

# Behind-the-Meter Capacity Participation in the “Reliability Backstop Procurement”

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Prepared by Stack Energy Consulting on Behalf  
of Calibrant Energy and Convergent Energy &  
Power

# Executive Summary

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The “Statement of Principles” from the National Energy Dominance Council and 13 Governors clearly contemplates the ability for data centers to self-procure new capacity or agree to be curtailable, without restrictions on the type of capacity

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Large loads that “agree to be curtailable” should be allowed to use “Price Responsive Demand,” consistent with PJM/SMECO proposals during CIFP; behind-the-meter capacity should also be eligible for bilaterals and the RBP via existing supply products

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The magnitude and speed at which data centers wish to interconnect demands the eligibility of all resource types, especially ones that can come online quickly, less expensively, and that do not crowd the interconnection queue

# The “Statement of Principles” Allows for Data Centers to Self-Procure All Forms of New Capacity or be Curtailable

## Allocate Costs to Data Centers:

- Their size and the risks they pose to resource adequacy make today’s data centers unique. For this reason, PJM should allocate the cost of any *new* capacity procured through the aforementioned Reliability Backstop Auction to load serving entities (LSEs) with new data centers that have not self-procured new capacity or agreed to be curtailable. Any remaining costs should be allocated to LSEs based on their remaining net short positions.

In this presentation, we provide a clear path for a data center to “agree to be curtailable” based on an existing PJM product

# Broad Stakeholder Support for BTM Capacity Participation in the RBP

## Supporters (38)

- States (MD and PA Governor's Office, NJ BPU, PJM State Legislators)
- Hyperscalers (Google)
- Environmental (NRDC, Sierra Club, Ceres)
- Consumer Advocates (IL CUB, PA Office of Consumer Advocates)
- Generators/Suppliers/LSEs/Utilities: (AlphaGen, Blue Ridge Power Agency, Calibrant, Constellation, Convergent, CP Energy Marketing, Distributed Sun, Dominion Energy Generation, DTE Energy Trading, Duke Energy, Eartrise, EmeraldAI, Enerwise, Mainspring Energy, MN8 Energy, Nous, NRG, RedOak Power, truCurrent, Verrus, Vistra, Voltus)
- Trade Associations (Advanced Energy United, American Clean Power Association, MAREC)
- Other (Campbell Energy Advisors, PN Associates, Third Act MD)

## Opponents (3)

- IMM, Buckeye Power, Invenergy

\*Gathered from all surveys submitted to PJM through 3/11 and presentations through 3/5. We excluded Zenobe since they supported DER but did not support DR.


# Participation Options for BTM Capacity

## Option 1: Demand-Side (“Agrees to be Curtailable”)

- **PJM market product:** “Price Responsive Demand”
- **Impact:** LSE/Large Load Commits to PRD **Before** RBP, Reducing the MW to Procure in that Zone via Bilaterals or RBP

## Option 2: Supply-Side

- **PJM market products:** Demand Response (“Emergency Load Response Program”) and “Distributed Energy Resource Aggregation”
- **Impact: After** PJM makes a final determination regarding the number of MW to procure in a zone, large loads/LSEs can sign bilateral contracts for these market products, or these products can “clear” in the RBP



## Participation Option #1 for “Behind-the- Meter” Capacity: Demand-Side

### “Agree to be Curtailable” using “Price Responsive Demand” (“PRD”)

- This aligns with prior PJM proposal in CIFP process; we are supportive of adopting the PJM or SMECO proposal
- Highest CIFP vote share went to SMECO proposal, indicating relative stakeholder support for leveraging PRD

# Using PRD to Satisfy “Agreeing to be Curtailable”

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## 01

Prior to RBP, large load or LSE indicates intent to use PRD beginning in the delivery year which the large load is expected to come online for a specific number of years

## 02

For those years, PJM removes those MW from the amount to be procured through bilaterals or in the RBP

## 03

Those MW would participate under existing PRD rules for those years (with PJM and/or SMECO modifications)

# Example for Using PRD

01

Large load XYZ with 100 MW expected peak load, plans to come online for 2030-31 DY, and PJM's initial forecast includes 100 MW from XYZ

