

June 9, 2026

**Filed Electronically**

Matthew L. Homsher, Esq., Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, Pennsylvania 17120

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

Dear Secretary Homsher:

On behalf of the Coalition Advocating DER Regulation Efficiency (“CADRE”), I am enclosing comments in response to the NOPR Order issued by the Pennsylvania Public Utility Commission on the issue of Distributed Energy Resources Participation in Wholesale Markets.

Thank you for your consideration of these comments.

Sincerely,



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President  
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610-793-2809

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

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

**COMMENTS OF THE COALITION ADVOCATING DER REGULATION EFFICIENCY  
("CADRE") IN RESPONSE TO THE NOTICE OF PROPOSED RULEMAKING  
ORDER ON DISTRIBUTED ENERGY RESOURCES PARTICIPATION IN  
WHOLESALE ELECTRICITY MARKETS**

**I. Introduction**

The Coalition Advocating DER Regulation Efficiency ("CADRE") is a group<sup>1</sup> of many of the largest distributed energy resource ("DER") service providers in the country. CADRE includes demand response providers, electric generation suppliers ("EGS") operating across all of the restructured states, solar energy and storage developers and trade associations representing companies and industries focused on improving energy markets. These companies intend to be DER Aggregators ("DERA") and/or DER service providers when the PJM market permits.

These Comments are in response to the Notice of Proposed Rulemaking issued by the Pennsylvania Public Utility Commission ("PUC" or "Commission") on December 18, 2025 and published in the PA Bulletin on April 11, 2026.<sup>2</sup> CADRE applauds the Commission for

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<sup>1</sup> CADRE is an ad hoc coalition of DER service providers including Advanced Energy United ("AEU"), CPower, EnergyHub, Engie, GoodLeap, Green Key Solar, IGS, NRG, Sunrun, Tesla, and Voltus. These comments reflect the opinions of the Coalition and not necessarily the views of any one member.

<sup>2</sup> Pennsylvania Public Utility Commission, Notice of Proposed Rulemaking Order, *Distributed Energy Resources Participation in Wholesale Markets*, Docket No. L-2023-3044115, December 18, 2024 ("NOPR Order"), 56 Pa.B. 1985, April 11, 2026).

undertaking this rulemaking process. The existing regulatory framework in Pennsylvania requires upgrades to support robust DER aggregations participating in the PJM market, especially those comprised of DERs owned by residential customers for whom scale regulatory improvements in metering, data transfer and billing will be crucial for delivering financial relief to ratepayers as a result of increased deployment of DERs.

We appreciate the Commission’s thoughtful response to the multiple concepts, including those from CADRE, that were presented through the ANOPR process in this docket<sup>3</sup>. CADRE is participating in this rulemaking process to seek efficient regulations that will benefit the market and electricity customers across the Commonwealth. Allowing DERs to participate in the wholesale electricity market is a transformational step facilitated by the Federal Energy Regulatory Commission (“FERC”) through its Order No. 2222.<sup>4</sup> Embracing the concepts of FERC Order No. 2222 will allow, for the first time, the true integration of wholesale and retail energy markets for all electricity customers and for essentially all energy and load management resources. We encourage the Commission to continue down the path to full FERC Order No. 2222 implementation. Doing so will result in tremendous benefits through the reduction of capacity, energy and ancillary service costs for all retail electricity customers and in compensation payments for grid services to customers with DERs.

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<sup>3</sup> Pennsylvania Public Utility Commission, Advanced Notice of Proposed Rulemaking Order, *Distributed Energy Resources Participation in Wholesale Markets*, Docket No. L-2023-3044115, February 22, 2024 (“ANOPR Order”), 54 Pa.B. 1668, March 30, 2024.

<sup>4</sup> *Participation of Distributed Energy Resource Aggregations in Markets Operated by Regional Transmission Organizations & Independent Systems Operators*, Order No. 2222, 172 FERC ¶ 61,247 (2020), *order on reh’g*, Order No. 2222-A, 174 FERC ¶ 61,197, *order on reh’g*, Order No. 2222-B, 175 FERC ¶ 61,227 (2021).

