



# Overview of Considerations for PJM's Anticipated Behind the Meter Generation Compliance

(for February 17, 2026 Compliance Filing in Response to the  
December 18, 2025 Co-Located Load Order)

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**On or before February 17, 2026, PJM will make a compliance filing revising its Behind the Meter Generation (“BTMG”) rules. FERC’s changes regarding BTMG fall into three areas:**

1. Establish a threshold for retail BTMG;
2. Establish a 3-year transition period;
3. Grandfather contracts that specifically effectuate BTMG uses.

- PJM currently has two types of BTMG:
  1. ***Retail BTMG***: Permits netting of a generation and a load at a single electrical location.
  2. ***Non-Retail BTMG***: Behind the Meter Generation that is used by municipal electric systems, electric cooperatives, or electric distribution companies to serve load.
- FERC is not requiring PJM to change its rules for non-retail BTMG, which is already capped. (P 222)
  - Non-retail BTMG is subject to a 3000 MW cap for the entire PJM Region. (Tariff Section III.34.3)
  - In contrast, FERC is requiring a per location cap for retail BTMG.

- FERC has found the existing BTMG rules in the Tariff to be unjust and unreasonable.
  - The existing BTMG rules may lead to reliability and resource adequacy risks as PJM is obligated to serve transmission customers using BTMG but does not consider those customers in transmission and resource adequacy planning. (P 179)
  - Very large loads such as data centers are problematic because reserves are not carried, but they must be served. (P 186)
  - Existing PJM BTMG rules do not limit the amount of load a Network Customer may net using BTMG and do not prevent loads using BTMG from drawing from the transmission system when the co-located generation is on outage or when the load exceeds the rating of the co-located generation. Existing rules also do not prevent shifting of costs to maintain sufficient resources to serve these loads. (P 186)
  - PJM does not procure reserves for load that is netted

FERC has required PJM to:

“Propose a new MW threshold for the amount of load at a particular electrical location that Network Customers may net by using BTMG.” (P 221)

FERC reasoned that:

“Such a threshold should reduce the reliability and resource adequacy risks discussed above that large loads may pose to PJM, while also allowing for Network Customers to reduce their transmission charges in a transparent, not unduly discriminatory fashion. We acknowledge that such a materiality threshold will not eliminate the risk identified in this order, but we find that it will ensure that the risk is limited.” (P 221)

- “Behind The Meter Generation” is focused on rules for generation (not load), the extent to which jurisdictional interconnection agreements are needed, and netting rules providing that “load served by operating Behind the Meter Generation” can be netted against output from such generation even while the load is taking full Network Integration Transmission Service.
- “BTMG” shall refer to a generation unit that delivers energy to load without using the Transmission System or any distribution facilities (unless the entity that owns or leases the distribution facilities has consented to such use of the distribution facilities and such consent has been demonstrated to the satisfaction of the Office of the Interconnection); provided, however, that Behind The Meter Generation does not include (i) at any time, any portion of such generating unit’s capacity that is designated as a Generation Capacity Resource; or (ii) in an hour, any portion of the output of such generating unit that is sold to another entity for consumption at another electrical location or into the PJM Interchange Energy Market.” Tariff, Part I, Definitions A-B
- “Co-Located Load” is focused on an “entire arrangement” of load and generation.
- A co-located load configuration refers to end-use customer load that is physically connected to the facilities of an existing or planned Customer Facility on the Interconnection Customer’s side of the Point of Interconnection (“POI”) to the PJM Transmission System (co-located Customer Facility).

