



Summary of FERC's December 18, 2025 Order on Co-Located Load

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The Order finds PJM Tariff is unjust and unreasonable because:

- it does not contain provisions governing rates, terms, and conditions of service applicable to Interconnection Customers serving Co-Located Load and Eligible Customers taking transmission service on behalf of Co-Located Load;
- it does not contemplate a situation in which an Eligible Customer taking service on behalf of a Co-Located Load is willing to limit its withdrawals of energy from the transmission system; and
- the existing retail Behind the Meter Generation (“BTMG”) rules raise cost-shifting concerns, reliability concerns, and resource adequacy concerns. (note: Paragraph 222 of the Order states “We clarify we do not direct PJM to change its rules for non-retail BTMG.”)

- No regulatory “gap” – there is regulatory overlap. States have retail rate jurisdiction, retain the authority on who gets to make retail sales, and “have authority over their generation resource mix, including through their siting authority.”
- The Commission declined to comprehensively address jurisdictional issues regarding interconnection of retail loads served through a Co-Location Arrangement to the interstate transmission system.
- The Commission has jurisdiction over the interconnection of generating facilities, including generators used to serve Co-Located Load, to the interstate transmission system, as well as jurisdiction over transmission service in interstate commerce used by an Eligible Customer to serve Co-Located Load.

Generally, PJM must revise the Tariff to:

- Require an interconnection customer that will use its generating facility to serve Co-Located Load to specify an Eligible Customer who will take transmission service on behalf of the Co-Located Load (within **60 days which is February 17, 2026**);
- Establish three new transmission services to reflect Eligible Customers that are, on behalf of Co-Located Load, willing and able to limit energy withdrawals from the transmission system (within **60 days**):
 - Interim, non-firm transmission service (until Network Upgrades are complete);
 - Firm Contract Demand transmission service; and
 - Non-Firm Contract Demand transmission service.

- Require that all Eligible Customers taking NITS or the new transmission services on behalf of Co-Located Load will be assessed charges for regulation and black start service on a gross demand basis (within **60 days**);
- Clarify how Interconnection Customers can (i) obtain provisional interconnection service, (ii) obtain interconnection service below nameplate capacity, (iii) accelerate the interconnection process under certain circumstances, and (iv) utilize surplus interconnection service to interconnect generation seeking to serve Co-Located Load (within **30 days which is January 20, 2026**);
- Clarify the procedures for the study to determine any modifications to interconnection facilities and any Network Upgrades to the transmission system necessary for reliably serving Co-Located Load AND EXISTING CUSTOMERS (within **60 days**);
- Require existing Interconnection Customers to pay the full costs of any such facilities (within **60 days**);

- Require that existing generating facilities cannot withdraw capacity from the system to serve Co-Located Load until all modifications and Network Upgrades needed to maintain reliability for existing customers are in service (within **60 days**); and
- Revise its retail BTMG rules to include a new MW threshold for the amount of load at a particular electrical location that Newtork Customers may net using retail BTMG and include a transition period of 3 years for Network Customers currently using BTMG as well as legacy constructs for entities that have contracts for the purpose of effectuating a BTMG arrangement (within **60 days**).

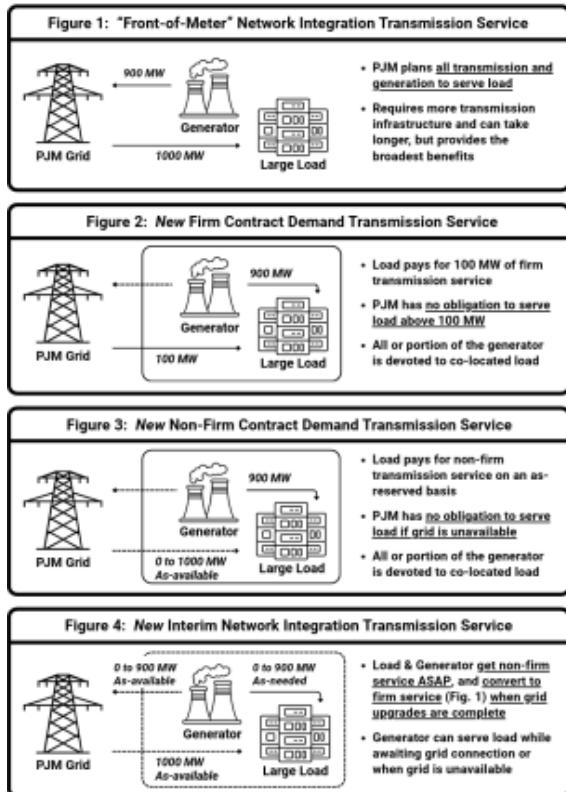
Paper Hearing on Transmission Services

11 Questions Set for Hearing

- The Commission initiates a paper hearing to determine the appropriate rates, terms, and conditions for the three new transmission services it requires.
- The Order sets forth eleven questions (set forth in Paragraph 219 of the Order) that should be addressed in briefs. PJM's brief is due on **February 17, 2026**.
 - Responses to PJM are due on **March 18, 2026**, and reply briefs are due on **April 17, 2026**.

- By January 20, 2026, PJM must submit an informational report to the Commission detailing the status of proposals considered in the CIFP process, including, but not limited to:
 - The status of the expedited interconnection process to enable shovel-ready generation projects to serve PJM more quickly;
 - Modifications to PJM's reliability backstop mechanism to improve PJM's ability to respond to acute resource adequacy shortfalls; and
 - The development of enhanced load forecasting and demand flexibility measures to assist PJM in determining the amount of new capacity needed to maintain reliability.

Commissioner Rosner Concurrence



- Commissioner Rosner writes his concurrence to clarify technical jargon, explain the problem to be solved, and summarize the Order's directives to PJM, including the creation of Firm and Non-Firm Contract Transmission Service, assignment of costs to co-located loads, establishment of new interim service, and writing of a detailed informational report about PJM's initiatives to meet large load demand.
- He states that the Commission's actions respect federal-state jurisdictional lines.
- Both at the open meeting and in his concurrence, he illustrated the order's transmission service concepts using this diagram.

Summary of PJM Filing Requirements from the Co-Location Order

- **January 20, 2026:** Clarifications to the Tariff with respect to Interconnection Customers seeking to use new generating facilities to serve Co-Located Load
- **January 20, 2026:** CIFP informational report
- **February 17, 2026:** Compliance filing to make GIA and common service provision changes to identify Eligible Customer
- **February 17, 2026:** Compliance filing to establish new non-firm NITS and Firm and non-firm Contract Service
- **February 17, 2026:** Initial brief on rates, terms and conditions for the new services
- **February 17, 2026:** Compliance filing to revise Behind the Meter Generation (BTMG) rules
- **February 17, 2026:** Compliance filing to establish necessary study procedures
- **April 17, 2026:** Reply brief on rate issues

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