

**TO:** Michele Greening and Mollie Lacey.

**FROM:** Katie Guerry, SVP Regulatory & Government Affairs  
Convergent Energy and Power

**DATE:** 2/10/26

**RE:** Regarding PJM's Proposed BTMG Reforms

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Convergent Energy and Power ("Convergent") appreciates the opportunity to provide comments regarding PJM's proposed compliance filing addressing reforms to Behind the Meter Generation ("BTMG"), as discussed in the February 10, 2026 workshop presentation and reflected in the associated redlined tariff language .

Convergent supports PJM's efforts to comply with FERC's directive while preserving economically rational behind-the-meter investment and ensuring that cost allocation remains aligned with actual system impacts. These comments focus on the proposed Retail BTMG threshold, the proper application of that threshold, and the treatment of legacy and development-stage projects.

#### **The Retail BTMG Threshold Should Be Higher Than 50 MW**

PJM has indicated that it intends to seek a 50 MW Retail BTMG threshold, and alternatively a 200 MW threshold if FERC does not accept PJM's proposed legacy treatment . The fact that PJM is prepared to propose 200 MW in the alternative confirms that there is no precise technical basis for selecting 50 MW as the inflection point at which BTMG presents reliability or cost-shifting concerns.

A 50 MW threshold is low when evaluated against the size and scope of traditional commercial and industrial customers within PJM. Modern facilities frequently deploy on-site generation or storage at scales exceeding 50 MW for peak management, reliability, and operational continuity—not to mask co-located load.

Nothing in the FERC order identified 50 MW as a reliability breakpoint. PJM should therefore seek the highest defensible threshold in its compliance filing, as doing so best protects customers while remaining consistent with the Commission's directive. A threshold in the range of 100–200 MW would more appropriately reflect the scale at which BTMG meaningfully alters system planning assumptions.

#### **The Threshold Must Be Based on the Size of the BTMG — Not the Size of the Load**

As reflected in the redlined definition of Retail BTMG , the proposed threshold appropriately focuses on cumulative BTMG nameplate capacity. Convergent strongly supports maintaining this approach.

The system impact at issue is the amount of load that may be netted by BTMG, not the total gross size of the host customer. Applying the threshold to gross load would produce arbitrary outcomes and undermine cost causation principles.

The same maximum BTMG threshold should apply uniformly regardless of the size of the customer. Further, BTMG should not be treated as an all-or-nothing construct. If a facility exceeds the threshold, netting should remain available up to that threshold, with only the excess treated under alternative transmission constructs. This proportional approach aligns cost responsibility with actual impact and avoids artificial cliff effects.

## **Grandfathering Should Not Be Limited Strictly to Agreements Executed by December 18, 2025**

PJM has indicated that legacy treatment would apply only to facilities with agreements executed on or before December 18, 2025. While Convergent appreciates the effort to preserve reliance interests, a strict execution-date cutoff does not reflect the practical development timeline of BTMG projects.

Behind-the-meter resources often require extended development periods and involve substantial investment prior to execution of final agreements or commercial operation. Many projects were materially underway as of December 18, 2025 in reliance on the existing framework. PJM should therefore provide reasonable flexibility for projects that had demonstrated meaningful development progress by that date, rather than limiting protection solely to fully executed agreements.

## **Transition Period Should Align with BRA and Planning Cycles**

PJM's proposed three-year transition period is directionally appropriate. However, changes to netting eligibility should be implemented in alignment with the Base Residual Auction ("BRA") cycle to avoid mid-cycle disruptions to capacity obligations and planning assumptions.

Applying changes prospectively at a defined BRA commitment year will preserve reliability and provide regulatory certainty while reforms are implemented.

## **Retail BTMG Must Remain Distinct from Co-Located Load**

The redlined tariff language appropriately maintains separation between Retail BTMG and Co-Located Load constructs. Preserving this distinction is critical.

Retail BTMG, including customer-sited storage and industrial generation, serves a fundamentally different function than large co-located load configurations that motivated the FERC order. Properly structured Retail BTMG reduces peak demand, enhances resilience, and contributes tangible assets that support system stability.

Constraining Retail BTMG too aggressively risks discouraging the very type of customer behavior that reduces system stress and complements PJM's reliability objectives.

## **Conclusion**

Convergent respectfully urges PJM to seek the highest defensible Retail BTMG threshold, ideally within the 100–200 MW range, and to ensure that the threshold applies to cumulative BTMG nameplate capacity rather than gross load. PJM should avoid an all-or-nothing netting construct, extend grandfathering protections to projects with demonstrated development progress as of December 18, 2025, and align transition timing with BRA cycles.

These refinements will allow PJM to satisfy FERC's directive while preserving economically rational customer-side flexibility and ensuring that cost allocation remains tied to actual system impacts



The Commission definition of co-located load does not define co-located load as load that is isolated from PJM markets or that relies on removing a PJM capacity resource from the PJM markets.<sup>5</sup>

Co-Located Load:

“Co-Located Load” shall mean a configuration that refers to end-use customer load that is physically connected to the facilities of an existing or planned Generating Facility on the Project Developer’s side of the Point of Change in Ownership to the Transmission Provider’s Transmission System.

Co-located load defines the physical and electrical location of the load and generation but not how the load and generation are treated in the market. Co-located load, as defined by the Commission and adopted by PJM, is fully consistent with the generation being in the capacity market and the load being treated like all other load. The Commission did not address the fundamental reliability issues that are raised by the addition of, and the expected addition of, large amounts of data center load. Neither the Commission order nor the PJM tariff filing should be assumed to address those issues unless the approach is clearly stated. Removal of existing capacity from the PJM markets in order to serve data center load would have a massive impact on the cost of power to all other customers in the PJM markets. Such an approach is completely inconsistent with affordability.

There are a significant issues not addressed in PJM’s filing. These are some examples. PJM’s filing does not address how it will ensure that the transmission system is not built to serve the entire gross output of a co-located generator or the entire gross load of a co-located load. In the absence of such details, the asserted savings from less than NITS service is likely to be illusory. PJM does not explain how it will or could prevent unexpected injections onto the grid from a co-located generator when the load drops suddenly. PJM does not explain how it will plan the transmission system to serve the load when the generator trips or is

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<sup>5</sup> See January 20<sup>th</sup> Filing, Attachment A & B, proposed definition of “Co-Located Load.”

unavailable as a result of an outage. The issues raised should be explicitly addressed in this filing or as soon as is practical.

The Market Monitor respectfully requests that the Commission afford due consideration to these comments as it resolves the issues raised in this proceeding.

Respectfully submitted,



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Dated: February 10, 2026

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Eagleville, Pennsylvania,  
this 10<sup>th</sup> day of February, 2026.



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## Digital Power Network Stakeholder Feedback on PJM Co-Located Load Workshop

Thank you for the opportunity to comment on PJM's progress on the Co-Located Load Order Workshop. The Digital Power Network (DPN) appreciates the grid operator's thoughtful consideration of how to integrate large loads while maintaining reliability and affordability. DPN is the largest coalition of Bitcoin miners and digital infrastructure providers, representing over 85% of the U.S. public Bitcoin mining hashrate with a significant presence in the PJM Interconnection.

Given the importance of PJM's implementation of the Federal Energy Regulatory Commission's (FERC) Co-Located Load Order, DPN would like to raise several considerations to ensure PJM remains a competitive region for large load development. These include clarification on capacity interconnection rights (CIRs) for non-firm loads, behind the meter generation (BTMG) thresholds, grandfathering, backup generation during interim NITS, and generation threshold during co-location.

