196 FERC ¶ 61,214
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Laura V. Swett, Chairman;
David Rosner, Lindsay S. See,
Judy W. Chang, and David LaCerte.

PJM Interconnection, L.L.C. Docket No. EL26-67-001

AEP Appalachian Transmission Company, Inc.
AEP Indiana Michigan Transmission Company, Inc.
AEP Kentucky Transmission Company, Inc.
AEP Ohio Transmission Company, Inc.
AEP West Virginia Transmission Company, Inc.
American Transmission Systems, Incorporated
Appalachian Power Company
Atlantic City Electric Company
Baltimore Gas and Electric Company
Commonwealth Edison Company
Commonwealth Edison Company of Indiana, Inc.
Dayton Power and Light Company
Delmarva Power & Light Company
Duke Energy Kentucky, Inc.
Duke Energy Ohio, Inc.
Duquesne Light Company
Essential Power Rock Springs, LLC
Hudson Transmission Partners, LLC
Indiana Michigan Power Company
Jersey Central Power & Light Company
Kentucky Power Company
Keystone Appalachian Transmission Company
Kingsport Power Company
Linden VFT, LLC
Mid-Atlantic Interstate Transmission, LLC
Monongahela Power Company
Neptune Regional Transmission System, LLC
NextEra Energy Transmission MidAtlantic Indiana, Inc.
Ohio Power Company
Ohio Valley Electric Corporation
Old Dominion Electric Cooperative
PECO Energy Company
PPL Electric Utilities Corporation

The Potomac Edison Company
Potomac Electric Power Company
Public Service Electric and Gas Company
Rockland Electric Company
Silver Run Electric, LLC
Trans-Allegheny Interstate Line Company
Transource West Virginia, LLC
UGI Utilities, Inc.
Virginia Electric and Power Company
Wheeling Power Company

ORDER DISMISSING REQUESTS FOR REHEARING AND CLARIFICATION

(Issued September 21, 2026)

1. On June 18, 2026, the Commission issued an order under section 206 of the Federal Power Act (FPA)[1] initiating a show cause proceeding directing PJM Interconnection, L.L.C. (PJM) and the Transmission Owners[2] to explain why PJM's Open Access Transmission Tariff (Tariff) remains just and reasonable and not unduly discriminatory or preferential without certain Tariff provisions addressing large loads and co-located loads, or propose Tariff revisions addressing the Commission's concerns.[3] On July 17, 2026, the Pennsylvania Office of Consumer Advocate (PA OCA) filed a request for clarification or, in the alternative, rehearing, and Joint Consumer Advocates[4] filed a request for clarification and rehearing. On July 20, 2026, Eolian, L.P. (Eolian) and Indicated PJM Transmission Owners[5] each filed a request for clarification or, in the alternative, rehearing, and Exelon

[1] 16 U.S.C. § 824e.

[2] Transmission Owners refers to the entities listed in the caption to this order.

[3] *PJM Interconnection, L.L.C.*, 195 FERC ¶ 61,211, at PP 3, 35, *errata notice*, 196 FERC ¶ 61,122 (2026) (Show Cause Order). Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Tariff.

[4] Joint Consumer Advocates consist of: The Maryland Office of People's Counsel, the Ohio Consumers' Counsel, the Delaware Division of the Public Advocate, and the Office of the Illinois Attorney General.

[5] Indicated PJM Transmission Owners are: American Electric Power Service Corporation on behalf of its affiliates, Appalachian Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company, Wheeling Power Company, AEP Appalachian Transmission Company, Inc.,

Corporation and FirstEnergy Services Company (collectively, Exelon/FirstEnergy) separately filed a request for rehearing. On August 4, 2026, Constellation Energy Generation, LLC (Constellation) filed an answer to the Indicated PJM Transmission Owners' request for clarification.

2. Pursuant to *Allegheny Defense Project v. FERC*,[6] the rehearing requests filed in this proceeding may be deemed denied by operation of law. However, we are dismissing the requests for rehearing and clarification, as discussed below.

