CEBA

# Powering Progress: The Critical Role of Clean Energy Tariffs

UTILITY FACT SHEET

## Introduction

As utilities face rising peak demand and shrinking reserve margins, there is growing interest and opportunity in mechanisms that allow customers to help bring new clean energy capacity onto the grid — without shifting costs to other ratepayers. Clean energy tariffs respond to this moment. These programs allow large customers to identify and fund specific clean or clean firm resources — including advanced geothermal, nuclear, long-duration storage, renewables with storage, and hydropower — that are integrated into the utility system and contribute to overall capacity and reliability. Importantly, they do so within existing regulatory frameworks, pairing customer-driven investment with strong ratepayer protections.



**Clean energy tariffs are vital to meeting the intersecting challenges of load growth, affordability, and reliability.**



**Well-designed tariffs enable customer-driven clean energy investment while protecting ratepayers and strengthening the grid.**

## Key Takeaways

1. **Clean energy tariffs are evolving — but share common design principles.** While program structures vary (standalone special contracts, riders to large load tariffs, or companions to existing rates), durable designs consistently:
   - Allocate associated costs exclusively to participating customers;
   - Embed capacity value, not just energy and renewable energy certificates into rate structures; and
   - Provide long-term revenue certainty necessary for capital-intensive, clean firm resources.
2. **Large load tariffs and clean energy tariffs are increasingly linked.** New state-mandated, large load tariffs establish minimum demand charges, collateral requirements, and long contract terms to protect ratepayers. Clean energy tariffs often build on these foundations, giving customers a pathway to pair load growth with new capacity, improving system economics rather than exacerbating them.
3. **Early collaboration produces better, more durable outcomes.** Early, good-faith engagement between customers, utilities, and regulators leads to more workable, scalable designs. Customers contribute market intelligence, risk absorption, and insights from other jurisdictions; utilities provide system, rate, and regulatory expertise. Trust built early helps to ensure workable programs that deliver broader electricity system benefits and safeguard other ratepayers.
4. **Bilateral agreements are shaping tomorrow's tariffs.** Many hyperscaler agreements — across nuclear, geothermal, long-duration storage, and hydro — are proof points but not end states. They demonstrate how customer-driven investment can de-risk emerging technologies and could help inform considerations in developing tariff structures that enable participation by a broader base of large energy customers.
5. **Clean energy tariffs can strengthen local outcomes.** Beyond emissions reductions, these programs increasingly support economic development, local reliability, and grid modernization, especially when clean energy resources are sited near growing loads. Large customers help anchor investment in host communities while keeping shared infrastructure costs broadly distributed.

# Structures for Successful Clean Energy Tariffs

### Alignment with Utility Large Load Tariffs

Utility large load tariffs can include riders or be paired with complementary tariffs that allow customers to identify and pay for generation resources, which can accelerate the process for bringing new generation capacity online. Some clean energy tariffs are also accompanied by mechanisms that allow for investment in distributed energy resources and demand-side management resources, such as energy efficiency and aggregated behind-the-meter clean energy, as well as transmission (including advanced transmission technologies), which allows for greater grid optimization and benefits local communities.

**Clean energy tariffs that build on the foundation of large load tariffs give customers a pathway to pair large load growth with new capacity, improving system economics while protecting ratepayers.**

### Bilateral Customer-Utility Agreements

In addition to developing new tariffs, utilities continue to contract directly with large load customers and third-party developers to bring new clean and clean firm capacity online. Customer demand can be used to absorb early-stage risk and create proof points that enable utilities to bring new clean firm technologies to the system. If the project performs as expected, it could provide a replicable tariff model for other utilities and large load customers.

**Bilateral agreements illustrate that large load customers are not waiting for utility tariff structures to catch up with the pace of clean energy demand — they are actively creating the commercial frameworks that will shape those tariffs.**

## Common Design Principles Across Bilateral Agreements

Shared structural elements emerging from hyperscaler clean firm procurement

**01**

### Cost Ring-Fencing

Each agreement isolates project costs to the subscribing customer, insulating the broader ratepayer base from the financial risk of first-of-a-kind or capital-intensive clean firm projects.

**02**

### Long-Term Revenue Commitment

Contracts spanning decades provide the revenue certainty that developers and lenders require to finance assets with high upfront capital costs and extended construction or upgrade timelines.

**03**

### Seeding Broader Access

Bilateral structures are explicity designed as precursors to general-access tariffs, creating proof points that regulators can evaluate and extend to other customers and resource types.

**For more information, check out CEBA's clean energy tariffs resources.**