

Alert | Energy & Natural Resources/ Digital Infrastructure



March 2026

Texas Senate Bill 6 Update: What Data Centers and Large Load Customers Should Know About Proposed Interconnection Standards

On March 12, 2026, the Public Utility Commission of Texas (PUCT) voted to publish draft rule 16 Texas Administrative Code (TAC) §25.194, which will implement Texas SB 6's requirement that the Commission create interconnection standards for new loads of 75 MW or greater.

The draft rule would impose substantial financial obligations and disclosure requirements on data centers and other large load customers that are intended to mitigate the risk of stranded transmission infrastructure and improve ERCOT (Electric Reliability Council of Texas) system planning. While the draft rule contains many features in line with SB 6's salutary goals of "support[ing] business development in this state while minimizing the potential for stranded infrastructure costs and maintaining system reliability," there are elements that have engendered concerns from affected customers as well as transmission and distribution providers. For example, the draft rule would require:

- A non-refundable interconnection fee of \$50,000/MW in addition to multiple, substantial financial security requirements, interconnection study fees, and up-front payment of all direct interconnection costs;

- Posting financial security of \$50,000/MW as a prerequisite to an interconnection study, where approximately 80% would be forfeited to the transmission and distribution utility (TDU) if the customer decides to reduce or forego a project;
- Potentially significant financial penalties for load ramp delays.
- For TDUs, the required application of interconnection fees and forfeited financial security as an offset to rate base would result in a potentially significant loss of earnings.

At the March 12 Open Meeting, the Commissioners emphasized that the rule is only in draft form and encouraged affected companies to weigh in. Comments are due April 17, 2026.

This GT Alert summarizes the key provisions of the draft rule and highlights important considerations for data centers and other large load customers.

Applicability: Which Data Centers and Large Loads Would Be Affected by the Proposed Texas Interconnection Standards?

The rules would apply to any data center or large load project that:

- Seeks a new interconnection of 75 MW or more,
- Expands to reach 75 MW for the first time, or
- Adds 75 MW or more of additional load above an existing 75-MW interconnection.

Key Requirements for Large Load Interconnection Under the Proposed Texas Rule

Pre-Study Obligations: What Data Centers Would Need to Do Before an ERCOT Interconnection Study

Before ERCOT begins an interconnection study, the customer would be required to execute an intermediate agreement with the transmission provider and in some cases, the distribution provider. This agreement would include:

- Demonstration of site control through a deed, purchase option, or lease, with the lease extending at least five years beyond the contracted peak demand date.
- Disclosure of parallel or similar interconnection requests by the same company or affiliates.
- Submission of detailed site-related studies (e.g., geotechnical, water, gas), with quarterly updates.
- Disclosure of state and local permitting progress, including air permits for backup generators.
- A detailed energization schedule, including MW, MW-reactive, and power factor data.
- Disclosure of backup generation (fuel source, run-hour limits, ramp-time to full output) and any co-located generation.
- Study Fees: \$100,000 for projects between 75-250 MW; \$300,000 for projects over 250 MW, plus actual study costs exceeding these amounts.
- Financial Security: Customers would need to post \$50,000/MW of requested load as financial security as cash, letter of credit, or investment-grade guaranty (a 1 GW data center would need to post \$50 million).

Post-Study Requirements: Interconnection Agreement and Upfront Costs

Within 30 days of ERCOT study completion, the customer would be required to execute an interconnection agreement or face cancellation. Key financial obligations at this stage would include:

- Non-Refundable Interconnection Fee: \$50,000/MW of contracted peak demand.
- Contribution in Aid of Construction (CIAC): Customers would pay 100% of all direct interconnection costs, including radial lines and substations, without credit for projected usage.
- Security for System Upgrades: Additional security would be required for necessary transmission upgrades.

Consequences of Delays, Non-Utilization, or Withdrawal

- Withdrawal of Load Request: If a customer withdraws its interconnection request (in whole or in part), the utility would draw down the posted security to cover unrecoverable costs. Of the remaining security, 20% would be refunded to the customer and 80% applied to the transmission service provider's rate base.
- Non-Utilized Capacity: If a customer fails to meet a milestone by six months, the same 20%/80% split would apply.
- Refund for Successful Energization: Upon energization and meeting milestones, the customer would receive 20% of the remaining security ratably, with the balance refunded after five years of sustained operations at contracted demand.