DPN's comments emphasize the importance of preserving workable pathways for customers to develop co-located configurations, invest in onsite generation, and provide flexible load reductions during system stress events.

### Capacity Interconnection Rights and Injections

DPN would like to highlight the importance of allowing existing and new co-located generators to retain their full CIRs and injection rights, particularly for flexible, interruptible loads like Bitcoin miners. To promote investment certainty, DPN requests that PJM clearly affirm in its filing its intent to allow existing and new generators co-located with large load operations to maintain full CIRs for non-firm arrangements, including interim NITS, non-firm contract demand, and any capacity resource serving a behind-the-meter non-firm load since these loads are not subject to capacity charges.

Retaining full CIRs for these configurations is essential for maintaining the operational flexibility of large, interruptible loads that play a critical role in grid reliability. If CIRs were reduced, these facilities would be restricted in their ability to serve as a backup capacity resource as well as send load into the system, inject excess generation, or participate in demand response programs. Such restrictions would undermine the value these customers bring to the broader system.

Flexible loads, such as Bitcoin miners and other high-interruptibility resources, provide rapid, dependable reductions in demand during periods of system stress. Thus, preserving full

CIRs for their co-located generation ensures that this capacity can continue to be recognized, valued, and relied upon.

The importance of these services was made especially clear during the recent winter storm events where nearly 12 gigawatts of Bitcoin mining load were curtailed across the nation to maintain steady power supply for critical operations<sup>1</sup>.

To maintain grid reliability benefits, PJM must continue to allow:

- Full, existing capacity interconnection rights for co-located generation, even when serving onsite load.
- Full injection rights so these customers can support the system during scarcity events.
- Unrestricted participation in demand response and ancillary services, enabled by retaining full CIRs.

Absent clear confirmation that CIRs and injection rights remain intact, developers may face uncertainty that could chill investment in co-located supply arrangements.

DPN therefore encourages PJM to explicitly state how CIR treatment will apply across co-location configurations so that market participants can make informed, financeable decisions, particularly ensuring that existing and new generators will maintain their full CIRs when co-located with non-firm loads either through interim NITS or permanent Non-Firm Contract Demand.

## Behind the Meter Generation Threshold

Throughout the workshop, PJM has discussed its evaluation of the threshold size that determines when an onsite generator is considered a co-located resource rather than a behind-the-meter generator (BTMG). Although PJM initially proposed a 200 MW threshold in earlier discussions, it ultimately decided to lower the threshold to 50 MW if approved by FERC with earlier argument for a lower threshold centering around resource adequacy needs. However, it was also acknowledged that setting it too low could discourage large loads from investing in onsite generation, since any generator above 50 MW will now be required to enter the interconnection queue.

This lower threshold will also trigger more costly and time-consuming upgrades to the PJM system, ultimately making it harder, not easier, for many large loads to bring their own

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<sup>1</sup> <https://www.mara.com/posts/balancing-the-grid-during-winter-storm-fern>

generation. To ensure that customers remain incentivized to install onsite generation rather than being deterred by expensive requirements, PJM should maintain the 200 MW threshold, so BTMG remains a viable option for large loads.

To maintain strong incentives for private capital formation and self-supply, DPN recommends PJM consider whether a higher threshold, such as 200 MW or another level that balances system visibility with investment practicality, may better achieve PJM's reliability objectives while preserving development flexibility.

### **Generation Threshold for Firm and Non-Firm Contract Demand Service (CDS)**

When considering a generation threshold for firm or non-firm Contract Demand Service (CDS), DPN recommends a low minimum generation size threshold be imposed for either service type. Maintaining a low threshold minimum will enable more resources to participate and will support bringing new generation online more efficiently.

Imposing an overly restrictive requirement, such as requiring 90% of load to be served by onsite generation, would disadvantage certain resource types as well as limit smaller scale, yet still valuable, generation projects. While PJM has noted that the threshold level is intended to ensure resource adequacy, too high a threshold could have the opposite result. Renewable resources like solar and wind or other smaller scale energy operations that may produce fewer megawatts than large scale fossil-fuel powered generators are still essential to system reliability.

A more inclusive threshold, or a framework that accommodates diverse resource types, would better support incremental generation development, fuel diversity, and customer choice while still enabling PJM to maintain system reliability.

### **Backup Generation During Interim NITS**

Workshop materials describe the priority in which Interim NITS services may be curtailed relative to other system needs and states that “[i]f curtailed, EC cannot take energy from co-located generator<sup>2</sup>.” DPN respectfully requests PJM to alter its plan on how co-located facilities may rely on onsite generation to maintain internal operations during such curtailments.

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<sup>2</sup> <https://www.pjm.com/-/media/DotCom/committees-groups/workshops/cllsco/2026/20260126/20260126-item-01---transmission-services-concepts-for-discussion.pdf>

Specifically, DPN recommends PJM to confirm that customers may continue to utilize onsite resources when curtailed during interim NITS given the need to provide proper incentives for large loads to continue participating in co-location arrangements. It is also important to note that on page 13 of FERC’s Show Cause Order, the Commission noted that “PJM states that back-up generation provides a way to serve the Co-Located Load when asked to curtail for Demand Response. PJM contends that this option may enhance resource adequacy under tight system conditions in the short term.”<sup>3</sup>

Providing this clarity will promote resilience, encourage investment in self-supply, and reduce reliance on the bulk power system.

## **Penalty Structure for Failure to Follow Operating Instructions or Remedial Action Scheme Failures**

When considering the appropriate penalty structure for an Eligible Customer that does not follow an operating instruction or is associated with a Remedial Action Scheme (RAS) failure, DPN emphasizes the need for clarity, fairness, and accuracy in assigning responsibility.

PJM indicated that it is still evaluating penalties for unreserved uses and noted that after two failures to comply, an entity may be subject to full NITS charges. Before finalizing any enforcement mechanism, PJM should clearly define how compliance failures are identified, documented, and attributed.

DPN’s concern is that, without explicit and transparent guidelines, large loads could be unfairly assigned blame for failures beyond their control. It is essential that PJM thoroughly assess the source of any alleged non-compliance to ensure that responsibility is accurately assigned. Customers should not be penalized when they lacked a viable alternative, operated in accordance with PJM instructions, or experienced failures resulting from transmission provider actions, system conditions, or miscommunications outside their control.

- To ensure fairness and support grid reliability, PJM should:
  - Establish clear, written criteria for determining fault.
  - Document the decision-making process behind each enforcement action.
  - Ensure customers have a meaningful opportunity to dispute or appeal penalty determinations.
  - Avoid default presumptions that place disproportionate blame on large loads.

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<sup>3</sup> <https://www.ferc.gov/media/e-1-el25-49-000-0>

Transparent and objective enforcement rules will ensure appropriate accountability without discouraging customer participation in CDS arrangements or investment in onsite generation.

### **Conclusion**

As tariff revisions are finalized to comply with FERC's orders on co-location and behind-the-meter generation, DPN urges PJM to preserve operational flexibility and establish clear pathways for highly interruptible loads given the role of these resources in driving high capital investments and supporting system resilience.

Clear rules, reasonable thresholds, and transparent enforcement will be crucial to ensuring PJM remains a competitive region for digital infrastructure and continues benefit from the associated development driven by these customers.

