

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

<b>PJM Interconnection, L.L.C. <i>et al.</i></b>	) ) )	<b>Docket No. EL25-49-000</b>
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**MOTION TO INTERVENE AND COMMENTS OF THE ELECTRICITY  
CONSUMERS RESOURCE COUNCIL TO PJM INTERCONNECTION, L.L.C.’S  
ANSWER TO THE SECTION 206 SHOW CAUSE ORDER**

Pursuant to Rules 212 and 214 of the Federal Energy Regulatory Commission’s (the “Commission”) Rules of Practice and Procedure,<sup>1</sup> the Commission’s Order Instituting Proceeding Under Section 206 of the Federal Power Act and Consolidating with Other Proceedings,<sup>2</sup> and the Electricity Consumers Resource Council’s (“ELCON”) (doc-less) Motion to Intervene in this docket,<sup>3</sup> ELCON respectfully submits these comments in response to the March 24, 2025 Answer of PJM Interconnection, L.L.C.<sup>4</sup> as to how their tariff remains just and reasonable in facilitating co-location arrangements while also protecting consumers.

ELCON is the national association representing large industrial consumers of electricity. ELCON member companies create a wide range of products from virtually every segment of the industrial community – we own and operate hundreds of major

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<sup>1</sup> 18 C.F.R. §§ 385.212 and 214.

<sup>2</sup> *PJM Interconnection, L.L.C. et al.*, 190 FERC ¶ 61,115 (2025) (“Show Cause Order”).

<sup>3</sup> Electricity Consumers Resource Council, (doc-less) Motion to Intervene, Docket No. EL25-49-000 (Mar. 6, 2025).

<sup>4</sup> Answer of PJM Interconnection, L.L.C., Docket Nos. EL25-49-000, AD2411-000, and EL25-20-000 (Consolidated) (Mar. 24, 2025) (“PJM Answer”).

facilities and are significant consumers of electricity in the footprints of all organized markets and other regions throughout the United States. Reliable electricity supply at just and reasonable rates is essential to our members' operations. Further, ELCON members have and will continue to pursue opportunities for co-locating with onsite generation to reliably meet their electricity operating demands.

## **SUMMARY**

The pursuit of co-location arrangements is primarily driven by projections of significant electric load growth coupled with persistent challenges facing the electric power industry. At the same time electricity demand is projected to grow exponentially in the next several decades, the nation continues to struggle with unprecedented interconnection queue congestion, the need for substantial transmission buildout, retirement of existing dispatchable generation facilities, aging grid infrastructure, and extreme weather events. According to a recent report by the National Electrical Manufacturer's Association, electricity demand will grow by 2% annually and approximately 50% by 2050 (see Figure 1), driven in part by a 300% rise in data center consumption.<sup>5</sup> The U.S. Energy Information Administration projects that electricity demand by the industrial sector alone will grow 3% in 2025.<sup>6</sup> This growth is now. A wide variety of solutions are necessary to meet this growth now and in the longer term, including solutions that can be implemented in the shorter-term like grid enhancing

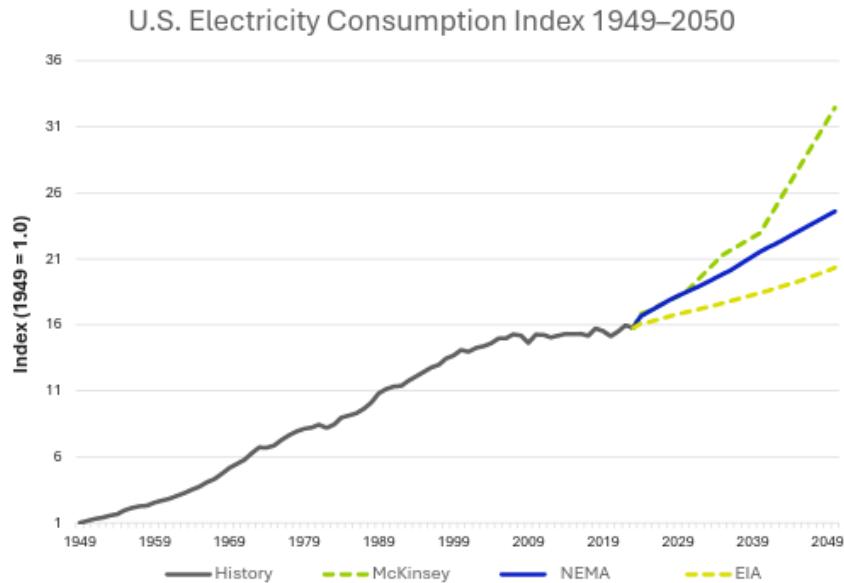
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<sup>5</sup> NEMA, "A Reliable Grid for an Electric Future - Executive Summary" (Apr. 7, 2025); <https://www.makeitelectric.org/wp-content/uploads/2025/04/nema-grid-study-executive-summary.pdf>.