## **II. Comment Overview**

CADRE's initial recommendations<sup>5</sup> included revisions of existing regulations, removal of some regulations that are out of date or otherwise unnecessary, and the incorporation of others. In its NOPR Order, the Commission acknowledged and incorporated several of our recommendations. While the Commission has deferred to other proceedings some of the issues raised by CADRE, the Commission did not address other issues raised by CADRE. Accordingly, these comments will be presented in three sections. First, we briefly discuss some of the areas in which we have strong agreement with the Commission and encourage the Commission to remain steadfast in pursuing those regulations or policies. Second, we address a few areas where we seek further information or clarification from the Commission. Finally, we will address issues that were raised in our ANOPR Comments that we believe are very important for the Commission to address through either regulations in this proceeding, policy language in the Commission's final Order, or soon thereafter with another rulemaking or similar policy proceeding.

## **III. Areas of general agreement**

CADRE agrees with the following reforms included in the NOPR order and we encourage the Commission to implement those reforms.

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<sup>5</sup> Comments of the Coalition Advocating DER Regulation Efficiency ("CADRE") in Response to the ANOPR Order Seeking Comment on Distributed Energy Resources Participation in Wholesale Electricity Markets, *Distributed Energy Resources Participation in Wholesale Markets*, Pennsylvania Public Utility Commission Docket No. L-2023-3044115, May 29, 2024.

### **III. A. Definitions**

We are supportive of the Definitions section included in the draft regulations. Specifically, defining DERs and the other related terms creates a specific type of electricity market participant in the Commonwealth that should be provided the rights granted to other electricity market participants, like access to customers' historic usage and other electricity market data. It is imperative to keep the definitions intact because in the past, entities other than Electric Generation Suppliers ("EGS") have been denied direct access to customer usage data. DERAs will require access to customer usage data to effectively manage DERs located at the customers' premises.

### **III. B. EDC Aggregation Review Process**

CADRE also supports the aggregation review process. The components required under the proposed regulation are that the EDCs must allow aggregation applications by electronic means, the reviews must be completed within 60 days and that any reason for rejection of a DER resource must be accompanied by a detailed explanation for the reason for denial of the registration. We support each of these requirements and urge the Commission to adopt these requirements in its final rules. CADRE seeks clarification on the ability of EDCs to charge a fee for registration applications. That issue is discussed in Section IV (A).

### **III. C. EDC Dispatch Override Process**

CADRE is supportive of the Commission's proposed dispatch override process. The requirements under the proposed regulations require the utilities to create a description of the conditions under which the EDC will override a dispatch request. The proposed regulations require the utilities to provide a description of the override notices to be provided under pre-

planned maintenance, emergency, and other conditions established by EDC. The proposed regulations also require a description of a return to normal operations notification. The proposed regulation also requires a description of when the notices will be provided under each condition as well as the method the notice will be provided to PJM, DERA and DER operator. CADRE supports each of these proposed regulations and discusses a few implementation details of the dispatch override process in Section IV (B).

### **III. D. Jurisdictional Boundaries**

CADRE is supportive of the Commission's clear delineation of the FERC and Commission jurisdictional boundaries. The Commission was very clear that "DERAs fall under FERC jurisdiction."<sup>6</sup> FERC jurisdiction enables market activities such as those envisioned in FERC Order No. 2222. We encourage the Commission to remain steadfast in this finding and we will discuss in Section IV (D) below the approaches that the Commission should adopt within its own regulations that will maximize the benefit to consumers from customers' participation in the wholesale electricity markets.

### **III. E. Double Compensation**

CADRE supports the restriction on net metering generation resources being compensated twice for energy and capacity – once through the retail rate and from the wholesale market. CADRE also supports the Commission's conclusion that "if a customer-generator receiving service under a net metering tariff can be dispatched in real-time to meet system needs they

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<sup>6</sup> NOPR Order, p. 26.

should be able to also receive compensation from the wholesale ancillary service market...” We believe that these are specific requirements in FERC’s orders on PJM’s implementation plans and encourage the Commission to continue these policies. CADRE seeks further clarification on double compensation issues in the discussion in Section IV (C) below.

#### **IV. Areas of Further clarification**

There are several areas addressed by the Commission in its NOPR Order where CADRE seeks further clarification, either through changes to the specific language in the proposed regulation or through commentary in its Final Order in this proceeding.

