



FERC Approves Settlement with Bitcoin Mining Company for Violations of PJM Must-Offer Requirements

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On January 30, 2025, the Federal Energy Regulatory Commission (FERC or the Commission) approved a Stipulation and Consent Agreement (Agreement) between the Office of Enforcement (OE) and Stronghold Digital Mining Inc. (Stronghold) resolving an investigation into whether Stronghold had violated the PJM Interconnection, L.L.C. (PJM) tariff and Commission regulations by limiting the quantity of energy made available to the market to serve a co-located Bitcoin mining operation.¹ This order appears to be the first instance of a public enforcement action involving co-located load and generation and comes at a time when both FERC and market operators² are scrutinizing the treatment of co-located load due to the rapid increase in demand associated with data center development.

Stronghold is a Bitcoin-focused crypto asset mining company whose primary business is to purchase power plants, install Bitcoin mining operations and subsequently sell power in the wholesale markets or mine Bitcoin, depending on which option is more profitable. Stronghold and its subsidiary, Scrubgrass Reclamation Company, L.P. (Scrubgrass), own and operate the Scrubgrass power plant in northwest Pennsylvania. From 2018 to 2022, Scrubgrass operated as a capacity resource and had received a capacity supply obligation of 85 MW. As a capacity resource, Scrubgrass was required to (1) offer its installed capacity into the PJM day-ahead and real-time markets each day if it was not on outage or derate; and (2) be available for scheduling and dispatch unless the resource indicated that it would only be available during emergencies. According to OE, Stronghold violated these obligations during the period from June 2021 through May 2022 by reducing the quantity of energy offered into the

markets when it determined that it would be more favorable to use the output from the plant to mine Bitcoin rather than sell energy into the market.

Notably, OE staff also alleged that Stronghold violated the PJM tariff by using energy sourced from the PJM markets to power its Bitcoin operations. Specifically, staff alleged that Stronghold “bought power from PJM at wholesale rates under the guise of Station Power but did not use the power for Station Power.”³ Neither the Commission’s order nor the Agreement clearly identifies the tariff provisions that Stronghold violated by purchasing energy from the PJM markets to support its Bitcoin operations or any communications that Stronghold had with PJM about these purchases. However, the PJM tariff defines “Station Power” as “energy used for operating the electric equipment on the site of a generation facility . . . or for the heating, lighting, air-conditioning and office equipment needs of buildings on the site of such a generation facility that are used in the operation, maintenance, or repair of the facility.”⁴ Presumably, OE determined that these purchases did not fall within the definition of Station Power because they were made to support Bitcoin mining rather than plant operations. This is consistent with guidance issued by PJM in March 2024 confirming that “[c]o-located load is not equivalent to Station Power load.”⁵

Pursuant to the Agreement, Stronghold admitted to certain violations and paid approximately \$1.4 million to resolve the investigation, including approximately \$741,000 in civil penalties and \$679,000 in disgorgement to PJM. It also agreed to provide compliance training to relevant personnel and assume compliance reporting obligations.

¹ *Stronghold Digital Mining Inc.*, 190 FERC ¶ 61,059 (2025) (“Order”).

² See, e.g., *PJM Interconnection, L.L.C.*, 189 FERC ¶ 61,078 (2024).

³ Order, Stipulation and Consent Agreement at P 14.

⁴ PJM Tariff, Part I, Section 1 (defining “Station Power”).

⁵ PJM Guidance on Co-Located Load (Updated Apr. 17, 2024), *available at*: [pjm-guidance-on-co-located-load.ashx](https://www.pjm.com/guidance-on-co-located-load.ashx).

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