

119TH CONGRESS
2D SESSION

S. 3585

To amend the Federal Power Act to exempt consumer-regulated electric utilities from Federal regulation, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 7, 2026

Mr. COTTON introduced the following bill; which was read twice and referred to the Committee on Energy and Natural Resources

A BILL

To amend the Federal Power Act to exempt consumer-regulated electric utilities from Federal regulation, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Decentralized Access
5 to Technology Alternatives Act of 2026” or the “DATA
6 Act of 2026”.

7 **SEC. 2. DEFINITIONS.**

8 In this Act:

9 (1) BULK-POWER SYSTEM.—The term “bulk-
10 power system” has the meaning given the term in

1 section 215(a) of the Federal Power Act (16 U.S.C.
2 824o(a)).

3 (2) CONSUMER-REGULATED ELECTRIC UTILITY;
4 CREU.—The term “consumer-regulated electric util-
5 ity” or “CREU” means an electric generation and
6 supply system that—

7 (A) is established—

8 (i) after the date of enactment of this
9 Act; and

10 (ii) exclusively for the purpose of serv-
11 ing new electric loads that were not pre-
12 viously served by any retail electricity sup-
13 plier;

14 (B) may own, construct, and operate facili-
15 ties necessary for generation, energy storage,
16 transmission, distribution, and the retail supply
17 of electricity;

18 (C) may sell electricity at retail to eligible
19 CREU customers, subject to the condition that
20 the system is physically islanded from—

21 (i) all regulated utilities;

22 (ii) the bulk-power system; and

23 (iii) the Bulk Electric System (as de-
24 fined by the Electric Reliability Organiza-
25 tion);

- 1 (D) engages in any combination of—
 2 (i) generating electricity;
 3 (ii) transmitting electricity;
 4 (iii) distributing electricity; or
 5 (iv) selling electricity at retail to con-
 6 sumers;
 7 (E) is not connected to the bulk-power sys-
 8 tem or any other electric transmission or dis-
 9 tribution system for primary or backup supply;
 10 and
 11 (F) operates independently of any public
 12 utility.

13 (3) ELECTRIC RELIABILITY ORGANIZATION.—
 14 The term “Electric Reliability Organization” has the
 15 meaning given the term in section 215(a) of the
 16 Federal Power Act (16 U.S.C. 824o(a)).

17 (4) ELIGIBLE CREU CUSTOMER.—The term “el-
 18 igible CREU customer” means any entity that—

- 19 (A) purchases electricity at retail from a
 20 consumer-regulated electric utility;
 21 (B) receives electric service exclusively
 22 through facilities owned, constructed, or oper-
 23 ated by consumer-regulated electric utilities;
 24 and

1 (C) is located within premises that are
2 physically islanded from—

3 (i) all regulated utilities;

4 (ii) the bulk-power system; and

5 (iii) the Bulk Electric System (as de-
6 fined by the Electric Reliability Organiza-
7 tion).

8 (5) RELIABILITY STANDARD.—The term “reli-
9 ability standard” has the meaning given the term in
10 section 215(a) of the Federal Power Act (16 U.S.C.
11 824o(a)).

12 **SEC. 3. FEDERAL POWER ACT EXEMPTION.**

13 A consumer-regulated electric utility—

14 (1) shall be exempt from regulation under the
15 Federal Power Act (16 U.S.C. 791a et seq.), includ-
16 ing with respect to—

17 (A) rate regulation;

18 (B) corporate or financial oversight;

19 (C) transmission or distribution regulation;

20 (D) reliability standards under section 215
21 of that Act (16 U.S.C. 824o);

22 (E) interconnection requirements;

23 (F) participation in regional transmission
24 planning or cost allocation; and

1 (G) merger, consolidation, acquisition, or
2 disposition approval under section 203 of that
3 Act (16 U.S.C. 824b);

4 (2) shall not be considered to be a public utility
5 for purposes of that Act;

6 (3) shall not be considered to be a part of—

7 (A) the bulk-power system; or

8 (B) the Bulk Electric System (as defined
9 by the Electric Reliability Organization); and

10 (4) shall not be required to register with the
11 Electric Reliability Organization or comply with reli-
12 ability standards, unless the consumer-regulated
13 electric utility voluntarily elects to connect to the
14 bulk-power system.