Thank you for the opportunity to provide comments. The Digital Power Network remains ready to partner as a resource as PJM further formalizes its tariff revisions.

Sincerely,

Digital Power Network

To Michele Greening and Mollie Lacek –

We commend PJM for its continued commitment to grid reliability and appreciate the opportunity to better understand PJM's proposed approach to implementing the new Interim Network Integration Transmission Service (NITS).

Unfortunately, based on discussions with stakeholders to date, it appears PJM may be inclined to treat a new non-firm co-located generation as equivalent to a full PJM Resource during the interim period, which would not allow the generator to serve the co-located load during the period of Interim NITS. We respectfully submit that this approach does not align with the intent of FERC's order on co-location,<sup>1</sup> and if implemented, would very likely dissuade non-firm co-located generation resources or large load customers from utilizing Interim NITS.

Specifically, a new non-firm generator co-located with a large load typically:

- Lacks Capacity Interconnection Rights (CIRs),
- Has not participated in or cleared any Base Residual Auction (BRA),
- Does not yet have an executed Generator Interconnection Agreement (GIA), and
- Carries no capacity commitments or capacity obligations in the PJM markets **during the initial, interim stage.**

Interim NITS provides flexibility for co-located large loads: it allows the large load to use the PJM grid on a non-firm, as-available basis when conditions permit, and switch to its co-located generator when needed (e.g., during curtailments or reliability events), ensuring continuous operations without grid withdrawals.

Concurrently, the co-located generator should be able to enter the interconnection queue and actively progress through the study process for export capability and be studied for CIRs.

While under study during the interim period, the non-firm generation can and should be eligible to participate in PJM's energy and ancillary services markets on an as-available basis *without physically injecting* power past the meter (for example, by reducing or zeroing the co-located load's demand in response to market signals, similar to Economic Demand Response).

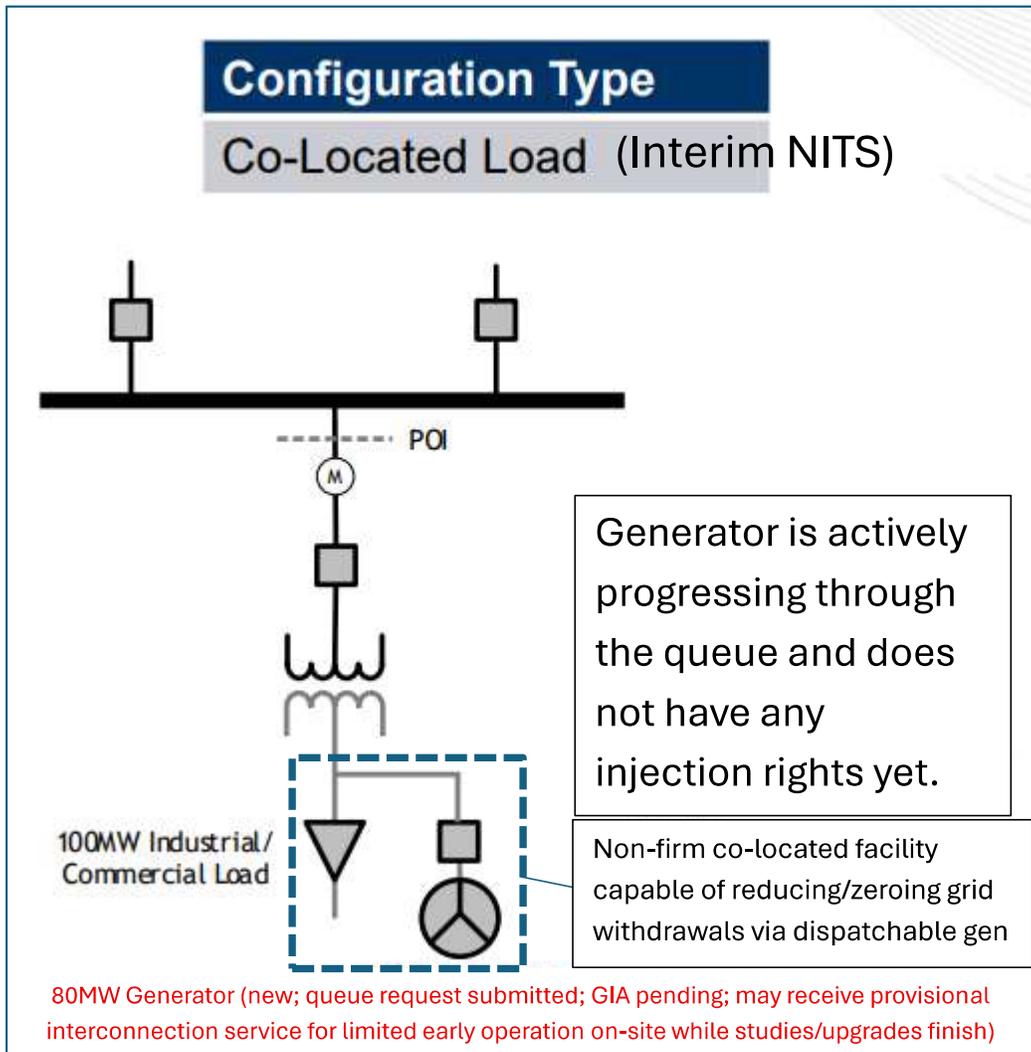
Until Network Upgrades enable firm withdrawal (for the load) and firm injection (for the generator), large loads co-located with dispatchable generators should take as-available, non-firm, interruptible transmission service during normal conditions or periods of abundant capacity—expected to cover the vast majority of hours in a typical year.

