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VIA ELECTRONIC FILING

Mr. Matthew Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor, Room-N201
400 North Street
Harrisburg, PA 17120

**Re: Distributed Energy Resources Participation in Wholesale Markets
L-2023-3044115**

Dear Secretary Homsher:

Enclosed for filing please find Duquesne Light Company's Comments in the above referenced proceeding. If you have any questions regarding the information contained in this filing, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read 'LBQ', is written over a horizontal line.

Lindsay A. Baxter
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Cc:
Tiffany L. Tran, tiftran@pa.gov
Joseph P. Cardinale, jcardinale@pa.gov
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**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

:
Distributed Energy Resources Participation : Docket No. L-2023-3044115
in Wholesale Markets :
:

**COMMENTS OF
DUQUESNE LIGHT COMPANY**

I. INTRODUCTION AND BACKGROUND

At its December 18, 2025 Public Meeting the Pennsylvania Public Utility Commission (“PUC” or “Commission”) adopted a Notice of Proposed Rulemaking Order (“NOPR”) regarding Distributed Energy Resources Participation in Wholesale Markets. The Commission previously adopted an Advanced Notice of Proposed Rulemaking Order (“ANOPR”) on February 22, 2024, which initiated a policy proceeding and a public comment period on the Commission’s role in the implementation of Federal Energy Regulatory Commission (“FERC”) Order 2222, as well as to determine whether any amendments or additions should be made to existing regulations or policy statements to ensure the Commission’s compliance with Order 2222. Duquesne Light Company (“Duquesne Light” or “Company”) filed comments on May 29, 2024.

The December 18, 2025 NOPR, which summarizes comments filed and proposes the PUC’s regulatory changes, was published in the April 1, 2026 *Pennsylvania Bulletin* at 56 Pa.B. 1985, establishing a 60-day public comment period, followed by a 30-day reply period.

Duquesne Light is a public utility as the term is defined under Section 102 of the Public Utility Code, 66 Pa. C.S. § 102, and is certificated by the Commission to provide electric distribution service in portions of Allegheny and Beaver Counties in southwestern Pennsylvania.¹ Duquesne Light is an electric distribution company (“EDC”) and provides electric service to approximately 605,000 customers in and around the City of Pittsburgh.

Duquesne Light has a vision to enable a clean energy future for all and seeks to serve as a trusted partner to customers by providing products and service offerings that meet their expectations today and into the future. Order 2222 represents a transformative change in the electricity system. Implementation in Pennsylvania requires a balanced approach, enabling greater penetration of distributed energy resources (“DERs”) through the utilization of DER aggregators² (“DERAs”) while maintaining affordability, reliability, and safety as the bedrocks of utility service. The Company hereby offers these comments for the Commission’s consideration.

II. COMMENTS

The Company reiterates its strong encouragement to the PUC to exercise its authority over implementation of Order 2222 in Pennsylvania. Increased crossover between retail and wholesale programs may lead to uncertainty on jurisdiction. It is critical that the PUC boldly assert its full authority over electric safety and reliability, and ensure implementation is not counter to the interests of Pennsylvania consumers.

¹ Duquesne Light is a member of the Energy Association of Pennsylvania, which is also submitting comments at this docket. In addition to the positions stated herein, Duquesne Light generally supports the positions articulated in EAP’s comments to the extent they are consistent with the comments submitted by the Company.

² The NOPR defines a DERA as “An entity that is a PJM Market Participant that: (i) uses one or more DER Aggregation Resources to participate in the energy, capacity, and/or ancillary services markets of PJM through the DER Aggregation Participation Model; and (ii) has a fully-executed DER Aggregator Participation Service Agreement. A DERA must be a PJM member.”

In its previous comments on the ANOPR, Duquesne Light outlined several guiding principles. Some of these are reflected in the Commission’s subsequent NOPR. Before commenting on the specific details of the NOPR, the Company highlights a few of these guiding principles which are not explicitly addressed by the proposed rule:

- **Ensure PUC jurisdiction over aggregators.** DERAs acting in an aggregator role will bid energy into wholesale markets on behalf of retail customers. Importantly, the PUC does not clearly assert its jurisdiction over aggregators in the NOPR. As expressed in Duquesne Light’s comments on the ANOPR, “EDCs cannot be put in the position of policing aggregators. The Public Utility Code requires that the Commission ‘shall ensure continuation of safe and reliable electric service to all consumers in the Commonwealth.’ (66 Pa.C.S. Section 2804) The Commission has jurisdiction over entities that purchase electric energy and take title to that energy as an intermediary for the sale to retail customers. (66 Pa.C.S. Section 2809)”³