02

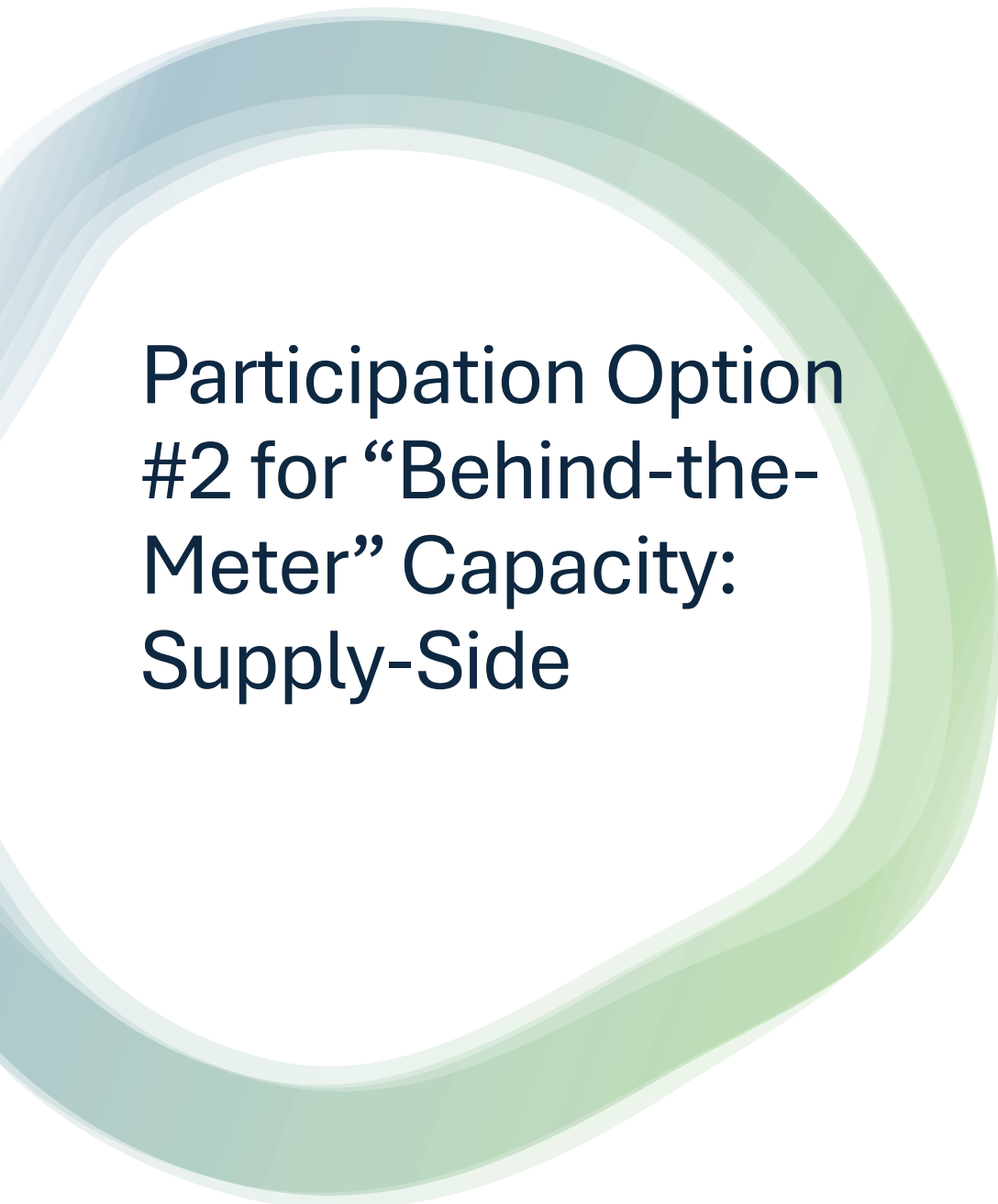
Before the RBP, large load XYZ "agrees to be curtailable" for 70 MW, and wants to participate with those 70 MW in PRD

03

XYZ notifies their LSE and PJM, and PJM reduces the amount to procure for that zone by 70 MW. The large load still needs to bilateral for 30 MW, or those 30 MW will participate in RBP

04

During the delivery year, the large load participates in PRD for 70 MW. During PRD "events," the large load must be consuming  $\leq 30$  MW, or face penalties