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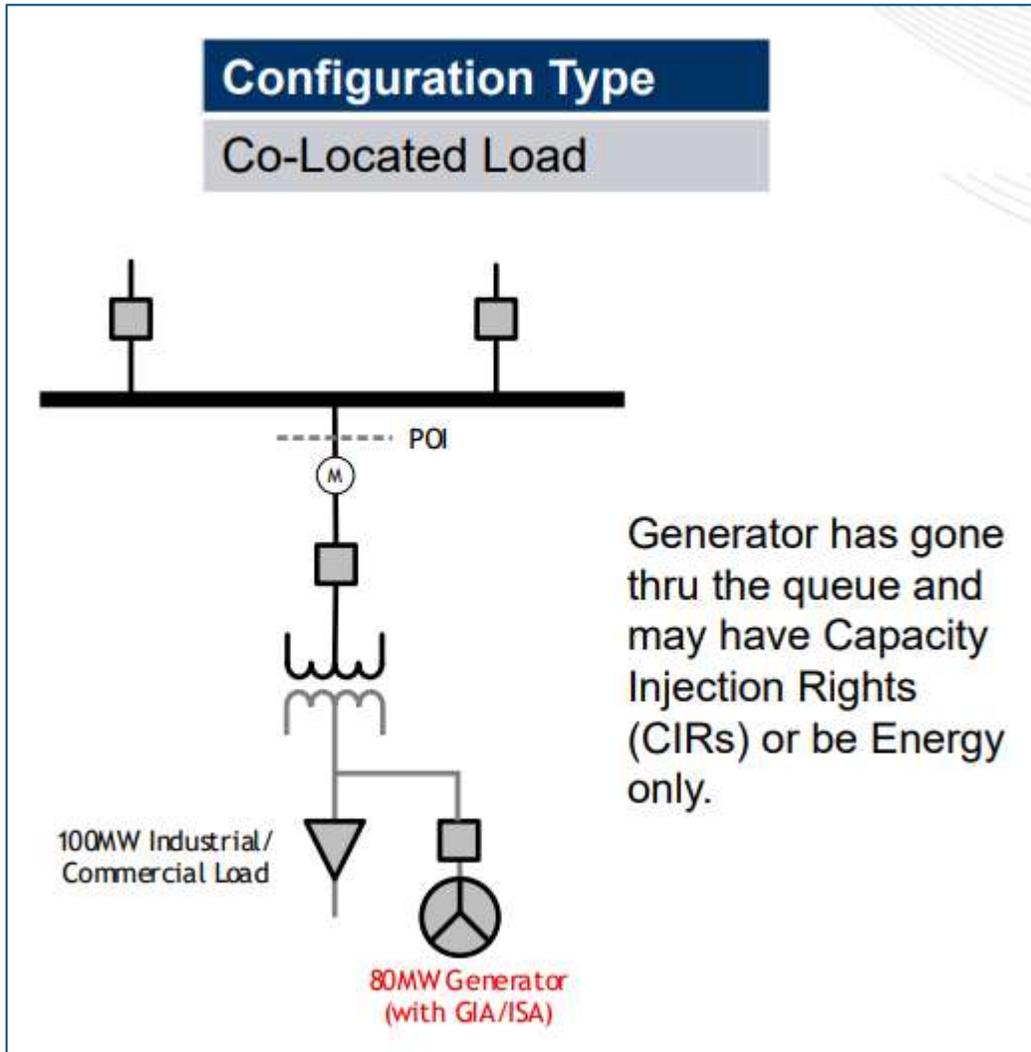
<sup>1</sup> *PJM Interconnection, L.L.C.*, 193 FERC ¶ 61,217 (2025) (“Co-Location Order”).

Figures 1 and 2 below show how Enchanted Rock believes co-located arrangements should be effectuated during and after the Interim NITS period:

**Figure 1: Interim NITS Stage Co-located Arrangement:**



**Figure 2: Final Stage Co-located Arrangement<sup>2</sup>:**



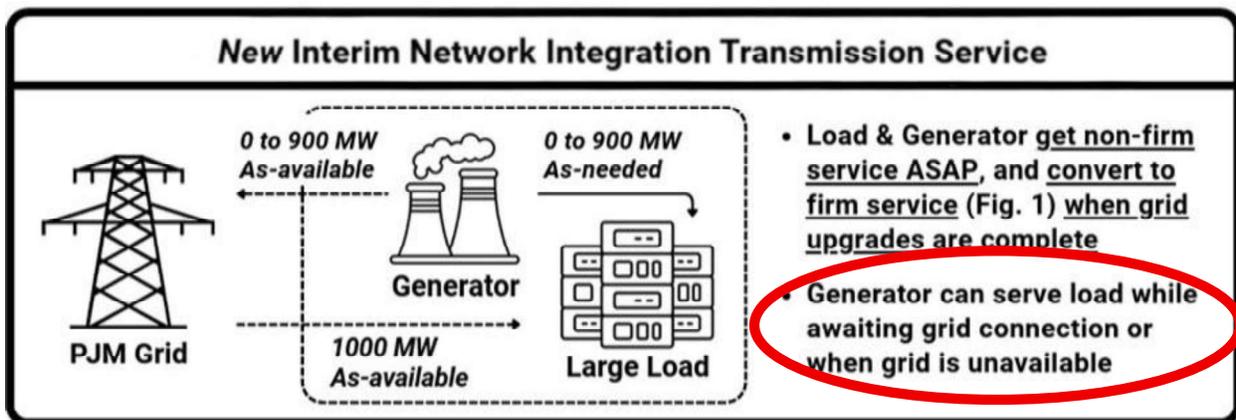
<sup>2</sup> [20260205-item-01---1-definition-of-co-located-load-vs-btmg---presentation.pdf](#)

During this interim stage, the co-located generator lacks deliverability due to pending study for network upgrades, and treating the co-located generator as a full PJM Resource to serve PJM load broadly would not be appropriate. Enchanted Rock believes PJM’s position, if implemented, would undercut the purpose of interim NITS, which FERC held is to “facilitate the timely provision of transmission service to Eligible Customers taking transmission service on behalf of Co-Located Loads, while preserving reliability for other transmission customers.”<sup>3</sup>

Further, as noted by Commissioner Rosner when discussing Interim NITS:

This interim service leverages speed in the near-term and unlocks the benefits of a full grid connection in the long-term. It will allow co-located loads and generators seeking front-of-meter service to access the grid faster than they can today. In exchange for increased speed, these loads will bear the risk of being curtailed when the grid is constrained until the transmission upgrades needed to provide service are constructed. But that doesn’t mean that the load will always have to shut down completely during peak periods. Rather, if the co-located load is paired with a new generator, and that generator is still waiting to begin its own front-of-meter service, **the load can take service directly from the generator in the interim** until both “graduate” to full, front-of-meter service.<sup>4</sup>

Additionally, the Co-Location Order’s figure representing how Interim NITS is intended to work specifically states that a generator can serve load while waiting for grid interconnection or when the grid is unavailable.



<sup>3</sup> See Co-Location Order at P 201.

<sup>4</sup> Co-Location Order, Rosner, Comm’r, concurring at P 11.



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We appreciate PJM's attention to Enchanted Rock's concerns, and hope that PJM reconsiders its proposed implementation of Interim NITS. As always, we are available to meet with PJM staff to discuss any concerns it may have or answer any questions.

Sincerely,

/s/

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February 18, 2026

**VIA EMAIL**

PJM Interconnection, L.L.C.  
Attn: Michele Greening and Mollie Lacek  
2750 Monroe Blvd.  
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**Re: Implementation of the Co-Located Load Order**

Dear Ms. Greening and Ms. Lacek:

The PJM Industrial Customer Coalition (“PJMICC”) represents large industrial and institutional customers with facilities in PJM Interconnection, L.L.C. (“PJM”). As PJMICC members have digested the Federal Energy Regulatory Commission (“FERC” or “Commission”) Co-Located Load Order (“Order”) over the last few weeks, it is increasingly clear that *how the Order is implemented* has profound consequences for manufacturers and other large industrial and institutional customers. It also has notable resource adequacy implications for the PJM region.

In its Order, FERC asked PJM to propose a retail Behind-the-Meter Generation (“BTMG”) threshold (“Retail Threshold”) because “not all loads using BTMG are large loads that create the reliability and resource adequacy risks described” in the Order. To that end, PJM has an opportunity to propose an Initial Filing that aligns with the goals of the Co-Located Load Order while limiting collateral damage to resource adequacy, existing retail customers, and the regional economy.<sup>1</sup> PJMICC appreciates PJM staff’s thoughtful approach to seeking PJM stakeholder input, including this opportunity to provide feedback. To that end, PJMICC offers the following comments in support of a durable and positive implementation of the Order.<sup>2</sup>

**I. Critical Questions**

Over the last few weeks, PJMICC members have been asking questions about how the Order will affect their businesses and organizations. The answers to these yet-unanswered questions may determine the future of hundreds of megawatts of existing and planned on-site generation and battery storage at businesses that are not data centers. The following are a few questions being asked by representatives of large manufacturing companies, hospitals, and universities.