The Company reiterates its recommendation that “at a minimum, the Commission should require a state-level licensing process, akin to that utilized for electricity generation suppliers and natural gas suppliers. The licensing process should ensure DERAs have appropriate qualifications, cybersecurity protections, and any necessary insurance and bonding. Additionally, the Commission should establish marketing regulations, including penalties for violations and potential license revocation, if warranted.”⁴

³ Comments of Duquesne Light Company at page 4, *Distributed Energy Resources Participation in Wholesale Markets*, May 29, 2024, Docket No. L-2023-3044115.

⁴ Comments of Duquesne Light *supra* at page 24.

- **Ensure EDCs can recover the costs associated with implementation.** Cost allocation is one of the most significant aspects of Order 2222 implementation, but this NOPR is largely silent on the issue. While it allows for some costs to be addressed via individual EDC filings, the PUC should more clearly establish guidance on cost recovery, particularly for investments required to enable DER participation in wholesale markets that cannot be assigned to a single aggregation. For example, there will be costs associated with billing system upgrades and meter reconfiguration that would not be incurred but for implementation of Order 2222.

In its ANOPR comments, the Company recommended the PUC create either a rider to allow for recovery of these costs, or a regulatory asset to allow costs to be deferred for consideration in the next base rate proceeding. A rider may be preferred, as it allows for more timely cost recovery, which is more cost-effective for the customer. Of particular concern are IT costs, which are expected to require a substantial initial investment with a short depreciation window. Depending on the cadence of rate cases, there is a risk to EDCs of not being able to fully recover significant capital investments.

The PUC declined to address these comments in its NOPR, writing “the Commission does not propose establishing a set fee or cost recovery mechanism at this time. The Commission, however, does propose that EDCs may establish a fee to be imposed on applicants to be submitted as part of its tariff to be approved by the Commission.” (NOPR at 39). Duquesne Light supports the ability of EDCs to propose a fee to recover costs assignable to a specific interconnection or aggregation. It urges the PUC, however, to consider those costs necessary to allow for DER

aggregation that cannot be attributed to a single entity and to provide guidance to EDCs on preferred cost recovery mechanisms.

- **Customer understandability.** Finally, the Company previously shared its observation that many customers do not fully understand retail competition, net metering, and other concepts related to Order 2222 implementation. To illustrate this point, the Company cited in its ANOPR comments the example of many customers with rooftop solar questioning why the credit on their EDC bill does not match the production data shown by their solar system, because they do not understand that solar energy generated is first used on-site to power their home or business, with only the excess generation being exported to the grid and credited to their bill.

The complexity of Order 2222 will only add to the potential for misunderstandings and questions. Duquesne Light advocates for the creation and enactment of policies and guidance to “limit the potential for customers to be confused or, worse, misled by disreputable salespersons.”⁵ Finally, the EDC, as the first point of contact for its customer, will be required to respond to customer inquiries and provide education, requiring time and resources. The PUC should recognize these additional costs associated with Order 2222 implementation and provide guidance on how costs caused by DER aggregation should be recovered.

Similar to its position in the ANOPR Comments, Duquesne Light supports exercising flexibility where possible, recognizing the evolving nature of DER technology and deployment, along with EDC technical capabilities. To that end, the Company agrees with the Commission’s

⁵ Comments of Duquesne Light *supra* at page 5.

tentative approach of allowing EDCs to propose tariff rules to address a number of issues. Tariff rules can more easily be updated as experience with Order 2222 is gained, as compared to rigid regulations, that can only be updated via a formal rulemaking.

Review of Component DER Applications

The Company generally supports the PUC's approach to the receipt and processing of component DER applications. Recognizing the differences in size and technological capabilities across EDCs, the Company supports the PUC's proposal to allow EDCs to establish a process for receiving DER applications, rather than prescribing a uniform procedure.