<sup>6</sup> U.S. Energy Information Administration, "Short-Term Energy Outlook" p. 13 (Mar. 2025).

Figure 1:

## Electricity Demand Surges Through 2050



Source: National Electrical Manufacturers Association, “A Reliable Grid for an Electric Future” (Apr. 7, 2025); <https://www.makeitelectric.org/wp-content/uploads/2025/04/grid-reliability-study-nema-deck.pdf>

technologies, surplus interconnection service, and demand response, and longer-term solutions like more holistic transmission planning and customer-centric market designs that support flexible load capability and efficiently integrate large loads on the system. However, due to the complexity and rapid pace of emerging challenges and slow action on regulatory and market changes, consumers are pursuing immediate stop-gap measures to meet their needs. Co-location is one such stop-gap measure aimed to serve needs now until regulatory approaches and market structures are reformed to solve fundamental challenges.

To be sure, co-location configurations raise jurisdictional questions, present unique challenges to traditional cost allocation methods, and impact generation access,

necessitating updated policies from the Commission and the states to ensure fairness, efficiency, and grid reliability. Although there are legitimate concerns about ensuring fair treatment for all customers, co-location remains a valuable tool, and the Commission should focus on facilitating co-location and other flexible arrangements while ensuring sufficient customer protections are in place, rather than taking them off the table (as Indicated PJM Transmission Owners suggest in this proceeding)<sup>7</sup> or complicating them.

In addition, as explained below, while resolving co-location concerns is important, more attention must be paid to the broader load forecasting and planning issues that are implicated by this current period of exponential load growth. The Commission should convene industry and state and federal policymakers to examine load forecasting methodologies and how to improve load forecasting across wholesale and retail markets. Convening this conversation and identifying potential solutions to load forecasting and planning challenges is essential to effectively integrate large loads in a way that improves overall system utilization and individual consumer costs.

**A. The Commission Should Clarify Jurisdictional Boundaries Around Co-Location Arrangements**

ELCON appreciates PJM's thorough response to the Commission's Show Cause Order detailing eight viable configurations for co-locating large loads with onsite

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<sup>7</sup> See Answer of the Indicated PJM Transmission Owners to the Order Instituting the Proceeding Under Section 206 of the Federal Power Act and Consolidating with Other Proceedings, Docket No. EL25-49-000, *et al.* (Mar. 24, 2025).

generation.<sup>8</sup> PJM's Answer presents comprehensive options for large loads to consider in negotiating with generators and transmission providers to serve their energy demands while connecting to the grid for back-up support and ancillary services. As the Commission solely has jurisdiction over wholesale electricity sales and PJM is entrusted with wholesale energy markets and transmission operations, it is reasonable for the Commission to focus on co-location arrangements that are considered "Network Load" as the preferred configuration as it is most squarely in the Commission's purview. However, while Network Load may be the preferred solution by PJM and its utilities, it is not the only configuration to consider. Large load customers may consider entirely "islanded" configurations that are not contemplated in this docket and may fall under state jurisdiction rather than federal jurisdiction.

Configurations completely isolated from the grid may not be the norm but can be a preferred choice for some large customers. In areas of insufficient reliable electricity, large consumers may look to onsite generation as a solution to maintain 24/7 operations at affordable costs. Some large consumers may find that relying on local supply and grid services is insufficient to meet their unique needs or energy supply preferences and instead install resources at their facilities. Large consumers, at times, have become frustrated with local utility resistance and outdated tariffs and instead opted for completely isolated configurations.

While large consumers will largely prefer to access the grid for energy, back-up

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<sup>8</sup> PJM Answer pp. 9-20, Exhibit A.

generation, and ancillary services, the Commission should ensure that there are no regulatory barriers to such islanded configurations should state law allow the use of onsite generation by large loads with no connections to the larger grid. In this regard, the Commission should reject the overarching premise in the comments of the Indicated PJM Transmission Owners that **only** Network Service or Point-to-Point Transmission Service arrangements should be permitted, and that no other flexibility should be allowed. Forcing all large loads into this box and limiting flexibility risks driving significant increased overall system costs and limits the ability of customers, state regulators, and utilities to find creative and cost-effective solutions based on individual needs and circumstances.

**B. Cost Allocation Policies Should Adhere to the Core Principles of “Cost Causation” and “Beneficiary Pays”**

The economic principles of cost causation and beneficiary pays ensure equitable and fair allocation of grid costs so that one customer class does not subsidize the other. The Commission should provide guidance, without being overly prescriptive, by defining different co-location configurations and illustrating how cost allocation methodologies that adhere to the principles of cost causation and beneficiary pays would allocate costs based on the impact of such arrangements on grid investment needs and use of grid services.