- **Back-up generation.** Does back-up generation that can only be used during emergencies count toward the threshold?

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<sup>1</sup> PJM’s Initial Filing kicks off the Paper Hearing, after which other parties will have an opportunity to respond. While FERC will ultimately adjudicate the Paper Hearing, PJM’s Initial Filing will have an influential role in how the relevant tariff provisions and final order are ultimately crafted.

<sup>2</sup> In concert with the Industrial Energy Consumers of America, PJMICC has expressed its primary concerns in the Request for Clarification or, in the Alternative, Rehearing (“PJMICC, et al., Clarification Request”) filed at the FERC on January 20, 2026.

- If yes, would a facility adding on-site back-up generation (e.g., diesel) be shifted from being permitted to net to being required to use a gross load approach at its facility?
- **Integrated cogeneration.** Will cogeneration facilities whose physical configurations tightly tie together load and generation, and which never use the transmission system, be given any special dispensation to comply with the Public Utility Regulatory Policies Act of 1978 (“PURPA”) requirements for a standby rate and a back-up rate?
- **Battery installation.** Will battery installations be included in the accounting of BTMG?
- **PJM membership.** Will retail customers not able to avail themselves of any grandfathering, or who have BTMG above the threshold, need to become PJM members and become familiar with all of PJM’s processes and procedures?
- **PJM study process.** If an existing retail BTMG customer who occasionally exports excess power to the grid were no longer to qualify for netting, would it need to undergo a PJM study to continue operations? To be clear, under PJM’s proposed approach to grandfathering customers with existing agreements would be grandfathered because they would have contracts to facilitate such arrangements. That said, if such a customer were not to qualify under a FERC Order:
  - How long will this process take to complete?
  - Can PJM guarantee a timely study process for this existing generation?
- **Metering of dispersed generation resources.** On a university campus with many buildings behind a single utility meter and solar on each rooftop, does every distributed solar installation need to be separately metered to accurately measure the “gross” amount?
- **Deactivation process.** For retail BTMG customers who decide to deactivate all or a portion of their generation to remain under the Retail Threshold, how long will it take for PJM to approve deactivation, and what would be the basis for review?

These are just a few of the many questions that retail customers with BTMG face. The answers to these questions heavily influence the future of existing and planned on-site generation and battery storage. Additionally, for some manufacturers, the economics of their on-site generation are tied closely to the economics of their plant.

Consequently, in designing its Initial Filing, PJMICC recommends that PJM incorporate the following guiding principles.

- **#1 – Recognize diverse operational configurations.** Retail BTMG configurations are varied and often complex. A large rule change has profound implications, as indicated by the questions above. Either these implications should be explored and addressed in depth, or appropriate exemptions (such as a high Retail Threshold) should be put in place to avoid unforced errors.
- **#2 – Avoid unneeded unpredictability.** Retail customers should clearly understand where their BTMG qualifies for grandfathering, the Retail Threshold, and other issues. Grandfathering existing retail BTMG arrangements, which do not contribute to the resource adequacy concerns identified in the Commission’s Order, is an important and valued step in this direction.
- **#3 – Avoid forcing retail customers into layers of new regulation.** Many retail customers have been accustomed to working primarily with their local utility for decades. To the extent reasonably possible, PJM should avoid proposing regulations that force retail customers to become PJM members and participate in new layers of regulation.

Below, PJMICC offers specific recommendations for the Initial Filing.

## II. Specific Recommendations

### a. Set a 200 MW Retail Threshold to avoid serious harm to the vast majority of manufacturers.

PJMICC's driving concern is that a low Retail Threshold will have a chilling effect on manufacturers' interest in on-site generation solutions that could otherwise mitigate existing resource adequacy challenges. As with examples shown in the Appendix, it is also clear that a low Retail Threshold will render uneconomic some on-site generation at large manufacturing facilities.<sup>3</sup>

PJM's initial proposal of 200 MW is a thoughtful and appropriate threshold. PJMICC recognizes that the Commission offered an example of 20 MW in its Order; however, there was little evidence in the docket about the size of existing retail BTMG applications that have operated reliably for decades. While some stakeholders may prefer a lower threshold, it is existing retail customers who will bear the brunt of the Order, many of which are sources of economic growth and well-paying jobs in the PJM region. The record and industry experience demonstrate that today's system challenges are driven not by existing manufacturers and institutional customers with retail BTMG. Adhering to the 200 MW threshold aligns with the objectives of the Co-Located Load Order while avoiding sweeping in facilities that have reliably operated BTMG for decades.

### b. PJM's proposal should avoid the "cliff effect" of an all-or-nothing Retail Threshold.

Additionally, PJM should avoid proposing an all-or-nothing design that creates a punitive "cliff effect." Just as taxes increase marginally when a taxpayer advances into a new tax bracket, rather than eliminating the benefits of the lower tax bracket, PJM's rules should not impose a binary regime where a facility 1 MW above the Retail Threshold loses BTMG netting status while a facility 1 MW below preserves it. Such cliffs distort investment decisions, encourage inefficient downsizing of generation projects, and produce outcomes disconnected from actual system needs.

Further, the plain reading of the Order appears to indicate that the *MW up to the threshold* should be netted, even if the generation sizing is larger. The Order directs 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."<sup>4</sup> PJMICC believes this wording does not suggest a "cliff"; rather, it suggests developing a threshold below which netting can continue, whether a particular electrical location has more or less nameplate generation than the threshold.

An additional concern of an all-or-nothing "cliff effect" is that it would punish or disincentivize entities that want to add emergency generation, which is often sized similarly to other on-site generation to be able to function as a full back-up power source. For example, a 100 MW Retail Threshold would effectively be 50 MW for a customer that wants an equal amount of back-up generation if the all-or-nothing approach is chosen. This approach disincentivizes activities that support resource adequacy and that reduce reliance on the grid.

### c. Grandfathering rules and confirmation of grandfathered status should be clear and unambiguous.

PJMICC supports PJM's current thinking to grandfather the vast majority of existing retail BTMG based on their existing agreements with their local utility. PJMICC recommends that grandfathering rules be broadly construed and clear. All types of agreements that obligate a retail BTMG owner or a counterparty to services, sales, or purchases related to the operation of the BTMG should qualify all BTMG at that electrical location for netting. Such contracts should include utility contracts (e.g., service agreements with local utility under which

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<sup>3</sup> The Appendix is a reproduction of a portion of the PJMICC, et al., Clarification Request, outlining several projects and customer configurations that approximate real customers mostly situated in the PJM region.

<sup>4</sup> Order, Paragraph 221 (emphasis added).

the utility is aware of the retail BTMG), interconnection service agreements (including three-party agreements with PJM), fuel contracts, maintenance contracts, ground and building leases, and more. Additionally, the grandfathered status of an electrical location should be confirmable through a clear, straightforward process. Regulatory ambiguity creates additional issues and concerns, particularly for retail customers, for whom FERC-jurisdictional markets are not within their core business.

That said, many of these utility contracts are not long-duration contracts. The sites are mature now, so any utility agreements are likely year-to-year, and customers generally do not have long-term fuel or maintenance agreements. These contracts are evergreen in nature and renewed on a periodic basis. We offer this perspective for PJM consideration as it works to minimize potential long-term resource adequacy challenges associated with retail customers no longer able to avail themselves of netting and their BTMG no longer being economic to operate.