I. <u>Show Cause Order</u>

3. In the Show Cause Order, the Commission found that PJM's existing Tariff appears to be unjust, unreasonable, or unduly discriminatory or preferential because it lacks certain provisions related to large loads and co-located loads and instituted a show cause proceeding pursuant to FPA section 206.[7] The Commission directed PJM and the Transmission Owners, within 60 days of the date of the Show Cause Order, i.e., by August 17, 2026, to either explain why PJM's Tariff remains just and reasonable and not unduly discriminatory or preferential without certain Tariff provisions addressing large loads and co-located loads, or propose Tariff revisions addressing the Commission's concerns.[8]

4. Specifically, the Commission made preliminary findings that PJM's existing Tariff appears to be unjust, unreasonable, and unduly discriminatory or preferential because it

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AEP Indiana Michigan Transmission Company, Inc., AEP Kentucky Transmission Company, Inc., AEP Ohio Transmission Company, Inc., and AEP West Virginia Transmission Company, Inc.; The Dayton Power and Light Company; Dominion Energy Services, Inc. on behalf of Virginia Electric and Power Company; Duke Energy Business Services, LLC for Duke Energy Kentucky, Inc. and Duke Energy Ohio, Inc.; Duquesne Light Company; East Kentucky Power Cooperative, Inc.; Exelon Corporation on behalf of its affiliates Atlantic City Electric Company, Baltimore Gas and Electric Company, Commonwealth Edison Company, Commonwealth Edison Company of Indiana, Inc., Delmarva Power & Light Company, PECO Energy Company, and Potomac Electric Power Company; FirstEnergy Service Company, on behalf of its affiliates American Transmission Systems, Incorporated, Jersey Central Power & Light Company, Mid-Atlantic Interstate Transmission LLC, The Potomac Edison Company, Monongahela Power Company, Keystone Appalachian Transmission Company, and Trans-Allegheny Interstate Line Company; PPL Electric Utilities Corporation; and Rockland Electric Company.

[6] 964 F.3d 1 (D.C. Cir. 2020) (en banc).

[7] Show Cause Order, 195 FERC ¶ 61,211 at PP 3, 35.

[8] *Id.* P 3.

lacks provisions addressing: (1) the application process, study procedures, and ongoing operational requirements that apply to Eligible Customers seeking transmission service on behalf of large loads;[9] (2) additional transparency concerning the Network Upgrade costs to provide transmission service to Eligible Customers on behalf of large loads, a *pro forma* cost recovery agreement to mitigate the risk of cost shifting among transmission customers, and a mechanism to ensure such payments are appropriately credited toward transmission owners' transmission revenue requirements consistent with the Commission's cost-of-service regulations;[10] (3) transmission services that reflect Eligible Customers taking transmission service on behalf of flexible large loads that are willing and able to limit their use of the transmission system under certain conditions; and (4) the rates, terms, and conditions of service applicable to interconnection customers serving electrically proximate large load or co-located load.[11]

5. On August 14, 2026, the Commission granted motions for abeyance filed by PJM and certain transmission owners, such that responses to the Show Cause Order will be due on November 16, 2026, and answers to responses will be due on December 16, 2026.[12] The Commission also stated that if PJM or the Transmission Owners submit an FPA section 205 filing addressing the Commission's preliminary findings in the Show Cause Order on or before November 16, 2026, then the obligation of the respondent(s) who have made such an FPA section 205 filing to file a response to the Show Cause Order will be suspended, and the show cause proceeding will continue to be held in abeyance pending further Commission directive in the show cause proceeding.[13]

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[9] While the Commission stated that "it appears that it would be reasonable to define a large load as a new, commercial or industrial customer, located at a single site behind one or more points of interconnection, and that has a peak load of 50 MW or greater, interconnects to the transmission system at a voltage level of greater than 69 kV, and is not part of a co-location arrangement," the Commission also stated that PJM could propose Tariff revisions establishing its own definition of large load. *Id.* P 58.

[10] The Commission preliminarily found that the PJM Tariff lacks adequate mechanisms to mitigate the risks of cost shifting among transmission customers, which may result in unjust and unreasonable rates for transmission service. *Id.* PP 66, 77.

[11] *Id.* PP 3, 35.

[12] *PJM Interconnection, L.L.C.*, 196 FERC ¶ 61,129, at PP 8-9 (2026) (Abeyance Order).

[13] *Id.* P 10.

II. Clarification and Rehearing Requests and Answer

A. Eolian Request for Clarification or, in the Alternative, Rehearing

6. Eolian requests clarification or, in the alternative, rehearing to provide that electrically proximate generation may access permanent load-limited generator interconnection service where it is equally capable of enabling the large load to limit its withdrawals from the transmission system on a long-term basis without creating system reliability risks.[14] Eolian contends that the Show Cause Order limits PJM's ability to put in place a replacement rate that will ensure just and reasonable and not unduly discriminatory rates by not requiring or by limiting its ability to adopt a permanent load-limited generator interconnection service for front-of-the-meter resources that are capable of enabling large loads to limit their withdrawals from the transmission system under certain conditions on a long-term basis without resulting reliability concerns.[15] Eolian argues that this limitation would create a significant barrier to large loads' ability to use the new transmission services directed under the Show Cause Order, and therefore would significantly impair the ability of the Show Cause Order to ensure just and reasonable and not unduly discriminatory rates.[16]

