UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Large Loads Co-Located at	)	
Generating Facilities	)	Docket No. AD24-11-000

POST TECHNICAL CONFERENCE COMMENTS OF THE ORGANIZATION OF PJM STATES, INC.

OPSI commends FERC for convening a technical conference on large loads co-locating at generating facilities.[1] It is important to understand the impacts of these arrangements on the grid. Absent total separation of such generation from the grid, large loads located behind generators connected to the bulk power system will continue to rely on transmission infrastructure that was funded over decades by ratepayers and continues to be paid for by anyone who uses electricity. In establishing fair rules, the Commission must consider the long-term consequences of a large number of projected data centers co-locating behind existing generators to ensure fair arrangements that consider the needs of all utility customers and stakeholders, ensure transparency, and maintain system reliability. The long-term health of the bulk power system is too important to be disrupted by private parties seeking existing, interconnected generation for private use in confidential arrangements with little regulatory oversight, especially at a time when the system is already facing reliability challenges driven by an accelerated pace of generation retirements and a slow pace of new generator interconnection.

[1] OPSI's following members support these Comments: the Delaware Public Service Commission, Public Service Commission of the District of Columbia, Illinois Commerce Commission, Kentucky Public Service Commission, Michigan Public Service Commission, Pennsylvania Public Utilities Commission, Tennessee Public Utility Commission, Virginia State Corporation Commission, and Public Service Commission of West Virginia. The Indiana Utility Regulatory Commission, Public Service Commission of Maryland, New Jersey Board of Public Utilities, North Carolina Utilities Commission, and the Public Utilities Commission of Ohio abstained in the vote on this filing.

I. COMMENTS

OPSI recommends that the Commission direct transmission providers to file long-term scenarios on the impact of behind the meter co-located load on grid operations and market economics, establish transparent and standardized processes to review the reliability impacts of these arrangements, file tariffs that assign costs to entities receiving ancillary benefits and services from the bulk power system and confirm that co-located arrangements are retail sales subject to state jurisdiction.

First, FERC should require long-term scenario analyses from RTOs on the potential cumulative reliability and cost impacts of behind the meter co-located arrangements immediately. Before FERC allows changes to existing generator Interconnection Service Agreements (ISAs), it should determine if the public interest is being served by allowing these arrangements. PJM has testified that there are 8.5 GW of potential withdrawals under consideration in its queue,[2] but as of September 13, 2024, PJM has only added just under 2 GW of new, installed capacity since the beginning of the year.[3] PJM was only long by 514 MWs in its last auction.[4] These arrangements could quickly challenge PJM's ability to procure enough capacity to keep the system reliable.

The existing large nuclear units, which data centers prefer to locate behind, form the backbone of the grid and their withdrawal could have profound impacts on reliability and costs to other customers, but PJM has not incorporated potential withdrawals of such units into its planning processes. Even though PJM has 8.5 GW of generation potentially leaving its grid, PJM's 2024 5-

[2] PJM, Statement of Frederick S. "Stu" Bresler on Behalf of PJM Interconnection, L.L.C. Docket No. AD24-11-000 at p. 1 (Nov. 1, 2024). (PJM Conference Comments).
[3] PJM, Commercial Deployment of New Generation, presented at the Markets and Reliability Committee at slide 8 (Sept. 26, 2024) available at: https://pjm.com/-/media/committees-groups/committees/mrc/2024/20240925/20240925-item-09---pjm-interconnection-queue---presentation.ashx.
[4] PJM, 2025/2026 Base Residual Auction Results, presented to the Markets and Reliability Committee at slide 11, available at: https://pjm.com/-/media/committees-groups/committees/mrc/2024/20240821/20240821-item-08---2025-2026-base-residual-auction---presentation.ashx.

and 8-year regional transmission planning process assumptions assume all nuclear generation in PJM will be available to support the grid. State regulators need accurate, detailed, and timely information to inform their understanding of regional resource adequacy in order to make good public policy decisions.