For this reason, we strongly recommend that PJM expressly propose that all Qualified Facilities, especially cogeneration facilities, be eligible for grandfathering. QF status is subject to a FERC process that may help FERC control which type of retail customers are eligible for netting.

**d. A transition period should encompass at least 3 full PJM Delivery Years to enable planning for retail customers and deactivation or interconnection studies by PJM.**

A three-year transition period is extremely short when considering the major changes needed for on-site generators that deactivate or move to wholesale markets. If necessary, retail customers need time to adjust operating strategies, renegotiate utility arrangements, and potentially make new plans for participation in PJM's markets. Additionally, depending on the Retail Threshold, some retail customers may need to enter PJM's study process for deactivation or generator interconnection. It is unclear how long these studies will take or whether PJM can guarantee a timeline. Consequently, a full three-year transition period should commence at the beginning of the PJM Delivery Year *following* a final order on the Paper Hearing.

**e. Proposed tariff definitions should be clear that retail customers do not directly take transmission services.**

In designing tariff provisions to implement the Order, PJM should be mindful that suppliers or utilities are transmission customers, not retail customers, who do not directly take transmission services. Definitions and other language in the tariff should clearly reflect that distinction as well as any differences that may exist between states with different retail choice postures.

**f. Ensure that the new transmission services are viable alternatives for back-up and maintenance services required under PURPA.**

Under regulations implementing PURPA, Qualifying Facilities must be given access to back-up and maintenance power. Rates for back-up or maintenance power “[s]hall not be based upon an assumption (unless supported by factual data) that forced outages or other reductions in electric output by all qualifying facilities on an electric utility's system will occur simultaneously, or during the system peak, or both.”<sup>5</sup>

Currently, the Network Integration Transmission Service (“NITS”) netting construct provides an avenue for Qualifying Facilities to obtain needed back-up and maintenance power *without* assumptions that such services will be needed during peak times. (If such services are needed during peak times, the current design of NITS ensures that customers will pay for those services.) In designing the new, FERC-ordered transmission services, PJM should ensure those services operate as viable alternatives for the back-up and maintenance

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<sup>5</sup> 18 C.F.R. § 292.305(c)(1).

service rates guaranteed by PURPA. This is particularly critical if the Retail Threshold is insufficient to ensure that Qualifying Facilities remain fully classified to avail themselves of retail netting.

### III. Conclusion

Together, these changes promote fairness, uphold cost-causation, and protect long-standing investment by retail customers served by PJM's grid. Additionally, they enable PJM to act in compliance with the Order without creating additional challenges to resource adequacy in the region.

Sincerely,



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## **Appendix**

### **Sample BTMG Configurations Impacted**

Excerpt from:

Request for Clarification or, in the Alternative, Rehearing  
of the Industrial Customer Coalitions  
Docket No. EL25-49

**Example 1: Synced Load and Generation Means Paying for 200 MW with Minimal Use.**

- *Context: 200 MW of retail behind-the-meter generation offsetting factory load.*
- *Operations: Large boilers produce steam, which is used to turn generation turbines and support manufacturing operations.*
- *Key Fact: If the generation is down, load immediately comes offline.*

The first example is a large-scale production facility. This entity has well-developed retail BTMG configurations that are tightly tied to its manufacturing process. Because the manufacturing process *requires* steam produced for generation, the bulk of the load can remain online only if generation is operational. If the generation goes down, the load will largely cease as well. Beyond a potential momentary spike in power as the load powers down, the configuration does not allow for the use of 200 MW of transmission service. A business like this, if situated in PJM and not otherwise exempted, will likely experience substantial transmission payments or penalties under the new “gross load” approach because the approach does not consider the customer’s “actual use” of the transmission system in the event of a generation outage.

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**Example 2: Over 100 MW of Combined Heat & Power Rendered Uneconomic.**

- *Context: Two CHP units totaling approximately 100 MW.*
- *Operations: NITS and Capacity offsets provide over half the value of these units.*
- *Key Fact: Losing NITS and Capacity savings will likely render these units no longer commercially viable.*

A large manufacturing facility has two behind-the-meter CHP units totally approximately 100 MW. The facilities have been operational for an extended period of time and are QFs under PURPA, with full rights to export and sell power onto the PJM grid. Due to its exceptional track record of consistent operations, this retail customer has been able to control its NITS and Capacity obligations for these facilities, paying the distribution utility for back-up power when the units trip offline. The NITS and Capacity savings provide more than half of the value of the CHP units, allowing the organization to continue maintaining and operating these assets. Other benefits from the CHP units include the value of waste heat. However, removal of the NITS savings alone would likely render the customer’s retail BTMG no longer commercially viable, resulting in the shutdown of the existing units and a lack of further expansion or new behind-the-meter CHP installations. That result would mean a loss of more than 100 MW of generation—the exact opposite direction of where the FERC and PJM have expressed that they need to go with regard to resource adequacy issues. The loss of the CHP units would also result in increased energy costs, burdening manufacturing viability at the site.

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**Example 3: Two Cogeneration Facilities: Different Efficiency, Same NITS.**

- *Context: Two customers with approximately 50 MW of gross load each; each customer has a 30 MW cogeneration plant (“Cogen”) on site.*
- *Operations: The Cogen of Customer #1 operates at a 95% capacity factor, while the Cogen of Customer #2 operates at a 60% capacity factor.*
- *Key Fact: Under a gross-load only approach, both customers will pay approximately the same in NITS charges, despite dramatically different grid impacts.*

## Appendix

This example demonstrates how disconnected the “gross load” approach is from the “actual use” standard that the Commission has endorsed on multiple occasions.<sup>6</sup> The difference between a 95% capacity factor and a 60% capacity factor is dramatic – essentially, the Cogen of Customer #2 is out of commission 8 times more (40% downtime vs. 5% downtime). Yet, under the new regime, NITS charges would be the same for both customers (based only on how much of the total behind-the-meter load was operational during peak hours).

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### **Example 4: Battery Storage Investment No Longer Reasonable.**

- *Context: Manufacturer is currently considering adding over 11 MW of behind-the-meter battery energy storage.*
- *Operations: The intended use for battery storage is to reduce capacity and transmission obligations by reducing energy purchases from the grid at peak times, which reduces congestion at appropriate times on the system.*
- *Key Fact: The primary driver for adding over 11 MW of load-reduction capability may be eliminated by a change in the retail BTMG netting rules.*

Battery storage is a rapidly developing field that was not addressed in the Order. Battery storage technology offers significant potential for improving grid efficiency. It is unclear from the Order how large-scale battery storage would be treated for purposes of measuring transmission obligations. If output from battery storage is deemed to be impermissible “netting” under the Order, a significant incentive to develop this technology on-site will be removed.

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### **Example 5: Multiple Units Behind the Meter; QF Agreement with Utility Terminated.**

- *Context: Manufacturer with nearly 60 MW of load and approximately 35 MW of behind-the-meter generation.*
- *Operations: Multiple generation units comprise a full on-site generation fleet, anchored by a large CHP unit.*
- *Key Fact: Legacy QF, whose agreement with the local utility was terminated when the utility’s mandatory purchase obligation was eliminated.*

This manufacturing customer operates multiple generation units behind the meter. Previously, the customer had an active QF agreement with its local distribution utility; the utility terminated this agreement many years ago due to the customer having market access. Changes to a gross load approach would significantly impact pricing for this customer and would fail to account for the longevity and stability of the multiple generation units operating behind the meter.