## Participation Option #2 for “Behind-the- Meter” Capacity: Supply-Side

### Leverage existing supply resource programs

- Large loads can either participate directly in existing “Demand Response” or “Distributed Energy Resource” programs or contract for off-site MW to participate in those programs
- Those MW would face same rules as currently in place (e.g. ELCC)
- Large loads can either bi-lateral for these MW, in which case they would reduce the amount to procure in the RBP, or these resources could participate directly in the RBP

# BTM Capacity Meets Several Key Objectives

1. **Protect Residential Customers:** BTM capacity mitigates the risk of building generation and transmission for load that fails to materialize; if the load does not materialize, neither will the generation
2. **“Speed to Power:”** On-site resources can be built faster than remote resources that depend on infrastructure development (e.g. OpenAI comments in Appendix)
3. **Reliability:** Resource diversity, both in terms of technology and geography, has repeatedly benefited PJM reliability

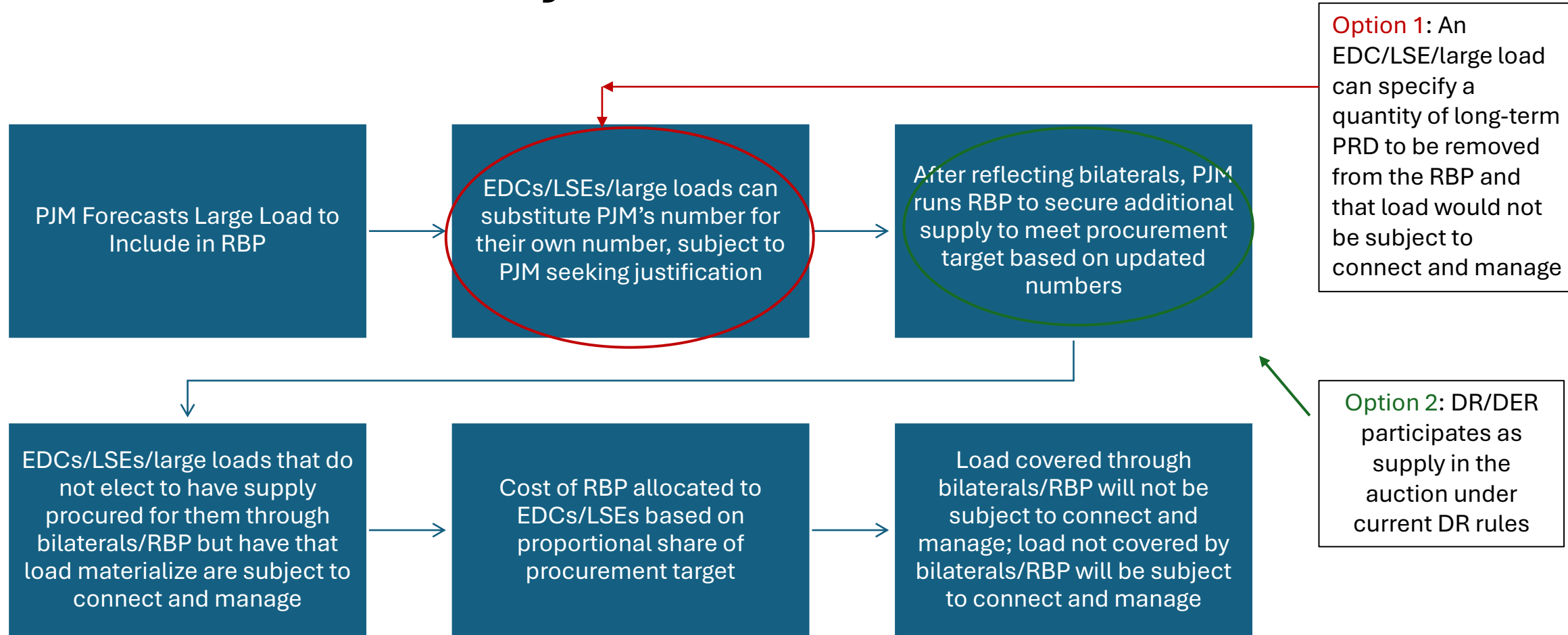


# DOE ANOPR Recognizes Value of Curtailment

24. Seventh, the interconnection study of large loads that agree to be curtailable and hybrid facilities that agree to be curtailable and dispatchable should be expedited. The system operator's ability to control such facilities through curtailment and/or dispatch must be sufficient for the system operator to integrate the facility into both operations and system planning. This ensures the timely and orderly addition of large loads to the transmission system in a safe, reliable, and non-discriminatory manner. We seek