Next Steps and Comment Period

Stakeholders, including transmission and distribution providers and data centers and other large load customers, should review the draft rule closely and consider submitting comments. The comment deadline is April 17, 2026.

Author

This GT Alert was prepared by:

- **Michael A. Boldt** | +1 512.692.1512 | Michael.Boldt@gtlaw.com

Abu Dhabi[†]. Albany. Amsterdam. Aspen. Atlanta. Austin. Berlin[†]. Boston. Charlotte. Chicago. Dallas. Delaware. Denver. Dubai[†]. Fort Lauderdale. Houston. Las Vegas. London[†]. Long Island. Los Angeles. Mexico City[†]. Miami. Milan[†]. Minneapolis. Munich[†]. New Jersey. New York. Northern Virginia. Orange County. Orlando. Philadelphia. Phoenix. Portland. Riyadh[†]. Sacramento. Salt Lake City. San Diego. San Francisco. São Paulo[†]. Seoul[†]. Shanghai. Silicon Valley. Singapore[†]. Tallahassee. Tampa. Tel Aviv[†]. Tokyo[†]. Warsaw[†]. Washington, D.C. West Palm Beach. Westchester County.

This Greenberg Traurig Alert is issued for informational purposes only and is not intended to be construed or used as general legal advice nor as a solicitation of any type. Please contact the author(s) or your Greenberg Traurig contact if you have questions regarding the currency of this information. The hiring of a lawyer is an important decision. Before you decide, ask for written information about the lawyer's legal qualifications and experience. Greenberg Traurig is a service mark and trade name of Greenberg Traurig, LLP and Greenberg Traurig, P.A. [†]Greenberg Traurig's Abu Dhabi office is a branch of Greenberg Traurig, P.A., which is registered with the Abu Dhabi Global Market Registration Authority (Registration No. 29906) and licensed to carry out legal services and regulated as a DNFBP by the ADGM Financial Services Regulatory Authority. [†]Greenberg Traurig's Berlin and Munich offices are operated by Greenberg Traurig Germany, LLP, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. [†]Greenberg Traurig's Dubai office is operated by Greenberg Traurig Limited, a company registered in the Dubai International Financial Centre (Registration No.

CL7238), regulated as a DNFBP by the Dubai Financial Services Authority and licensed by The Government of Dubai Legal Affairs Department. *Operates as a separate UK registered legal entity. +Greenberg Traurig's Mexico City office is operated by Greenberg Traurig, S.C., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. »Greenberg Traurig's Milan office is operated by Greenberg Traurig Studio Legal Associato, an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. «Greenberg Traurig operates in the Kingdom of Saudi Arabia through Greenberg Traurig Khalid Al-Thebity Law Firm, a professional limited liability company, licensed to practice law by the Ministry of Justice. ›Greenberg Traurig's São Paulo office is operated by Greenberg Traurig Brazil Consultores em Direito Estrangeiro – Direito Estadunidense, incorporated in Brazil as a foreign legal consulting firm. Attorneys in the São Paulo office do not practice Brazilian law. ∞Operates as Greenberg Traurig LLP Foreign Legal Consultant Office. ºGreenberg Traurig's Singapore office is operated by Greenberg Traurig Singapore LLP which is licensed as a foreign law practice in Singapore. ^Greenberg Traurig's Tel Aviv office is a branch of Greenberg Traurig, P.A., Florida, USA. ¯Greenberg Traurig's Tokyo Office is operated by GT Tokyo Horitsu Jimusho and Greenberg Traurig Gaikokuhojimubengoshi Jimusho, affiliates of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ~Greenberg Traurig's Warsaw office is operated by GREENBERG TRAUIG Nowakowska-Zimoch Wysokiński sp.k., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. Certain partners in GREENBERG TRAUIG Nowakowska-Zimoch Wysokiński sp.k. are also shareholders in Greenberg Traurig, P.A. Images in this advertisement do not depict Greenberg Traurig attorneys, clients, staff or facilities. No aspect of this advertisement has been approved by the Supreme Court of New Jersey. ©2026 Greenberg Traurig, LLP. All rights reserved.