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### **Example 6: Non-QF Relies on Netting Rules for Long-Established BTMG Operation.**

- *Context: Manufacturer with approximately 150 MW of load; facility is interconnected to a vertically integrated utility.*

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<sup>6</sup> *Occidental Chem. Corp. v. PJM Interconnection*, 102 FERC ¶ 61,275; *PJM Interconnection, L.L.C.*, 167 FERC ¶61,268.

## Appendix

- *Operations: Generates most power on-site; receives approximately 20 MW of power flow from the local utility.*
- *Key Fact: Not a QF.*

This manufacturer self-generates a substantial portion of its required power on site; it has used this configuration for decades. Though operating with substantial BTMG, this customer does not operate as a QF under PURPA. Rather, the manufacturer relies on netting rules to accurately measure its use of the grid. It works directly with its local utility to purchase its supplemental and back-up power requirements. If the customer's BTMG were to trip offline, the customer's own infrastructure would prevent it from relying on the grid for all its requirements. As such, if this customer were charged on a gross basis, it would be required to purchase service that it cannot physically utilize. Changes to netting rules threaten to change how this manufacturer has operated in conjunction with its vertically integrated distribution utility for many years.

February 13, 2026

**To:** Michelle Greening and Mollie Lacey, PJM

**From:** The American Clean Power Association, Advanced Energy United, Calibrant Energy, Camus Energy, Convergent Energy & Power, Eolian, GridCARE, Luminary Strategies, Mainspring Energy, Stack Energy Consulting, Verrus, ZeroEnergy

**CC:** Stu Bresler, Michael Bryson, Adam Keech, Mark Stanisz, Tim Horger, Asim Haque, Jennifer Tribulski, Sami Abdulsalam, Chris Pilog

**Subject:** Joint Comments on PJM's Co-Located Load and BTMG Proposals to Comply with FERC's December 18, 2025, Order

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The group of organizations listed above appreciates the opportunity to submit comments regarding PJM's proposal to comply with the Commission's December 18 Order on Co-Located Load. We thank PJM for their work on these issues and for soliciting feedback. PJM's compliance with the Co-Located Load Order will determine the amount of new infrastructure needed to serve large loads. If PJM complies with the Order's intent to encourage large load flexibility, there will be stronger utilization of existing infrastructure and large loads can come online efficiently, reliably, and with limited impact on other consumers.

PJM's current proposal creates significant barriers for large loads that wish to provide flexibility, does not incorporate advances in modeling, forecasting and telemetry to ensure compliance based on actual system impact rather than installed equipment, and fails to comply with the December 18 Order. In the following comments, we outline our concerns with the PJM proposal, explain why we believe PJM's response contradicts the Order, and then provide detailed recommendations to PJM for addressing the concerns. **Recognizing the narrow deadline for PJM to make a filing and the considerable workload of the PJM team, we are solutions-oriented and provide as much specificity as possible including recommended modifications to the proposed redlines at the end of this document.**

### **Concern #1: Application of the BTMG Threshold**

PJM proposes to apply the BTMG threshold of 50 MW to the cumulative nameplate capacity of all onsite generators, including diesel backups only permitted for emergency use and configured to be non-exporting. These diesel backups are not used for the netting, which is FERC's main concern. Given that many loads have emergency backup generation equal to their full load, this would significantly restrict the ability for large loads to leverage other sources of on-site flexibility or resources, even loads which fall below the threshold.

For example, our understanding of PJM's proposal is that a 25 MW load with 25 MW of emergency generation and 25 MW of energy storage (or any other technology) would trigger the 50 MW threshold, even if the facility can only ever net 25 MW of load through the existing BTMG rules and never intends to export to the grid.

This contradicts the FERC Order, as Paragraph 221 states: "We therefore direct PJM, within 60 days of the date of issuance of this order, to propose a new MW threshold for the amount of load at a particular electrical location that Network Customers **may net** by using BTMG."

FERC is clear that the new BTMG rules should limit the **effect** of netting load through the use of the BTMG mechanism. However, FERC did not limit, and PJM should not limit how a load achieves this netting effect. It would be discriminatory for a load seeking to net below the threshold to be unable to take advantage of the BTMG rules because of the amount of cumulative generation installed on site when an equally sized load seeking to net the same number of MWs could take advantage of the BTMG rules because it has installed less generation. Each of these loads would have the same effect on the system and therefore should be treated equally by the tariff.

**Solution #1:** Consistent with the Order, PJM should apply the BTMG threshold to the amount that customers can net. PJM should remove the threshold from the definition of BTMG and instead include the threshold in section 34.2 of the OATT, consistent with the additions made to PJM's proposed tariff redlines below. If PJM wished to further mitigate concerns regarding cost-shifting due to the use of emergency backup resources for purposes of BTMG, it could require customers to demonstrate proof that emergency generation is permitted for emergencies and will not be used for BTMG. Manual 14D already includes metering and reporting requirements for BTMG and loads utilizing BTMG which we believe should allow PJM to implement most, if not all, of these requirements. We would welcome the opportunity to meet with PJM to discuss any meeting and reporting requirements that are necessary to ensure that emergency generation is not used for BTMG netting.

### **Concern #2: Transparency into Curtailment**

To effectuate the new Interim NITS and Non-Firm Contract Demand Service, PJM will need to establish criteria for when they would call upon the load to curtail to maintain reliability. PJM's proposal currently states that these curtailment conditions would occur prior to Pre-Emergency Demand Response and prior to the issuance of a Post Contingency Local Load Relief Warning ("PCLLRW").

This is too vague for a large load to understand the frequency and duration of curtailment. Large loads could not implement commercial arrangements or enter Interim NITS or Non-Firm Contract Demand Service without understanding their obligation.

**Solution #2:** PJM must provide transparency on the dispatch triggers and frequency/duration of curtailment dispatch under the Non-Firm and Interim NITS service options. Studies should include modeling of curtailment frequency and duration, informed by historical system conditions to allow loads to understand and quantify their curtailment exposure prior to taking service. PJM should dedicate time at an upcoming workshop meeting to the study process. PJM should endeavor to provide examples of this process with a hypothetical co-located arrangement; this is a critical exercise for the market to understand how to quickly agree to leverage existing economic or capacity product definitions that will result in bankable dispatchability solutions.

### **Concern #3: On-site Generation Ability to Serve Load under Interim NITS**

PJM is proposing that on-site generation associated with loads on Interim NITS must serve the grid, and not the load, during curtailment periods. In other words, during system constraints, these loads would neither be allowed to use the grid **nor** on-site generation to serve their load. This removes the benefit of co-locating with a generator and is inconsistent with FERC's Order.

FERC's order clearly states: "when curtailed, Eligible Customers taking this transmission service on behalf of Co-Located Loads may be able to continue to take energy from the Interconnection Customer with which they are co-located if PJM's Tariff otherwise allows." (p. 201)

The benefit of the interim NITS options for Co-Located Load comes from being able to interconnect quickly while still meeting their reliability needs. The grid benefits from adding load that does not impact system reliability, **if the generation serving the load is new generation**. We can appreciate that PJM would be concerned if existing generation was being repurposed to serve the new loads.

**Solution #3:** This on-site generation should be allowed to serve the loads and the loads should be allowed to be interim NITS provided 1) it is new generation that has not previously been in the capacity market and 2) the load is not consuming from the grid during these curtailment periods.