**As presented on compliance:**

**BTMG does not fall under the Co-Located Load rules**

**Co-Located Load does not fall under the BTMG rules**

- **Key Decision: What should the threshold be for load being served by Behind the Meter Generation “at a particular electrical location” above which the BTMG rules no longer apply (no netting)? P 179 (directing PJM to “maintain the current BTMG rules for customers that fall below a new MW materiality threshold”), P 186**
  - 10 MW? See P 221 n.454
  - 20 MW? See P 221 n.455
  - Below 50 MW? See Board Decisional CIFP letter defining “large load” as 50 MW
  - 200 MW? See Clarification/Rehearing Request of Industrial Customer Coalitions (Jan. 20, 2026), EL25-49
- **Is it “all or nothing” (meaning if load exceeds threshold no BTMG available), or is BTMG still available for netting up to the threshold but not beyond the threshold?**
- **Opportunities for enhanced notice/reporting to PJM regarding BTMG and load?**

FERC requires PJM to:

“include in its compliance filing Tariff revisions to allow Network Customers already using the BTMG rules to continue to do so for a transition period of three years, which aligns with the timeline to procure replacement capacity in PJM from the date of issuance of this order.” (P 223)

### For discussion:

- Considerations for aligning the transition period with the BRA schedule?
- What is required to transition generation to jurisdictional agreements?

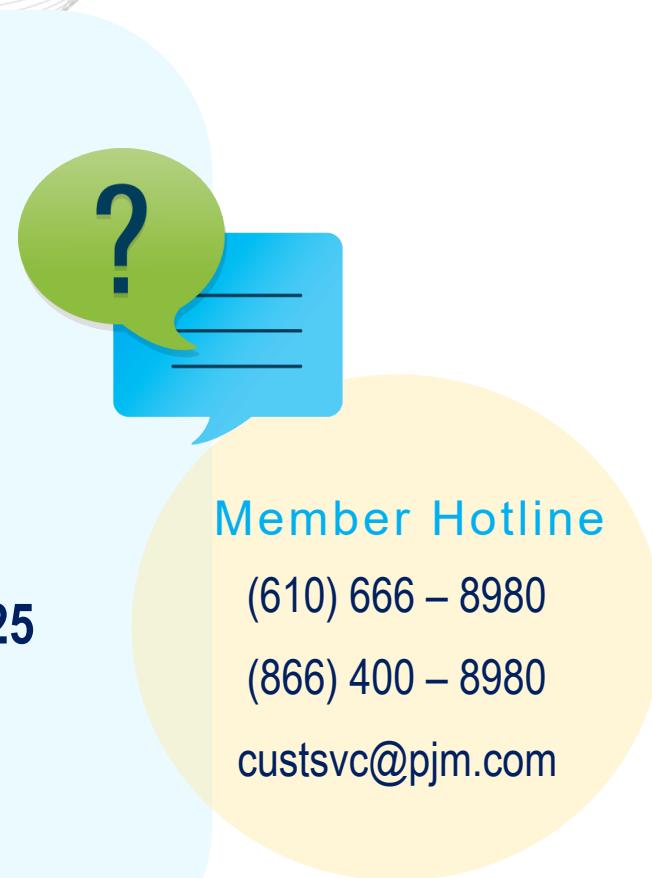
FERC requires PJM to:

“To the extent an entity is a party to an existing contract for such a purpose, we find that it is appropriate to grandfather such entity so that it may continue using BTMG for the current term remaining under the existing contract.”  
(P 224)

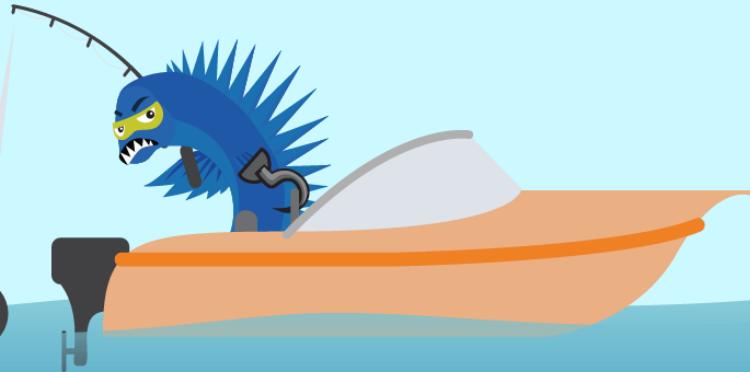
- What types of things are deemed “existing contracts”?
- We will need to track “current terms remaining” on contracts.
- Are there some other potential exceptions to consider based on tariffed criteria?

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