7. Eolian also requests rehearing or clarification to clarify that any flexibility to tailor the generator interconnection reforms to the unique circumstances of the region must be paired with an obligation for PJM to show that the reforms will enable a pathway for significant generating capacity to provide load-limited interconnection.[17] Eolian argues that the Show Cause Order includes some language that could be interpreted such that it gives flexibility to PJM to adopt minimal reforms that do not achieve the objectives of ensuring just and reasonable and not unduly discriminatory rates.[18]

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[14] Eolian Request at 3, 4-14. Eolian states that load-limited generator interconnection service "is premised on the generator's commitment to limiting its output to match the consumption of the load it is supporting." *Id.*, attach. A (Aff. of Andrew Levitt) at 3.

[15] *Id.* at 3-4.

[16] *Id.* at 4-5.

[17] *Id.* at 16.

[18] *Id.* at 3-4, 14-16.

B. Indicated PJM Transmission Owners Request for Clarification, or in the Alternative, Rehearing

8. Indicated PJM Transmission Owners request that the Commission clarify that the definition of "large load" proposed in the Show Cause Order, including the 50 MW threshold, does not prevent PJM and the Transmission Owners from proposing and supporting additional service-specific criteria for large load customers relating to the types of services contemplated in the Show Cause Order.[19] Indicated PJM Transmission Owners contend that it may not be appropriate to offer identical services to all large load customers.[20] Indicated PJM Transmission Owners contend that if the Commission declines to make this clarification, the Commission should grant rehearing. Indicated PJM Transmission Owners argue that requiring a one-size-fits-all approach for all large load customers that meet the definition of "large load" proposed in the Show Cause Order is likely to be over-inclusive and unduly discriminatory.[21]

9. Indicated PJM Transmission Owners also request that the Commission clarify that PJM and the Transmission Owners will be permitted to propose and support definitions of "large load" and "electrically proximate large load" that are not based on the location of facilities relative to the point of interconnection and that they have the flexibility to propose other points of reference such as the point of change of ownership.[22] If the Commission declines to grant this clarification, Indicated PJM Transmission Owners seek rehearing. Indicated PJM Transmission Owners contend that, as PJM and the Transmission Owners have explained in the PJM co-located load proceeding, there are significant problems with adopting such definitions based on facilities on the customer-side of the point of interconnection, including potentially encouraging gaming that will undermine the efficient and reliable interconnection of large loads.

C. Joint Consumer Advocates Request for Clarification and Rehearing

10. Joint Consumer Advocates request that the Commission clarify the standard that the Commission will apply to assess cost recovery agreements.[23] Joint Consumer Advocates argue that to be just and reasonable, a cost recovery agreement must require the Eligible

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[19] Indicated PJM Transmission Owners Request at 3, 5.

[20] *Id.* at 5.

[21] *Id.* at 3-4, 6.

[22] *Id.* at 3, 6-8.

[23] Joint Consumer Advocates Request at 4, 8, 26-27.

Customer seeking transmission service on behalf of large load to pay the full incremental cost of the Network Upgrades needed to accommodate the large load.

11. Joint Consumer Advocates also request that the Commission clarify that transmission owners must immediately credit revenue received under cost recovery agreements to the other transmission customers in the relevant zone.[24] Joint Consumer Advocates state that credits against a transmission owner's revenue requirement in a later year flow to whichever transmission customers are in the zone at that time and not to the customers who bore the cost shift when the costs of the relevant Network Upgrade entered the revenue requirement.[25]

12. Noting that much of the Show Cause Order is preliminary, Joint Consumer Advocates state that they are concerned that it may be construed to contain final determinations about jurisdiction and a definitive statement about the scope of the Commission's duty to address the risk of cost shifting among transmission customers. Joint Consumer Advocates state that they seek rehearing of only those determinations that could be read as final.[26] Specifically, Joint Consumer Advocates argue that the Commission erred by recognizing a duty to address the risk of cost shifting among transmission customers while failing to remedy the actual cost shifts that the PJM Tariff guarantees in its cost allocation method for Network Upgrades for large loads.[27] Joint Consumer Advocates also argue that the Commission erred by finding that transparency will enable state regulators to "sub-allocate" Network Upgrade costs to retail customers "as they see fit" without considering that the PJM Tariff fixes the charges each transmission customer must pay.[28] Joint Consumer Advocates further argue that the Commission erred in concluding that its approach "respect[s] the cooperative federalism approach established under the FPA" because it could assign to states a redistribution of Commission-set charges and could invite states to approve transmission rates that conflict with the PJM Tariff.[29]

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[24] *Id.* at 4, 8-9, 27-28.

