

Overview of June 18 Co-Located Load and Large Load Show Cause Orders

Mark J. Stanisz

Associate General Counsel

July 30, 2026

Disclaimer: While materials are current at the time of publishing, applicable requirements may change. PJM Governing Documents control.

On June 18, 2026, the Commission issued its Co-Located Load Order in Docket Nos. EL25-49-000, -002, AD24-11-001, EL25-20-001, and ER26-1479-000.

- **Delisting CIRs:** an existing generator may not begin serving Co-Located Load that is not Network Load until it has delisted its CIRs for the portion of the generator to be designated to serve any Co-Located Load that is not receiving NITS
- **50 MW materiality threshold for BTMG netting:** FERC agreed with PJM's 50 MW materiality threshold for BTMG netting (although FERC clarified that facilities that exceeded this threshold could still net up to 50 MW, and that the threshold applies to load and not cumulative nameplate generation capacity as PJM proposed)
- **Interim NITS is “not a right”:** FERC agreed with PJM that entities have an “option to seek” Interim NITS service
 - “We generally agree with PJM that the non-rate terms and conditions for Interim NITS reflect those applied to NITS” with some necessary modifications to reflect the interim, non-firm nature of the new service

- **Necessary study framework:** FERC accepted PJM's proposed clarifications about necessary studies regarding the added: descriptions of the analytical scope, customer responsibility for Network Upgrade costs, and clarifying that existing generators cannot begin serving Co-Located Load until Network Upgrades, special protection schemes, and metering are in service. FERC directed duplication of PJM's updated language in other parts of the Tariff.
- **Necessary studies are different from transmission service studies:** FERC reaffirmed that studies applicable to a transmission service request for one of the new transmission services are distinct from the Necessary Study process, which studies the modification of a generator interconnection.

- “[C]larifying that to the extent that an Interconnection Customer wishes to serve Co-Located Load using its generator but not identify an Eligible Customer, then the Interconnection Customer may take steps to terminate its generator’s interconnection to the PJM transmission system and serve the Co-Located Load fully islanded from PJM’s transmission system”
- Affirming PJM’s proposed curtailment hierarchy for Interim NITS, FCD, and NFCD, and signaling curtailment of Interim NITS “as a result of capacity or reserve shortages” is just and reasonable because such customers “do not pay generation capacity charges” and because of PJM’s “need to maintain reliability.”

- FERC reconsidered its prior findings or rejected certain aspects of PJM's proposal on compliance/in the paper hearing. In particular:
 - FERC expanded availability of the new transmission service products to Eligible Customers serving loads with BTMG.
 - **Nature of FCD/NFCD:** FERC did not accept PJM's proposal regarding the nature of Firm Contract Demand and Non-Firm Contract Demand transmission services, finding the proposed construct insufficiently flexible.
 - FERC "recognize[s] that the new FCD and NFCD transmission services represent a significant change in how transmission service has been historically offered in PJM. We also recognize that significant changes to PJM's software may be necessary to integrate the FCD and NFCD transmission services, including to potentially automate some processes that are currently handled manually by operators with respect to curtailing non-firm transmission services."

- **Operational penalties:** Declined proposal to disqualify FCD or NFCD customers from taking those services after one failure to follow a curtailment or load shedding directive.
 - Instead, FERC found that PJM may terminate a transmission service agreement after two instances of failing to follow a load shed or curtailment directive.
 - FERC also declined PJM's proposal to disqualify Interim NITS, FCD, or NFCD customers from service after one misoperation of necessary control technology and/or protection systems but found it just and reasonable to suspend service for a period of up to 120 days after the first misoperation.
- **Effective Date:** FERC directed PJM to reconsider its proposed June 1, 2029 effective date for the new transmission services.

On the issue of applicable rates, FERC found as follows:

- Apply the NITS rate to Eligible Customers taking Interim NITS
- Rates for FCD transmission service is based on zonal NITS rates and underlying NITS revenue requirements
 - Did not accept proposal to set the maximum rate for NFCD equal to the rate for FCD
- Interim NITS/FCD/NFCD for reg and black start should be generally assessed based on gross demand (but for all other ancillary services where proposed to be calculated based on total quantity of MWhs of energy delivered to the Co-Located Load, finding rate should be based on contract demand)
- Interim NITS, FCD and/or NFCD should be assessed certain administrative charges and certain redispatch costs

On June 18, 2026, the Commission issued its Large Load Show Cause Order in Docket No. EL26-67.

- Because of pending co-located load efforts, PJM's show cause order is tied with many aspects of the co-located load efforts and focuses principally on the integration of large loads that are **not** co-located with generation.

