

SB270 INTRODUCED



1 SB270

2 YMZ7MN2-1

3 By Senator Bell

4 RFD: Fiscal Responsibility and Economic Development

5 First Read: 05-Feb-26



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4 SYNOPSIS:

5 Under existing law, the Public Service
6 Commission reviews retail electric service contracts
7 between utilities and large load customers. The
8 commission approves these contracts if the commission
9 finds that the contracts are in the public interest.

10 This bill would provide that when the commission
11 is making the determination that a contract between a
12 utility and a large load data center is in the public
13 interest, the commission must take into account certain
14 considerations, including that the contract will
15 provide for the recovery from the data center of
16 incremental costs that are attributable to the data
17 center and that the contract will promote positive
18 benefits for other utility customers.

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21 A BILL

22 TO BE ENTITLED

23 AN ACT

24

25 Relating to utilities; to add Section 37-4-22.1 to the
26 Code of Alabama 1975; to provide specific considerations for
27 the Public Service Commission's review and approval of retail
28 electric service contracts between a utility and a large load

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29 data center, including determining that such contracts provide
30 for the recovery of incremental costs and promote other
31 positive benefits.

32 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

33 Section 1. Section 37-4-22.1 is added to the Code of
34 Alabama 1975, to read as follows:

35 §37-4-22.1

36 (a) For purposes of this section, the following terms
37 have the following meanings:

38 (1) INCREMENTAL COSTS OF RETAIL ELECTRIC SERVICE. The
39 additional costs associated with the generation, transmission,
40 distribution, sale, or furnishing of electricity to a large
41 load data center customer, including fuel costs and taxes,
42 which the utility would not incur but for the large load data
43 center customer contract.

44 (2) LARGE LOAD DATA CENTER. A customer of the utility
45 which has executed a contract for retail electric service with
46 the utility which requires the utility to serve an electric
47 load of at least 150 megawatts and meets the definition of a
48 data processing center as defined in Section 40-9B-3.

49 (3) TERMS AND CONDITIONS. The provisions in a contract
50 for service between a customer and utility which address
51 matters such as minimum term for contract length, upfront
52 payments, security and collateral, and minimum payment.

53 (b) Consistent with the commission's authority under
54 Title 37 generally and Section 37-4-22 specifically, a
55 contract for retail electric service between a utility and a
56 person that qualifies as a large load data center is

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57 consistent with the public interest where the commission
58 determines that the contract pricing and contract terms and
59 conditions over the contract term will:

60 (1) Provide for the recovery of the incremental costs
61 of retail electric service to the large load data center
62 customer's premises from the large load data center customer;
63 and

64 (2) Promote positive benefits to all other retail
65 electric customers of the utility.

66 (c) The determination of whether a contract between a
67 large load data center and a utility promotes positive
68 benefits under subdivision (b) (2) includes considerations such
69 as:

70 (1) Whether the pricing and terms and conditions of the
71 contract could lower costs for other customers of the utility;

72 (2) Whether the large load data center customer is
73 expected to increase the efficiency of the utility's power
74 system; and

75 (3) Whether the large load data center customer
76 promotes or contributes to economic growth in the community
77 where the premises of the large load data center customer is
78 located.

79 Section 2. This act shall become effective on October
80 1, 2026.