The PUC includes in its proposed regulation a 60-day window for review of component DER applications. This 60-day period is established by the FERC order. However, the Commission's proposed language is problematic. The proposed regulation reads "The EDC shall complete review of the request within 60 days of submission." This timeframe is inconsistent with PJM's proposed implementation, which allows for a 15-day location review, followed by 45-days for the EDC to review any reliability impacts resulting from the aggregation. There are interim steps between those two windows that, while outside of the EDC's control, could impact its ability to complete the study. The Company recommends that the PUC's final regulation simply require the EDC to complete its review according to PJM's implementation policies. Such an approach also "future proofs" the regulation so that it does not need to be updated if PJM changes its implementation rules.

Duquesne Light also requests that the PUC's final order confirm that the EDC review window applies to component DERs that have already received approval to interconnect by the EDC. It is not feasible to complete the interconnection review of a brand-new DER plus the

review of the aggregation in 60 days. If there are new DERs included in an aggregation, those should follow normal timelines for interconnection review to ensure safety and reliability. Once approved for interconnection, the time clock for reviewing the aggregation should begin. Additionally, the Company asks that the PUC affirm in its final regulation that the review window does not begin until the EDC has received a complete application, including payment of the application fee.

To this end, Duquesne Light supports the NOPR provision allowing EDCs to propose an application fee in its tariff filing. To facilitate the review and approval of tariff filings, the PUC should provide guidance on factors to be considered in setting the fee, including affirming cost-causation principles and directing that fees should be, to the extent possible, based on actual costs.

Prohibiting Double Counting

Duquesne Light supports fair compensation to DERs for the value provided to the grid. In this time of heightened focus on affordability though, it is imperative that the Commission's regulations ensure customer-generators and DERAs are not double-compensated for the same service. PJM provided the states with the authority to determine how customers participating in aggregation can—or cannot—participate in retail programs. Duquesne Light supports the PUC unequivocally prohibiting double-counting of resources that are compensated via net-metering.

The Company recommends the PUC adjust its language to further clarify and strengthen this prohibition. The NOPR proposes that “customer-generators receiving service under the EDC’s net metering tariff are precluded from participating as a DER Aggregator Resource in the PJM capacity and energy markets.” Pennsylvania’s net metering rules provide compensation at the full retail rate. Thus, net metering compensates the DER for all of the attributes it produces.

The NOPR's proposed language prohibits compensation via PJM's energy and capacity markets. It is unclear if the PUC was intentionally leaving the door open to DER participation in the ancillary services market with this language. However, the full retail rate is inclusive of ancillary services. Thus the Company recommends the PUC amend this language in its final rulemaking to simply prohibit customer-generators participating in net metering from simultaneously participating in an aggregation.

Further, as explained in Duquesne Light's previous comments, there needs to be limitations on how frequently a resource can switch between net metering and an aggregation. From a practical standpoint, switching between programs will require administrative review by the EDC, along with the potential for technical studies, manual meter configurations, and/or IT changes. To manage the costs associated with this additional work, the Company recommends a limit on switching to once per year. Beyond restricting the frequency of switching, the PUC should also consider the timing of annual switching. There are material differences in how generation is included in load forecasts based on its participation in wholesale markets or net metering, with wholesale generators modeled as part of the PJM Regional Transmission Expansion Plan ("RTEP") and net metered generation factored into load forecasting.

It is assumed the PUC has left that matter to be addressed by individual EDCs in tariff filings; however, Duquesne Light recommends the PUC clearly state that EDCs have the ability to propose restrictions on the frequency and timing of switching between programs. To the extent the PUC wishes to establish such a restriction, the Company recommends once per year.

Finally, the Company notes that while it supports a prohibition against double-counting for net metered customer-generators, it appreciates that the PUC is open to the potential for DERs participating in wholesale aggregations to also take part in retail programs offered by the

EDC. The Company recognizes a DER could potentially provide different attributes to each, while avoiding double compensation. Duquesne Light recommends that the PUC include language in the final rulemaking that allows EDCs to propose any restrictions necessary to prevent double counting when filing new retail offerings at the Commission.

Data Exchange

The NOPR proposes that “EDCs shall provide DERA access to Component DER data upon consent of the DER operator in a format approved by the Commission,” with the Order referring this matter to the Electronic Data Exchange Working Group (“EDEWG”) for further consideration. Duquesne Light supports utilizing EDEWG to build out this topic and recommends the PUC provide more direction to EDEWG on timelines and final deliverables. The final order should require EDEWG to make a recommendation to the Commission to be established via a Commission Order by a certain date.