Key points:

- Leverages FERC's transmission (and derivative generator interconnection) jurisdiction to effectuate proposed reforms, while respecting roles/authorities reserved to the states by the FPA ("cooperative federalism")
- No disruption of existing commercial arrangements, only prospective reforms
- FERC is not seeking to disrupt "allocated rights and responsibilities [between PJM and the TOs] in the governing documents establishing PJM"
 - Recognizes a "primary responsibility" by the TOs for large load integration studies

- FERC strongly encourages the filing of section 205 filings to address some or all the issues discussed in the filing
 - Option of up to a 90-day abeyance on responding to the show cause order if a sufficient plan is laid out for section 205 filings
- “Large Load” definition
 - FERC’s proposed “large load” definition: a large load as (1) a new commercial or industrial customer, (2) located at a single site behind one or more points of interconnection, (3) that has a peak load of 50 MW or greater, (4) interconnects to the transmission system at a voltage level of greater than 69 kV, and (5) is not part of a co-location arrangement.”

- There is a need for provisions establishing an application process and requirements for Eligible Customers requesting transmission service on behalf of large loads. Key terms would include:
 - Accepting applications on rolling basis
 - Non-refundable application fees and sufficient readiness requirements that escalate at distinct phases of the study process to deter duplicative or speculative requests for transmission service (e.g., meaningful milestones and/or financial commitments)
 - information and data requirements that Eligible Customers must submit to PJM and/or the Transmission Owners regarding the characteristics of the large load on behalf of which the Eligible Customer is taking transmission service, including disclosure to PJM of any substantially similar pending transmission service requests on behalf of the same large load customer

- There is a need for provisions establishing a study process that considers the unique operational challenges of providing transmission service to Eligible Customers on behalf of large loads:
 - Need for timely transmission service study (i.e., within 60-90 days of receiving the request)
 - Evaluate system's ability to withstand risks observed from analyzed large load behavior created by the large load at the point of interconnection, or any other necessary supplemental studies
 - Does PJM recognize large loads that are willing and able to limit their energy withdrawals under certain conditions, which may thereby lessen or potentially avoid the need for certain Network Upgrades?
 - Is PJM sufficiently studying alternative transmission technologies (ATTs), and explaining its findings when Network Upgrades are selected instead of ATTs?
 - FERC is not “mandating” use of ATTs

- Setting forth necessary ongoing operational requirements:
 - Does PJM get hourly forecasts, telemetry data, and other data to ensure sufficient visibility or specify requirements for maintaining communication channels between PJM and the transmission customer on behalf of the large load?
 - Are TOs required to install, and transmission customers pay for, equipment to enable PJM to monitor large loads for system impacts?
 - Authority and ability for PJM to remotely disconnect large loads when necessary to maintain reliability of the transmission system, as well as the terms and conditions under which PJM may remotely disconnect the large load (e.g., emergency conditions, so that transmission equipment is not harmed)?
 - Ramp and ride through requirements?
 - Necessary control technologies and/or protection systems?

- We must memorialize ongoing operational requirements for Eligible Customers taking transmission service on behalf of large loads in *pro forma* provisions in service agreements.
- Ensure the Tariff mitigates against cost shifting among transmission customers:
 - FERC is concerned about lack of transparency (FERC says there's a need for posting on PJM website in a single location, easily accessible format, searchable and filterable) regarding the assignment of Network Upgrades, and their associated costs, that are needed to provide transmission service to Eligible Customers on behalf of large loads.
 - States encouraged to give PJM feedback on “transparency” needs.
 - We should consider posting the following at a minimum: (1) the aggregate amounts of proposed large load additions in PJM’s footprint, including the aggregate amounts in each transmission pricing zone; (2) the planned Network Upgrades needed to provide transmission service to Eligible Customers on behalf of large loads, identified by type of equipment and Network Upgrade (e.g., new substation, reconductoring, a new high-voltage transmission line) for each transmission service request; and (3) cost estimates for those Network Upgrades.

- FERC is concerned about the lack of a *pro forma* cost recovery agreement between PJM, the relevant transmission owner, and the Eligible Customer that help ensure that Eligible Customers bear the risk and are ultimately responsible for costs.
 - How to set the minimum contribution required?
 - Credit support (or other financial security) requirement.
 - FERC expects appropriate crediting toward transmission owners' transmission revenue requirements consistent with FERC's cost-of-service regulations.
 - FERC's preliminary finding is "not intended to alter or call into question existing regional cost allocation methods for Network Upgrades, but instead is focused on helping to prevent cost shifting among transmission customers."
 - Existing TO-customer CRAs should still be filed with FERC, there are questions that will need to be addressed.