If a large consumer in any co-location configuration impacts electricity flows on the grid either through adding to congestion, creating voltage or frequency instability, or impacting access to generation, and such impacts that require upgrades to the

distribution or transmission system, those costs should be allocated to that large consumer. This is classic “cost causation.” The Commission should ensure that regulatory authorities consider the long-term impacts of new large load projects in assessing cost causation to protect non-large load ratepayers from paying the generation and transmission costs to serve large load even after initial electric service agreement terms expire.

Co-location arrangements that are configured to be connected to the grid for ancillary services should be required to pay for those services based on the usage of those services and any necessary upgrades to the transmission system to ensure access to grid ancillary services. This is an application of “beneficiary pays.” Similarly, if such configurations require power control systems to limit injection or taking of grid power, those costs should be allocated to the load.

Large loads that choose to completely self-supply by connecting to their own generation and not taking any grid services should not be allocated any grid costs unless there is some concrete demonstration that such configuration has a direct cost impact on other grid consumers.

C. **The Commission Should Give Greater Attention to Broader Load Forecasting and Planning Issues Implicated by Exponential Load Growth**

As referenced above, co-location is just one tool to serve immediate operational needs while more fundamental challenges with interconnection, transmission development, and market rules are improved. However, co-location is not merely a “stop-gap” but can also provide greater long-term benefits such as flexibility, sharing of

resources, and deferring expensive transmission upgrades, among others. While the co-location of electric generation and load presents important considerations, the Commission's attention appears to be disproportionately focused on this issue. The larger, more pressing challenge lies in developing effective strategies to forecast and accommodate exponential load growth. Addressing this fundamental issue is critical; a failure to do so will have far more significant consequences for the industry and consumers than any specific policies related to co-location. Throughout the history of the industry, effectively integrating large loads has improved cost outcomes for consumers across the system by improving system utilization and reducing per unit costs. Without effective forecasting and planning, it will be difficult if not impossible to achieve this kind of effective integration in this latest wave of load growth. Moreover, whether behind-the-meter or integrated into the grid, understanding the scope and potential impacts of large loads is crucial to ensure reliability.

The Commission's expertise and broad jurisdiction over wholesale rates and practices makes it uniquely positioned to convene industry and policymakers to address these broader issues. The Commission should convene a dialogue addressing load forecasting methodologies and how to facilitate communication among state and federal regulators, transmission operators, generators, and customers to ensure we are positioned to serve all customers reliably and affordably. Comments submitted by the Data Center Coalition succinctly articulate the large load forecasting challenge and offer



recommendations for Commission action.<sup>9</sup> While industrials and manufacturers operate differently and at different scales from data centers, we share the urgency in securing accurate forecasting practices and guidelines. Underestimating load growth could cause reliability challenges where demand unexpectedly exceeds infrastructure capacity and affordable generation. Overestimating load growth could lead to substantial overbuilding of infrastructure saddling consumers with exorbitant energy costs for decades.

To ensure the accuracy of models and forecasts, it will be critical to establish standard terminology across planners, operators, and users. Enhanced transparency regarding both front-of-the-meter and behind-the-meter loads is necessary to enable operators to ascertain real-time load behavior, including the potential for excess power injection and reliance on back-up services during on-site interruptions. The standardization of forecast data, modeling methodologies, and underlying assumptions will be essential for comprehending the operational characteristics and grid impacts of specific loads. Ultimately, the Commission should provide clear guidance on the roles and responsibilities of the entity or entities tasked with aggregating, validating, and reporting these forecasts.

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<sup>9</sup> Post-technical Conference Comments of the Data Center Coalition, Docket No. AD24-11-000, pp. 9-13 (Dec. 9 2024).

## CONCLUSION

ELCON appreciates the Commission's and PJM's efforts to address whether current tariff provisions provide just and reasonable terms for interconnecting and accounting for large loads co-located with onsite generation. The Commission has the opportunity to clarify jurisdictional authorities surrounding co-location arrangements, develop a cost allocation framework that supports the efficient and equitable development of electric generation co-location, while safeguarding the reliability of the electric grid and protecting all consumer classes. However, we strongly recommend that the Commission prioritize ensuring accurate forecasting for emerging load growth to guarantee resource adequacy and ensure sufficient infrastructure is in place to maintain reliability and support economic growth.

Respectfully submitted,

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Dated: April 23, 2025

## CERTIFICATE OF SERVICE

Pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010, I hereby certify on this day that I have served the foregoing document upon each person designated on the official service list compiled by the Secretary in the proceeding.

Dated the 23<sup>rd</sup> day of April 2025.

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