15 **SEC. 4. EXEMPTION OF NEW CREUS FROM FERC AND DOE**
16 **REGULATION.**

17 (a) IN GENERAL.—Notwithstanding any other provi-
18 sion of law, a consumer-regulated electric utility that be-
19 gins operations on or after the date of enactment of this
20 Act shall be exempt from Federal regulation with respect
21 to matters under the jurisdiction of the Federal Energy
22 Regulatory Commission or the Secretary of Energy, in-
23 cluding—

24 (1) all reliability standards; and

1 (2) all other standards, rules, regulations, or
2 other requirements established, administered, or en-
3 forced under—

4 (A) section 215 of the Federal Power Act
5 (16 U.S.C. 824o);

6 (B) any other provision of that Act; or

7 (C) any other provision of Federal law (in-
8 cluding regulations).

9 (b) BEGINNING OF OPERATIONS.—For purposes of
10 subsection (a), the date on which a consumer-regulated
11 electric utility begins operations is the date on which the
12 consumer-regulated electric utility first generates, trans-
13 mits, distributes, or sells electricity.

14 (c) TERMINATION OF EXEMPTION.—If a consumer-
15 regulated electric utility elects to connect to any portion
16 of the bulk-power system or any other electric trans-
17 mission or distribution system for primary or backup sup-
18 ply, the consumer-regulated electric utility shall, imme-
19 diately on making that connection—

20 (1) cease being a consumer-regulated electric
21 utility; and

22 (2) become subject to all Federal regulation ap-
23 plicable to the consumer-regulated electric utility
24 from which the consumer-regulated electric utility
25 was exempt under subsection (a).

1 **SEC. 5. PURPA EXEMPTION.**

2 Section 210 of the Public Utility Regulatory Policies
3 Act of 1978 (16 U.S.C. 824a–3) is amended by adding
4 at the end the following:

5 “(o) CONSUMER-REGULATED ELECTRIC UTILI-
6 TIES.—

7 “(1) IN GENERAL.—Nothing in this section ap-
8 plies to a consumer-regulated electric utility (as de-
9 fined in section 2 of the DATA Act of 2026).

10 “(2) EXEMPTION.—A consumer-regulated elec-
11 tric utility (as defined in section 2 of the DATA Act
12 of 2026) shall not be required to interconnect with,
13 purchase from, or sell to an electric utility under
14 this section.”.

15 **SEC. 6. PUHCA EXEMPTION.**

16 Section 1268 of the Public Utility Holding Company
17 Act of 2005 (42 U.S.C. 16456) is amended—

18 (1) in the matter preceding paragraph (1), by
19 striking “Except” and inserting the following:

20 “(a) IN GENERAL.—Except”; and

21 (2) by adding at the end the following:

22 “(b) CONSUMER-REGULATED ELECTRIC UTILI-
23 TIES.—No provision of this subtitle shall apply to any
24 holding company solely by reason of its ownership or con-
25 trol of a consumer-regulated electric utility (as defined in
26 section 2 of the DATA Act of 2026).”.

1 **SEC. 7. FACILITIES LOCATED WITHIN PUBLIC RIGHTS-OF-**
2 **WAY.**

3 (a) IN GENERAL.—A consumer-regulated electric
4 utility may construct and operate facilities within existing
5 public rights-of-way, subject to the same permitting, res-
6 toration, and public-safety requirements applicable to a
7 public utility (as defined in section 201(e) of the Federal
8 Power Act (16 U.S.C. 824(e))).

9 (b) LIMITATION.—Notwithstanding subsection (a),
10 the review of an application for the construction or oper-
11 ation of a facility within an existing public right-of-way
12 by a consumer-regulated electric utility shall be confined
13 exclusively to the adequacy of—

- 14 (1) right-of-way restoration; and
15 (2) storm-response planning.

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