##### **IV. A. Aggregation Application Process**

As noted above, CADRE generally supports the Aggregation Review Process proposed in the NOPR Order. We are concerned that the Commission is proposing to allow the EDCs to charge a fee, without bounds, in its proposed regulations. The proposed regulation says “The EDC may establish a fee approved by the Commission for processing a request.”<sup>7</sup>

CADRE does not support the imposition of a fee for EDCs to review Aggregations. DERA will provide tremendous value to all customers in the market, including those who do not participate in the FERC Order No. 2222 programs. We noted in our ANOPR Comments that “Implementation of 2222 is the single biggest opportunity of our lifetime for meaningful impact across the entire industry to lower cost, improve resiliency and take advantage of these new clean

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<sup>7</sup> NOPR Order, Annex, Proposed Regulation § 57.264 (b).

energy resources called DERs.”<sup>8</sup> And also that DERs present “a mammoth opportunity for our industry – not a burden.”<sup>9</sup> It is through this lens that the Commission should view the imposition of a fee. The fee will likely have some negative impact on DER participation in the wholesale markets. It is not clear how much of an impact because the magnitude of the fee is unknown as of now. That tradeoff for decreased market participation will result in higher capacity and energy prices for all customers. If a DER resource clears in the capacity, energy or ancillary services markets, it will by definition, displace a higher priced resource, thus lowering costs to all customers. Similar to the EDC process for reviewing Demand Response participation in PJM at no cost to the aggregator, CADRE respectfully requests that the Commission omit § 57.264 (b) from the final rule in this proceeding, or change the language to prohibit the EDCs from charging a fee. Fees will lower participation levels and that will result in higher energy, capacity and ancillary service costs to consumers.

Alternatively, if a fee is allowed, the Commission should mandate a limit in the regulation. CADRE asks that the Commission imposes a limit of no more than \$100 (an aggregation can be as small as 100 kW) per registration and the fee should be a one-time registration fee and not an annual or recurring fee.

If the Commission is not persuaded by the fixed fee limit, and an aggregation review fee is proposed by the EDC, we encourage the Commission to require the EDC to provide

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<sup>8</sup> See: [www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/workgroups/DR-DER-Aggregation/DR-DER-Aggregation-CUS-Presentation-2-22-24.pdf?rev=e5e9dd35cf99499896021c10b1b5e293&hash=E7F43CFA1D29132C622BC5397FB2C720](http://www.michigan.gov/mpsc/-/media/Project/Websites/mpsc/workgroups/DR-DER-Aggregation/DR-DER-Aggregation-CUS-Presentation-2-22-24.pdf?rev=e5e9dd35cf99499896021c10b1b5e293&hash=E7F43CFA1D29132C622BC5397FB2C720), p. 6. (Internal quotations omitted.) CUS is a non-profit 501(c)6 organization that was created to advance and support the electric industry by developing, enhancing access to, and enabling data and technology regarding DERs to support a clean energy future.

<sup>9</sup> *Id.*, p. 3.

justification for the incremental costs incurred while reviewing and application and also make an affirmative statement that those costs are truly incremental in order to justify a charge to a DERA. Under this alternative process, we support the Commission's proposed regulation that says the fee must be approved by the Commission.

Regardless of the Commission's direction on EDC fees to review aggregation applications, CADRE encourages the Commission to implement a policy that exempts aggregations comprised of only residential customers from any EDC aggregation application review fee. Our concern is that the EDC will want to review an aggregation application every time the aggregation changes. There is a high probability that residential aggregations will change frequently and with little notice. Residential customers frequently move in or out of premises or may not appreciate the benefit of an electricity device that can be controlled remotely. DER aggregators should not be burdened with fees and 60 days of process because a residential customer moved or otherwise ceased participation in the aggregation. Without this type of reasonable governance of residential aggregations, the likelihood of success of residential aggregations will be greatly diminished.

#### **IV. B. Dispatch override process**

As noted above, CADRE generally is supportive of the override process proposed in the NOPR Order. We seek one minor change. In our ANOPR comments, CADRE stated that "We believe the Commission should be apprised in real-time of any potential threat to the distribution grid and ... what is required to trigger an EDC override of a PJM dispatch order." We therefore re-iterate our ask to have the Commission be included on dispatch override notices. This will serve many functions. Initially, it may inform the Commission that the distribution grid, or

certain parts of the distribution grid, are not sufficiently built to host a robust DER market envisioned by FERC Order No. 2222. No one market participant, other than the EDC, will have the information to raise it to the Commission's attention. EDCs may be reluctant to tell the Commission that their networks are not robust enough to manage FERC Order No. 2222 implementation. More broadly, such a reporting requirement might reveal certain behaviors of certain EDCs or certain aggregators that might prove insightful to the Commission. To be clear, CADRE does not envision the PUC to be involved in real-time responses to override decisions. CADRE seeks this reporting for the sake of providing better information only.