**Key Takeaway:** PJM's existing programs for BTM capacity are sufficient "to integrate the facility into both operations and system planning" and will facilitate the timely and orderly addition of large loads in a safe, reliable, and non-discriminatory manner

# Process Summary of PRD/DR in RBP





Greg Geller  
Founder & CEO  
Stack Energy Consulting  
(781) 808-6616  
[Greg@stackenergyconsulting.com](mailto:Greg@stackenergyconsulting.com)

Alex Worsley  
Principal  
Stack Energy Consulting  
(914) 525-2512  
[alex@stackenergyconsulting.com](mailto:alex@stackenergyconsulting.com)



# Appendix

From February 24 Presentation

# PJM's Proposal to Exclude Load Management Discriminates Against Resources Based on Location

An identical technology (e.g. energy storage, gas) that is based in front-of-the-customer-meter would be eligible for participation, but could be banned if it is behind-the-customer-meter

Given that the technology behind the customer meter (e.g. storage, gas) requires less infrastructure and can enable the load to come on-line faster, it should also be eligible for participation

# Examples of Load Flexibility under RBP



Large load contracts for non-export, on-site gen



Large load contracts for off-site C&I load flexibility

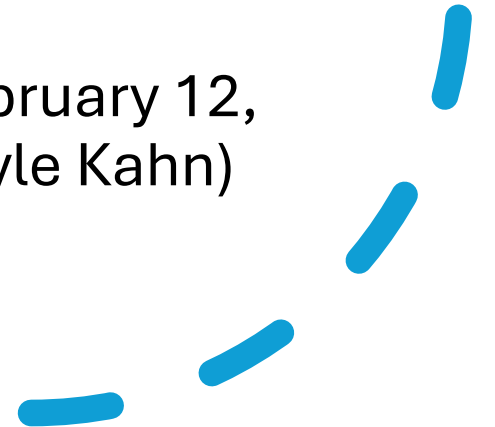


Large load contracts for residential curtailment

# Broad Stakeholder Recognition of the Need for Load Flexibility

- “For a 2027–2028 shortage, the only viable forms of capacity may be demand response, some batteries, or adding backup fuel to existing gas generators to drive up their ELCC...Large-scale gas is a 2030+ resource. In the interim, we can add demand response, batteries, or upgrade existing facilities. ”

- Paul Segal, CEO of LS Power, February 12, 2026, ([Catalyst](#) podcast with Shayle Kahn)



# Broad Stakeholder Recognition of the Need for Load Flexibility

**“Expand use of curtailable load resources and modernize interconnection policy.** To strengthen grid reliability and expand capacity for AI and other flexible loads, FERC should allow more demand-side participation in wholesale markets and speed up interconnection for large loads that can curtail....”

- Letter from OpenAI to White House  
“Office of Science and Technology Policy,”  
October 27, 2025

# Broad Stakeholder Recognition of the Need for Load Flexibility

- **“Faster grid access and less grid buildout:** Flexible data centers require less grid buildout, accessing reliable grid power faster and at lower cost. Developers control deployment of technologies overcoming grid constraints rather than waiting for grid buildout.
- **Increased grid asset utilization:** Potentially lowers overall societal grid costs by tapping underutilized assets.
- **Improved grid reliability:** Adds flexible demand options to improve grid resource adequacy and potentially provides frequency response, voltage support, and demand response services.”
  - Electric Power Research Institute, [Strategies for Powering New Data Centers](#), November 24, 2025

# Excluding Load Flexibility Would Lead to Unjust and Unreasonable Rates

- *EPSA v FERC*: “The FPA should not be read... to halt a practice that so evidently enables FERC to fulfill its statutory duties of holding down prices and enhancing reliability in the wholesale energy market.” (referring to demand response)
- Order 719 requires RTOs (like PJM) to accept bids from DR resources on a basis **comparable to any other resource**