

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Potomac Energy Center LLC
Potomac Energy LLC

Docket No. EC25-46

Second Protest of Public Citizen, Inc.

We submit this second protest pursuant to the Commission's April 21 notice.¹

Congress instructs the Commission to only approve Section 203 transactions that are "consistent with the public interest".² Blackstone seeks to acquire an 800 MW power facility in a market where it simultaneously owns and controls significant data center load—but failed to disclose details of this data center control in both the application and as part of its Competitive Analysis Screen. Two recent data center load loss events in the same market as the Potomac Energy Center (in July 2024 and February 2025) underscore the potential anti-competitive and public interest issues that the Commission is bound by law and policy to address in this proceeding.

Blackstone's March 6 answer does not deny our contention that it controls and operates a large number of data centers in proximity to the Potomac Energy Center.³ But Blackstone has neither confirmed exactly which data centers it owns, nor stated the load size in megawatts of such facilities, let alone divulge whether it is in the process of building additional data center capacity in the region.

Both the Commission and the North American Electric Reliability Corporation (NERC) have raised significant concerns about the impact *voltage sensitive large loads*—such as data centers—have on disrupting power markets, and Blackstone's failure to disclose details of its control over data centers or include them in its Competitive Analysis Screen is a material omission.

On March 19, *Reuters* reported that PJM nearly experienced cascading power outages after 30% of the data centers in Virginia's data center alley went offline, with a

¹ https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20250421-3066

² 16 USC § 824b(4).

³ https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20250306-5257

NERC official noting that “As these data centers get bigger and consume more energy, the grid is not designed to withstand the loss of 1,500-megawatt data centers. At some level it becomes too large to withstand unless more grid resources are added,” with the incident resulting in NERC establishing a special task force to study the impact data centers have on the grid.⁴

This July 2024 incident was confirmed in the April 17 presentation of Mark Lauby, NERC’s Senior Vice President and Chief Engineer, who disclosed a second, even larger event in February 2025 involving 1800 MW of data center load in Virginia’s Loudoun and Fairfax counties.⁵ The NERC presentation supports our February 24 contention that Blackstone could utilize its control over data centers and the Potomac Energy Center in ways to disrupt regional energy markets in anti-competitive ways.

This Section 203 proceeding is the only appropriate venue for the Commission to address and resolve any anti-competitive or public interest issues involving Blackstone’s simultaneous control over a large power facility in the same market as where it controls data centers.

As we noted in this proceeding on March 7,⁶ 18 CFR § 2.26(b) provides the Commission the flexibility required to ensure Section 203 transactions are consistent with the public interest, allowing it to “consider other factors” in addition to those specified. Such additional factors would necessarily include an applicant’s control of data centers that consume disruptive amounts of electricity in the same exact market as a planned power plant acquisition.

Our request that joint applicants’ include a Competitive Analysis Screen of Blackstone’s control over large loads in the same market as a planned power plant acquisition cannot be construed as an effort to restrict capital investment to serve critical infrastructure needed to support data centers. That’s because this transaction does not feature Blackstone committing capital to add new generation capacity; rather the private equity firm is paying a premium to acquire an existing, financially viable

⁴ Tim McLaughlin, *Big Tech’s data center boom poses new risk to US grid operators*, www.reuters.com/technology/big-techs-data-center-boom-poses-new-risk-us-grid-operators-2025-03-19/

⁵ *NERC Activities and Plans to Address Reliability Impacts from Large Load Integration*, www.ferc.gov/news-events/news/presentation-nerc-seeks-address-reliability-impacts-large-load-integration

⁶ https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20250307-5026

asset. The 800 MW power plant subject to this application began in 2008 as the Stonewall facility proposed by a local Loudoun County firm (Green Energy Partners) that conducted early community engagement meetings and secured initial permits. In 2013, the private equity firm Panda Power obtained a majority stake funded primarily through \$571 million of debt financing, along with \$75 million in equity from Siemens Financial Services, with Ares Management providing an additional \$100 million credit facility to Panda in 2015. **The total cost to bring Panda Stonewall into commercial operation in 2017 was less than \$800 million.**⁷ Panda Power's overreliance on debt financing forced it into financial restructuring to avoid bankruptcy, with Ares Management assuming the project's debt in exchange for control over the facility in 2021, renaming it Potomac Energy Center.⁸ The fact that Blackstone is willing to pay **\$1 billion** for the facility that cost less than \$800 million to build may be an indication of the windfall profits the firm expects to earn operating in the same market in which it controls significant data center load, as the firm boasts on its website that "[a]s data center owners, we benefit from significant barriers to new supply."⁹

Requiring disclosure and market analysis of Blackstone's data center portfolio in PJM does not constitute a regulatory burden. Blackstone already publicly linked the Potomac Energy Center to "its unparalleled access to data centers in Virginia,"¹⁰ and Blackstone's counsel in this proceeding, Kirkland & Ellis, emphasized the link between the transaction and Blackstone's financial interest in data centers when the law firm wrote that the Potomac Energy Center acquisition "represents Blackstone's most recent investment in the power infrastructure supporting data centers and AI revolution."¹¹

Joint applicant's decision to conceal from the Commission Blackstone's control over significant data center load in the same market as the Potomac Energy Center is a material omission, and the application must be deemed deficient.

⁷ www.washingtonpost.com/business/capitalbusiness/bechtel-breaks-ground-on-advanced-electrical-generating-plant-in-va/2015/08/06/27ebfd54-3bb4-11e5-b3ac-8a79bc44e5e2_story.html

⁸ See FERC Docket No. EC21-99.

⁹ www.blackstone.com/insights/article/cutting-through-the-noise-the-long-term-case-for-data-centers/

¹⁰ www.reuters.com/business/energy/blackstone-buy-1-billion-virginia-power-plant-near-data-centers-2025-01-23/

¹¹ www.kirkland.com/news/press-release/2025/01/kirkland-represents-blackstone-on-acquisition-of-potomac-energy-center

Respectfully submitted,

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