#### **IV. C. Double Compensation**

CADRE supports the Commission's proposals to prohibit double compensation. We have two concerns with the regulation as written. Proposed § 57.263 (a) (1) states "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." CADRE does not oppose this proposal in principle but seeks to change the wording to accommodate a few nuances in the market. For example, a customer might be on a net energy metering tariff, but also taking competitive electricity supply, and therefore only benefiting from the distribution benefit of net energy metering. Those customers should not be prohibited from participating in the wholesale energy and capacity markets.

Also, some flexibility in the language might accommodate potential changes to either Pennsylvania's Net Energy Metering laws or regulations, or PJM's energy and capacity market rules. PJM has recently issued a report that suggests that major overhauls to PJM's capacity

market could be on the horizon.<sup>10</sup> This report includes discussion of three potential future paths forward for the PJM market including one which appears to lean much more heavily on the energy and ancillary service markets and much less on the capacity market. PJM suggests that they are not envisioning a “swap to an ‘energy only’ market”<sup>11</sup> but when stakeholders begin discussions, that could be a potential outcome. Without the modification to the Commission’s proposed regulation as suggested below, the current proposal could potentially lead to a situation where the proposed regulation is outdated before it is promulgated. CADRE is not seeking an exemption to the prohibition on double compensation. It is only seeking a change that will accommodate market changes as they occur.

CADRE proposes a revised § 57.263 (a) (1) that states:

“Customer-generators receiving compensation from an EDC under the EDC’s net metering tariff for generation and/or capacity are precluded from participating as a DER Aggregator Resource under the PJM DER Participation Model and receiving compensation for those same energy and/or capacity products.”

The following shows a black-lined version of CADRE’s proposed change against the Commission’s proposal as written in the NOPR Order:

“Customer-generators receiving ~~service~~ compensation from an EDC under the EDC’s net metering tariff for generation and/or capacity are precluded from participating as a DER Aggregator Resource under the PJM DER Participation Model in the PJM and receiving compensation for those same energy and/or capacity products. ~~capacity and energy markets.~~”

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<sup>10</sup> PJM, Powering Reliability Through Market Design, Addressing Rising Demand and Constrained Supply, and Stimulating Investment to Support Durable Reliability, May 6, 2026, found at: <https://www.pjm.com/-/media/DotCom/library/reports-notice/special-reports/2026/20260506-powering-reliability-through-market-design.pdf>

<sup>11</sup> *Id.*, p. 7.

We are confident that the proposed language can encompass the requested goals of prohibiting double compensation while still respecting customers' choices regarding electric suppliers and maintaining relevance through PJM changes. CADRE also supports the Commission recognizing that NEM resources can participate in the ancillary services market. We encourage the Commission to consider the adoption of device level metering, which is discussed in more detail below, to help maximize the value of NEM and other non-NEM resources that might be unable to provide, or at least unable to be compensated for providing grid services without device level metering.

#### **IV. D. Jurisdiction issues**

As noted, CADRE appreciates the Commission's recognition of the FERC jurisdictional boundaries and related issues and the development of regulations in accordance with that understanding. CADRE seeks clarification of one issue. The Commission did not impose a DER licensing requirement in the proposed rule. CADRE respectfully requests that the Commission include an affirmative statement confirming that there is no licensing requirement at the state level to provide DER services. We ask this so that the EDCs do not attempt to impose obligations on DERs or DERAs that the Commission is not requiring.

#### **IV. E. Dispute resolution process**

CADRE is supportive of the dispute resolution process as outlined in the NOPR Order. Proposed § 57.266. (c), which says "Pursuit of dispute resolution shall not affect a DER interconnection applicant with regard to consideration of an interconnection request or an interconnection applicant's position in the EDC's interconnection queue" is especially appreciated.