EDEWG’s recommendation should allow for flexibility, recognizing technology differences between EDCs, while identifying areas that can be made consistent across territories. Additionally, EDEWG should identify any additional data elements or fields that will be needed for DER aggregation that do not exist today. Finally, EDEWG should address the timing of data availability. Duquesne Light reiterates its recommendation of a daily transfer of EDC data in 15-minute intervals to the DERA, consistent with the current practice for EGSs. Should the Commission determine it wants to expand the frequency or granularity of data exchange, it must provide time for EDCs to implement system upgrades as well as a pathway for cost recovery.

Ability of EDC to override a component DER

It is critical that EDCs have the ability to override component DERs when needed to safely operate and maintain the distribution system. The PUC proposes that “each EDC shall establish DER Component dispatch override procedures that include a description of the conditions under which the EDC will override a dispatch request. In addition, each EDC shall describe the notices to be given when a dispatch is to be overridden during (1) preplanned maintenance; (2) emergency conditions; (3) any other conditions established by the EDC; and (4) when the EDC’s system returns to normal operations. Finally, each EDC is to describe when the notices will be provided under each condition as well as the method the notice will be provided to PJM, DERA and DER operators.” (NOPR at 51)

Duquesne Light supports the PUC’s proposed provision on overrides. Allowing each EDC to develop its own procedures to be filed at the PUC for approval is more appropriate than one-size-fits-all regulations, recognizing each EDC has different technology and operational capabilities. The Company has a deep appreciation for the need for sufficient notice so that customer generators and aggregators can appropriately plan for any override. Duquesne Light anticipates it will likely follow similar timelines and notification procedures as those currently used for planned outages, leveraging existing workflows.

However, in times of true emergencies, advance notice may be impractical or not possible. The Company requests that the PUC clearly acknowledge this point in its final rulemaking. Additionally, recognizing the potentially serious safety implications of not complying with an EDC override directive, the PUC should make clear that EDCs can impose penalties for failure to comply, as specified in their tariff filings.

Dispute resolution

Duquesne Light is supportive of the PUC's assertion of its authority to oversee resolution of disputes arising in this area. It agrees that the existing PUC frameworks under Chapters 1, 3, and 5 of title 52 of Pennsylvania Code are sufficient. Recognizing the evolving nature of this subject, the PUC should monitor disputes that arise and how they are resolved to determine if additional practices are warranted.

Items reserved for the Interconnection Rulemaking

Finally, several items included for comment in the ANOPR are not addressed in the NOPR. Duquesne Light assumes these items have been reserved for consideration in the anticipated interconnection rulemaking.⁶ While the Company is generally comfortable with this approach, it seeks confirmation that certain matters not included in the NOPR will be addressed in a future rulemaking by the PUC.

Specifically, the Company wishes to confirm that metering will be covered in the separate interconnection proceeding. It is anticipated that DERs participating in wholesale markets may lead to more complex metering configurations. In its earlier comments, the Company opined, "For customer-generators who have multiple component DERs behind the meter, the EDC should not be required to submeter each individual component unless it is necessary to accurately determine the customer's retail bill or to support reliability."⁷ The PUC's guidance on this topic should address recovery of additional metering costs. Duquesne Light reiterates its position that the cost causer (either the customer generator or the aggregator) should pay for any additional

⁶ Motion of Vice Chair Kimberly Barrow re: Revision to Interconnection Rules, December 4, 2025, Docket No. L-2025-3059032.

⁷ Comments of Duquesne Light *supra* at page 11.

metering costs. If this matter is not expected to be covered in the interconnection proceeding, the final rule in this proceeding should be amended to address this issue.

III. CONCLUSION

Duquesne Light commends the Commission for its efforts to establish guidance and rules to enable aggregated DER participation in wholesale markets, in compliance with FERC Order 2222. Facilitating increased penetration of DERs takes on greater importance in light of generation and capacity constraints in the PJM region, exacerbated by unprecedented load growth resulting from the data center and artificial intelligence industries. It is critical that the Commission's regulations ensure implementation of FERC Order 2222 does not expose Pennsylvania customers to unnecessary costs or threats to reliability and safety. Duquesne Light believes the PUC's NOPR provides a reasonable pathway, consistent with its comments herein, and urges the Commission to address the unresolved issues from the ANOPR either in this rulemaking or in the anticipated interconnection rulemaking. The Company appreciates the opportunity to provide these comments and looks forward to continuing to engage on this topic.

Respectfully submitted,



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