[25] *Id.* at 8-9.

[26] *Id.* at 4-5, 15-16.

[27] *Id.* at 2, 6, 14-18, 20. Joint Consumer Advocates state that their request for rehearing targets cost shifts due to Network Upgrades designated as Supplemental Projects or that are included in the Regional Transmission Expansion Plan and whose costs are allocated pursuant to Schedule 12 of the PJM Tariff. *Id.* 15 n.30.

[28] *Id.* at 6-7 (citing Show Cause Order, 195 FERC ¶ 61,211 at P 70); *see also id.* at 19-26.

[29] *Id.* at 7 (citing Show Cause Order, 195 FERC ¶ 61,211 at P 70).

D. PA OCA Request for Clarification or, in the Alternative, Rehearing

13. PA OCA requests that the Commission clarify that: (1) the *pro forma* cost recovery agreements are partial and nonexclusive solutions to the wholesale transmission cost allocation problem;[30] (2) existing regional cost allocation methods may result in unjust and unreasonable wholesale transmission cost shifting between Eligible Customers serving large loads and other transmission customers because, under existing methods, other transmission customers pay the costs of Network Upgrades that they do not cause or benefit from;[31] and (3) parties to this proceeding may develop an actionable record on the regional wholesale cost allocation methods for the costs of Network Upgrades caused by large loads.[32]

14. To the extent the Commission denies clarification, PA OCA requests rehearing.[33] PA OCA argues that, to the extent the Commission's determinations are final, the Show Cause Order violates the FPA and Administrative Procedure Act[34] because the Commission failed to: (1) sufficiently address the "wholesale transmission cost-shifting problem caused by large loads" identified in the Show Cause Order;[35] and (2) permit record development to remedy the unjust and unreasonable cost-shifting identified in the Show Cause Order.[36]

E. Exelon/FirstEnergy Request for Rehearing

15. Exelon/FirstEnergy argue that the Commission failed to meet its FPA section 206 burden to show that PJM's existing rate is unjust and unreasonable because: (1) there is no evidence in the record that flexible large loads or any other large loads are unable to obtain reliable, timely, and reasonably priced service using the existing Network Service construct;[37] (2) the Commission did not explain its departure from Commission precedent

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[30] PA OCA Request at 1-2, 4-5, 10-14.

[31] *Id.* at 4, 10.

[32] *Id.* at 2, 5-6, 14-20. PA OCA contends that the record should encompass all aspects of wholesale transmission cost shifting caused by large loads in PJM, including but not limited to the use of expansion rates and crediting mechanisms. *Id.* at 2.

[33] *Id.* at 2-3, 6-10.

[34] 5 U.S.C. §§ 551-559.

[35] PA OCA Request at 2-3, 6-8, 20-22.

[36] *Id.* at 3, 8-10, 22-26.

[37] Exelon/FirstEnergy Request at 3-4, 10-13.

regarding the reasonableness of existing Network Service;[38] and (3) embedded transmission system costs should be charged because flexible large loads and other large loads rely upon the entire embedded transmission system to serve their full gross load.[39]

16. Exelon/FirstEnergy also argue that the Commission failed to meet its FPA section 206 burden to show that its proposed replacement rate is just and reasonable.[40] Specifically, Exelon/FirstEnergy argue that: (1) allowing special treatment for flexible large loads violates the FPA's requirement that there be no undue preference or unreasonable difference in rates between classes of service;[41] (2) the Commission's emphasis on control technologies and protection systems is in tension with the Commission's open access policies and the Commission erred in failing to account for the fact that protective systems can and have failed;[42] (3) the Commission abandons a main principle of service to load, which is that customers share in the embedded costs of the transmission system;[43] (4) contract demand service will not promote efficiency or change siting;[44] and (5) the Commission's disregard of reliability considerations underscores that its proposed replacement rate is not just and reasonable.[45] Finally, Exelon/FirstEnergy assert that the Commission exceeded its jurisdiction by violating the major questions doctrine and infringing on state retail authority.[46]

F. <u>Constellation Answer</u>

17. Constellation argues that the Commission should deny Indicated PJM Transmission Owners' request for clarification regarding the definition of "electrically proximate large load" with respect to co-located loads consistent with the Commission's prior findings that the point of interconnection—not the point of change in ownership—is the appropriate

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[38] *Id.* at 4-6, 13-19.

[39] *Id.* at 6, 19-21.

[40] *Id.* at 6-8; 21-27.