### **Concern #4: Co-Located Load Ability to take Service from the Grid**

PJM has proposed restricting the availability of non-firm contract demand service only to times when the co-located generator is on outage. This proposal greatly undermines the utility of non-firm contract demand service across a range of co-location configurations. This proposal is also

flatly contradicted by the Order, which provided that "the new Non-Firm Contract Demand transmission service must be available during normal operations." (P 215).

**Solution #4:** PJM should strike this limitation and ensure that non-firm contract demand service is available during normal operations and curtailed during emergency operations, as the Order requires. (Id.)

#### **Concern #5: Generator Eligibility in new Transmission Service Options**

To participate in Interim NITS or Non-Firm service, PJM proposes that any generation located at the customer site will have to go through PJM's interconnection queue.

We recommend removing the requirement to go through the queue for loads sited with generation that is non-exporting and that goes through the utility interconnection process. Under the current BTMG framework, the utilities have study processes in place for studying generation connected to loads which are not planning to export to the system and this study process does not need to move under PJM's jurisdiction.

Forcing projects that wish to participate in Non-Firm CDS and Interim NITS but not to export to the system into PJM's queue would either increase the number of projects in the queue or reduce the number of projects that are interested in this new service offering. This contradicts the desire to quickly interconnect new loads.

**Solution #5:** Given queue delays, and that the generation is intended to serve the load and not export to the grid (i.e. deliverability should not be an issue), PJM should strike the requirement to have a PJM interconnection for non-exporting generation to participate in Non-Firm CDS and Interim NITS. As a result, we strike the final sentence from the Retail BTMG definition in the tariff language below.

While non-exporting generation should not be required to enter PJM's interconnection queue to participate in Non-Firm CDS or Interim NITS, PJM should establish a streamlined registration and data disclosure pathway for such resources. This could include standardized submission of nameplate capacity, operational parameters, non-export commitment, and telemetry capabilities so that PJM planners can model these resources accurately without subjecting them to full interconnection review. This approach preserves speed-to-interconnection while ensuring appropriate planning transparency.

#### **Concern/Solution #6: Grandfathering Treatment of BTMG**

In order to qualify for "grandfathering," PJM proposes that "Retail Behind The Meter Generation includes any generation used by a Network Customer to net load if it is the subject of

a contractual arrangement (e.g., bilateral agreement, interconnection agreement, etc.) that was in effect as of December 18, 2025 through the end of the term of such agreement.”

**Solution #6:** Given the considerable uncertainty with how PJM’s tariff will be amended, we recommend that BTMG should be grandfathered through the effective date of the PJM tariff revisions that comply with the December 18, 2025, Order.

### **Recommended Changes to the Draft Tariff Redlines**

The following modifications (in blue) to PJM’s redlines (in red) capture the solutions outlined above for the tariff sections that PJM has presented at the workshops so far. Additional modification to tariff language regarding Co-Located Load and the new transmission service options may be necessary to capture the remaining solutions not captured in the language below.

#### **RAA, OA, Tariff Definition**

~~Retail Behind The Meter Generation: “Retail Behind The Meter Generation” shall refer to Behind The Meter Generation that is used to serve load located at the same electrical location, where such generation has a cumulative nameplate rating of no greater than 50 MW. Notwithstanding the foregoing and for a transition period through December 18, 2028, Retail Behind The Meter Generation includes any generation with a cumulative nameplate rating greater than 50 MW used by a Network Customer to net load prior to December 18, 2025. Provided further, Retail Behind The Meter Generation includes any generation used by a Network Customer to net load if it is the subject of a contractual arrangement (e.g., bilateral agreement, interconnection agreement, etc.) that was in effect as of December 18, 2025 through the end of the term of such agreement. Any facility that qualifies as a Retail Behind The Meter Generation shall be excluded from Co-Located Load arrangements.~~

#### **Tariff, section 34.2 Netting of Retail Behind the Meter Generation.**

The daily load of a Network Customer does not include load served by up to 50 MW of operating Retail Behind The Meter Generation added after [the effective date of these tariff provisions] and all operating Retail Behind the Meter Generation subject of a contractual arrangement (e.g., bilateral agreement, interconnection agreement, etc.) that was in effect as of [the effective date of these tariff provisions] through the end of the term of such agreement. Notwithstanding the foregoing and for a transition period through [three years after the effective date of these tariff provisions], the daily load of a Network Customer does not include load served by any operating Retail Behind the

Meter Generation. The daily load of a Network Customer shall not be reduced by energy injections into the transmission system by the Network Customer.

Sincerely,

The American Clean Power Association

Advanced Energy United

Calibrant Energy

Camus Energy

Convergent Energy & Power

Eolian

GridCARE

Luminary Strategies

Mainspring Energy

Stack Energy Consulting

Verrus

ZeroEnergy

**FERC ORDER ON CO-LOCATED LOAD  
STAKEHOLDER FEEDBACK - PPL ELECTRIC  
FEBRUARY 13, 2026**

- PPL appreciates PJM’s consideration of feedback provided during the workshop and believes the changes presented at the 2/10/26 workshop are a step in the right direction.
- To ensure ease of implementation and avoid unintended consequences related to existing BTM resources, PPL supports PJM’s proposal to treat all existing retail BTMG as legacy resources noting stakeholder requests for consideration of further refinements to the proposed definition of Retail BTMG to ensure it captures the “right” customers.
- PPL also supports PJM’s proposed application of a 50MW or less threshold for generation eligible for Retail BTMG as consistent with how PJM is defining Large Load Additions. This threshold will minimize gaps (and therefore confusion) around whether a specific generation resource is eligible for classification as BTMG or participation under the Colocated Load Rules. Additionally, this lower threshold ensures necessary visibility of generation and load to facilitate reliable planning and operations.
- PPL maintains that a 200MW threshold for BTMG is much too high and will create significant gaps in understanding what the system looks like and how it is modeled, negatively impacting/impeding the ability to reliably and effectively plan and operate the system.
- PPL suggests PJM consider additional examples or clarifications in the definition of Retail BTMG to make clear the types of agreements that will be acceptable. For example, would a WMPA or other agreement between a retail load customer with BTMG and an electric distribution company be considered an existing contractual agreement for purposes of determining legacy treatment?
- PPL also requests that PJM provide a reference chart documenting and clearly differentiating the variations of Retail BTMG and colocation, overlaid with the 3 proposed new transmission service products that may (or may not) be available under the different arrangements.
- Referring to the slide deck at item 1-3 from the February 5 workshop (slide 3) and the notation that capacity above contracted demand is opportunity based, is PJM proposing to allow a co-located load customer with firm contract demand service to exceed their firm contract demand value absent an additional non-firm contract for that additional capacity? If so, PPL does not believe this is appropriate and

suggests that any use of the system above a customer's firm-contract amount requires a non-firm contract for the additional capacity.

- Regarding RAS, PPL suggests that all generation owners with arrangements/configurations that require an RAS be required to be NERC registered entities and fully accountable for their RAS from a NERC Standards perspective. This includes redundancy. It is not appropriate to require TOs to take on new compliance responsibilities and costs associated with protection schemes for non-full NITS customers.
  - RAS for the purposes of application to these new transmission service types should be limited to generation or load runback schemes. No RAS impacting other transmission facilities on the system should be considered. In these applications, RAS should only target an individual customer's generation or load during times when the load exceeds values specified in the firm demand contract.