability. Its voluntary curtailment program identifies bitcoin mining facilities as an example of large flexible customers that can reduce consumption during periods of high demand.⁴ ERCOT is also implementing systems through which its operators can identify when large-load curtailment is needed, issue instructions, and monitor performance in real time.⁵

¹ S.B. 6, 89th Leg., Reg. Sess. (Tex. 2025),

<https://capitol.texas.gov/BillLookup/history.aspx?LegSess=89R&Bill=SB6>.

² Letter Regarding Actions to Support Grid Reliability and Large Electric Consumers, Project No. 58317, Pub. Util. Comm'n of Tex. (July 20, 2026),

https://interchange.puc.texas.gov/Documents/58317_18_1666954.PDF.

³ Staff Memorandum and Proposal for Publication, Project No. 58000, Pub. Util. Comm'n of Tex. (June 11, 2026), https://interchange.puc.texas.gov/Documents/58000_3_1655786.PDF.

⁴ Press Release, Elec. Reliability Council of Tex., ERCOT Creates Voluntary Curtailment Program for Large Flexible Customers During Peak Demand (Dec. 6, 2022),

<https://www.ercot.com/news/release/2022-12-06-ercot-creates-voluntary>.

⁵ Letter Regarding Actions to Support Grid Reliability and Large Electric Consumers, Project No. 58317, Pub. Util. Comm'n of Tex. (July 20, 2026),

https://interchange.puc.texas.gov/Documents/58317_18_1666954.PDF.

A tariff that charges a facility based largely on its maximum consumption, while inadequately recognizing when and how reliably that facility curtails, risks eliminating the very economic incentive that encourages flexible loads to reduce demand during grid stress. It could also discourage miners from participating in ERCOT programs, responding voluntarily to wholesale prices, or locating in areas where additional flexible demand would be beneficial.

Cryptocurrency mining facilities can provide additional economic and energy-system benefits when appropriately located and operated. Because mining computation is comparatively portable and location-flexible, facilities can locate near generation assets rather than exclusively near major population centers. They can purchase power during periods of low demand, improve the economics of generation that would otherwise be curtailed or underutilized, and, in appropriate circumstances, monetize stranded natural gas that would otherwise be flared.

Mining projects can also bring private capital to rural communities, create construction and skilled electrical work, purchase services from local contractors, provide lease revenue to landowners, expand local property and sales tax bases, and create ongoing positions in operations, maintenance, security, cooling, and facility management. The Texas Comptroller has previously documented the positive economic effect that a major cryptocurrency mining operation can have on a community such as Rockdale.⁶

PGPZ therefore urges Texas policymakers and the PUCT to revise the state's approach in several respects:

First, Texas should establish a performance-based category for verified flexible loads. Eligibility should depend on measurable characteristics, including response time, amount of load available for curtailment, duration, communications capability, and demonstrated compliance, rather than on an operator's industry label.

Second, transmission tariffs should provide meaningful credit for verified curtailment during system peaks and reliability events. A customer that reliably removes most of its demand when the grid is constrained should not bear the same systemwide transmission allocation as a similarly sized customer that requires uninterrupted service.

Third, project-specific interconnection costs should be directly assigned after a transparent study shows that the facilities are necessary to serve the customer. Regulators should prevent utilities from recovering the same costs through both direct contributions and ongoing transmission charges.

Fourth, existing projects and projects that have already made substantial investments should receive reasonable transition protections. Retroactively changing the economics of facilities built in reliance on Texas's established competitive electricity market would undermine confidence in the state as a destination for long-term infrastructure investment.

⁶ David Green & Siddhartha Kazi, *Cryptocurrency in Texas – Opportunities and Challenges in Mining Digital Coins*, Fiscal Notes (Aug. 2022), <https://comptroller.texas.gov/economy/fiscal-notes/archive/2022/aug/crypto-tx.php>.

Finally, Texas should preserve the ability of flexible loads to participate in ERCOT demand-response and ancillary-service programs and to respond voluntarily to market prices. Regulation should reward—not penalize—customers that can demonstrably reduce pressure on the grid.

Texas can protect ratepayers and maintain reliability without driving flexible digital infrastructure out of the state. The appropriate policy is not to treat proof-of-work mining facilities as indistinguishable from every other data center. It is to require credible commitments, measure actual grid performance, allocate costs according to cost causation, and recognize the substantial value that genuinely flexible loads can provide.

PGPZ urges the PUCT to adopt a more precise, technology-neutral, and performance-based framework before finalizing the pending transmission-cost and large-load tariff rules.