[41] *Id.* at 6-7, 21-24.

[42] *Id.* at 7, 24-25.

[43] *Id.* at 7-8.

[44] *Id.* at 8, 25-26.

[45] *Id.* at 8, 26-27.

[46] *Id.* at 9, 27-31.

point.[47] Constellation contends that Indicated PJM Transmission Owners' request for clarification is a "thinly-veiled collateral attack" on the Commission's previous rulings in Docket Nos. ER26-1088-000 and ER26-1479-000.[48] Constellation further argues that the Commission should clarify that: (1) any eligibility requirements PJM and the Transmission Owners propose in their initial filings must not be so prescriptive as to improperly disqualify large loads, foreclosing any benefits that help avoid unnecessary transmission upgrades and reduce strain on the grid; and (2) Transmission Owners may not use the point of change in ownership, or any other point of reference, to define "electrically proximate large load" in a manner that likewise undermines speedy interconnection or avoidance of unnecessary transmission upgrades.[49]

III. Discussion

A. Procedural Matters

18. We accept Constellation's answer because it is a permissible answer to a request for clarification.[50]

B. Substantive Matters

19. Rule 713(b) of the Commission's Rules of Practice and Procedure permits requests for rehearing "of any final decision or other final order in a proceeding."[51] A final order imposes an obligation, denies a right, or fixes some legal relationship as a consummation of the administrative process.[52] The Show Cause Order did none of those things. The Commission did not make any final decision or determination in the Show Cause Order on

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[47] Constellation Answer at 1-2.

[48] *Id.* at 2.

[49] *Id.*

[50] 18 C.F.R. § 385.213(a)(3) (2025).

[51] 18 C.F.R. § 385.713(b) (2025); *see also* 16 U.S.C. § 825*l*(a) (parties "aggrieved by an order issued by the Commission in a proceeding . . . may apply for a rehearing within 30 days after the issuance of such order").

[52] *Reliable Automatic Sprinkler Co. v. Consumer Prod. Safety Comm'n*, 324 F.3d 726, 731 (D.C. Cir. 2003) ("[f]inal agency action 'mark[s] the consummation of the agency's decisionmaking process' and is 'one by which rights or obligations have been determined, or from which legal consequences will flow'") (quoting *Bennett v. Spear*, 520 U.S. 154, 178 (1997)).

whether the PJM Tariff is unjust, unreasonable, or unduly discriminatory or preferential. The Commission determined only that the Tariff appears to be unjust, unreasonable, and unduly discriminatory or preferential and instituted an FPA section 206 show cause proceeding to reach a final determination on this issue.[53] We therefore dismiss the requests for rehearing, which concern a Commission action that is not final and that will be succeeded by further Commission action.[54]

20. For similar reasons, we also dismiss the requests for clarification. The show cause proceeding has been held in abeyance until November 16, 2026, to allow PJM's stakeholder process to continue so that PJM and the Transmission Owners may submit FPA section 205 filings addressing the Commission's preliminary findings in the Show Cause Order.[55] We do not intend to provide clarification or guidance with respect to the Show Cause Order while the show cause proceeding is held in abeyance.[56] We encourage PJM, the Transmission Owners, and stakeholders to continue with the development of one or more FPA section 205 proposals.

<u>The Commission orders</u>:

(A) The requests for rehearing are hereby dismissed, as discussed in the body of this order.

(B) The requests for clarification are hereby dismissed, as discussed in the body of this order.

By the Commission.

(S E A L)

Debbie-Anne A. Reese,
Secretary.

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[53] *See, e.g.*, Show Cause Order, 195 FERC ¶ 61,211 at PP 3, 34-35.

[54] *See, e.g.*, *Westlands Transmission, LLC*, 177 FERC ¶ 61,175, at P 4 (2021); *Red Horse Wind 2, LLC*, 172 FERC ¶ 61,147, at P 3 (2020); *BridgeTex Pipeline Co., LLC*, 164 FERC ¶ 61,111, at PP 10-12 (2018); *Pac. Gas & Elec. Co.*, 162 FERC ¶ 61,246, at PP 6-7 (2018); *Talen Energy Mktg., LLC*, 158 FERC ¶ 61,077, at PP 3-4 (2017).

[55] Abeyance Order, 196 FERC ¶ 61,129 at PP 8-10.

[56] The Commission possesses "broad power to structure the proceedings before it." *Papago Tribal Util. Auth. v. FERC*, 628 F.2d 235, 242 (D.C. Cir. 1980) (quoting *La. Power & Light Co. v. FPC*, 536 F.2d 898, 910 (5th Cir. 1976)).