- Develop new interim and permanent transmission services to Eligible Customers taking service on behalf of Flexible Large Loads (that are willing and able to limit their use of the transmission system under certain conditions)
 - “flexible” large loads are a subset of large loads that are not co-located with generation, but are willing and able to limit their energy withdrawals from the transmission system under certain conditions.
 - Specifically, for “flexible large loads” should we be offering (1) an interim non-firm network transmission service while Network Upgrades are being constructed (i.e., interim NITS) and (2) permanent firm and non-firm contract demand transmission services (transmission service up to a specified MW quantity, i.e., the contract level, on a firm or non-firm basis)?

- PJM's Tariff should contain provisions allowing an interconnection customer to seek the **generator interconnection service(s)** that reflects the operational dynamics of serving either: (1) an electrically proximate large load; or (2) a co-located load, as defined in the PJM Co-Location Order, that has a high peak load (i.e., large co-located loads that are 50 MW or greater).
 - Proposes to define “electrically proximate large load” to mean a large load “that is sufficiently electrically close to the interconnection customer’s requested point of interconnection, such that the impact on the transmission system of the combination of the generating facility and the load, with the exception of the transmission facilities between the two, will be effectively the same as if they were located at the same substation (e.g., large load that is located no more than two substations away from the generating facility).”
 - PJM's Tariff appears to lack a generator interconnection study process and/or generator interconnection service to reflect an interconnection customer's commitment in an interconnection agreement to limit the generating facility's output to minimize the impact on the transmission system while serving an electrically proximate large load or large co-located load.

- Consider Tariff provisions establishing:
 - **Option 1:** a new generator interconnection study process and new interim generator interconnection service that reflect an interconnection customer's output to match the hourly forecast of an electrically proximate large load or large co-located load; or
 - **Option 2:** a generator interconnection study process that allows the use of the existing ERIS or NRIS of an existing generator to connect a new generating facility and a new large load behind the same point of interconnection of the existing generator with necessary control technologies and/or protection systems, which may include a special protection scheme, that ensures that the net injection does not exceed the amount in the existing generator interconnection agreement; or
 - **Option 3:** a new generator interconnection service that allows a new generating facility and new large co-located load seeking to interconnect behind the same new point of interconnection with necessary control technologies and/or protection systems, which may include a special protection scheme, to ensure that there is no injection to the transmission system.
- Option 2 and 3 could be interim or permanent; these three options cannot be mutually exclusive.
- Determine what types of transmission service will be needed to accompany these generator interconnection services.

- PJM has filed a motion for abeyance in the large load docket, and motion to extend the time to make part of the co-located load 60-day compliance filing
- PJM intends to submit a partial 60-day co-located load compliance filing addressing the topics noted in the motion
- Stakeholder engagement sessions scheduled for: July 30, 2026; August 18, 2026; and September 16, 2026, with feedback to be requested after each session
- If FERC accepts PJM's motions, PJM is targeting the submission of a Section 205 filing to address the large load show cause order by early/mid-November 2026, with the remaining co-located load compliance filing submitted around the same time

Presenter:
Mark Stanisz,
Mark.Stanisz@pjm.com

Overview of June 18 Co-Located Load and Large Load Show Cause Orders



Member Hotline

(610) 666 – 8980

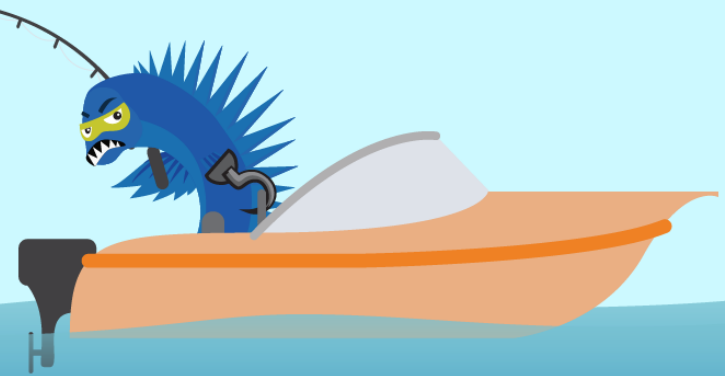
(866) 400 – 8980

custsvc@pjm.com

**PROTECT THE
POWER GRID**
**THINK BEFORE
YOU CLICK!**



**BE ALERT TO
MALICIOUS PHISHING
EMAILS**



Report suspicious email activity to PJM.
Call (610) 666-2244 or email it_ops_ctr_shift@pjm.com