Second, transparency is critically lacking in the current process. Currently in PJM, there is no standard process or rules for behind the meter co-located load. These arrangements are negotiated privately between the RTO, generator, transmission owner, and customer, sometimes pursuant to a non-disclosure agreement and contingent on studies that are not subject to public review. For example, the first notice state regulators had of the proposed interconnection arrangement at the Susquehanna Unit was when it was filed at FERC.

The analysis PJM performs, known as a necessary study, is confidential and not subject to public review. In comparison, when PJM studies a generator's request to retire, a similar removal of existing generation from the grid, the retiring generator must provide public notice, PJM must conduct a reliability analysis which is reviewed in its stakeholder process, and the terms for the unit retiring are subject to the results of the reliability analysis. From the perspective of existing load, the electrical impacts of a generator ceasing to serve the network by supplying co-located load—thereby withdrawing generation service from the grid—are similar to those of a resource retirement.[5]

The scope of the reliability analysis conducted when customers seek to use generators for their private use must be comprehensive. In its prepared comments in this docket, PJM stated "Reliable system operations remain PJM's highest priority."[6] Yet nowhere in its prepared

[5] However, in co-located load arrangements, the unit's Maximum Facility Output (MFO) remains relevant, as the generator retains its full output capability to the system.
[6] PJM Conference Comments at p. 5.

comments does PJM inform the Commission of the role and scope of the current necessary study in PJM's process for reviewing amended ISAs. One commenter stated that:

> PJM's necessary study considers whether the nuclear unit reducing its grid injections on account of a co-located load can continue to reliably inject its remaining output onto the grid. Since the nuclear plant and inside-the-fence data center remain synchronous to the overall grid, PJM evaluates the interconnect to ensure it does not present risks for grid perturbations. The necessary study is not an impact study. It doesn't look beyond the feasibility of the reduced injections and the immediate modification of the interconnection to examine larger impacts these changes have on grid operations elsewhere.[7]

The Commission should require transmission providers to conduct a full and transparent analysis of grid impacts as part of the process for approving large behind the meter co-location arrangements. The balanced timing of new load additions, retirements, and now withdrawals of generators is critical for regional resource adequacy. PJM has warned that generation retirements are not being matched by generation additions, even before it began processing generation withdrawals causing further reliability concerns.

Third, the scale of the co-location agreements being negotiated demands that appropriate cost allocation tariffs be developed that recognize the benefits and services received by the generator and its customer in behind the meter co-location arrangements. The proposed Susquehanna amended ISA envisioned almost a gigawatt of nuclear generation being removed from the grid. Transmission customers have paid the costs of supporting the grid necessary to allow those nuclear facilities to operate. The grid services used by the combined generator and load must be accounted for and paid by those entities.

Finally, FERC should confirm that the sale between co-located generation and load is a retail transaction subject to state jurisdiction. The Federal Power Act gives the Commission

[7] Vincent Duane, Presentation of Vincent Duane – The Co-Lo Conundrum *Protecting Customers in Nuclear-Data Center Co-Location*, Docket AD24-11-000 at p. 4 (Sept. 23, 2024).

jurisdiction to regulate the transmission of electricity in interstate commerce.[8] There is no regulatory gap. Sales of electricity from a generator to an end use customer in intrastate commerce are subject to state jurisdiction.

CONCLUSION

For the reasons stated above, the Commission should keep at the forefront how behind the meter co-located load arrangements impact the reliability of the bulk power system to ensure other customers are not harmed by these arrangements.

Respectfully Submitted,

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[8] 18 U.S.C. 824 (b)(1).

CERTIFICATE OF SERVICE

I hereby certify that the foregoing has been served in accordance with 18 C.F.R. Section 385.2010 upon each person designated on the official service list compiled by the Secretary in this proceeding.

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Dated at Newark, Delaware this December 9, 2024.