CADRE understands that the Commission processes have existed for a long time and function well. However, the processes are timely and costly to prosecute. We stated in our ANOPR comments: “We envision that when disputes arise, they are likely to be a result of an interpretation of rules rather than disputed facts. Accordingly, most disputes will not rise to the level of a “contested proceeding” at the Commission.” CADRE believes that this will be true, especially in the early stages of FERC Order No. 2222 implementation. In the absence of creating a new dispute resolution process, CADRE asks that the Commission provide express guidance in its Final Order that unless a verifiable reliability issue is present, the disputes should be resolved in favor of more customer participation in FERC Order No. 2222 aggregations. This guidance could be in the ordering language or in a regulation. Such a policy is the right solution absent a verifiable reliability concern.

#### **IV. F. Data Issues**

The Commission is referring data and data access issues to the Electronic Data Exchange Working Group ("EDEWG"), citing "the complexity of this issue, and the range of perspectives and proposed solutions concerning data exchange protocols related to DER Aggregation."

EDEWG can be a productive forum, and CADRE supports using it. However, CADRE makes the following recommendations to ensure the referral produces a timely, actionable recommendation rather than just inconclusive, open-ended discussion and unnecessary delay.

CADRE respectfully requests that the Commission include in the referral language explicit direction to the EDEWG to develop a recommendation that is not constrained by existing EDC systems, which have proved to be inadequate to support an evolving DER market. CADRE also urges that the referral include specific deadlines and outcomes described below.

The Commission does not need to create a new data-sharing obligation. Under Act 129, EDCs "shall, with customer consent, make available direct meter access and electronic access to customer meter data to third parties, including electric generation suppliers and providers of conservation and load management services."<sup>12</sup> That obligation already applies to the demand-response, load-management, and supplier entities that make up DERAs, and it applies to every EDC required to deploy smart meters under Act 129. What is missing here is a standardized, automated mechanism to facilitate data access.

CADRE asks the Commission, as an immediate step, to direct each EDC to file a third-party data access tariff (or show cause why it cannot do so). These tariffs are a proven, efficient path that already exists. Every Pennsylvania EDC operates Electronic Data Interchange ("EDI") today to exchange data with Electric Generation Suppliers ("EGSs"), and the Commission has already recognized that an EDC may file a limited, non-EGS third-party data access tariff granting registered third parties electronic access to customer data.<sup>13</sup> FirstEnergy has done exactly that – its approved tariff lets curtailment service providers and conservation service providers obtain customer data via EDI with customer authorization.<sup>14</sup> CADRE asks that the Commission direct each EDC to file a comparable tariff, or show cause why it cannot do so, within 90 days of the Final Rulemaking Order, effective upon Commission approval, with the technical and operational details (EDI transaction sets, registration, and testing) developed

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<sup>12</sup> 66 Pa.C.S. § 2807(f)(3).

<sup>13</sup> Secretarial Letter, Investigation into Conservation Service Provider and Other Third-Party Access to Electric Distribution Company Customer Data, Docket No. M-2021-3029018 (July 3, 2023).

<sup>14</sup> FirstEnergy Pennsylvania Electric Company, Third Party Data Access Tariff, Pa. P.U.C. No. TP-1 (eff. Jan. 1, 2024), Docket Nos. A-2023-3038771 et al.

through EDEWG. Absent a specific directive, EDCs and stakeholders lack clarity regarding Commission policy on effective third-party data sharing.

It is important to note that in the longer term, EDI is a bridge, not the end state. CADRE asks that the Commission further direct the EDCs, through EDEWG, to develop and implement a standardized, machine-to-machine data-exchange capability enabling customers to authorize third parties to securely and automatically access their energy-usage data held by the EDC, in conformance with current industry interoperability standards. CADRE recommends that EDEWG be directed to develop the governing protocols within 12 months of the Final Rulemaking Order, and that the EDCs be directed to implement the capability no later than 18 months after that order.

## **V. Areas Not Mentioned in the NOPR Order**

While the Commission has proposed rules that will serve as the baseline for DER Aggregations, CADRE strongly urges the Commission to consider other issues that were raised by CADRE in the ANOPR comment process but are not included in the NOPR Order.

### **V. A. Metering**

#### ***V. A. 1. Device level metering***

Device level metering is of critical importance to a successful DER market. It provides multiple benefits and the utilities' systems are the constraint to realizing value from device level metering. To be clear, CADRE is not seeking to impose a requirement on EDCs to deploy device level metering on customers' equipment. CADRE is only asking that the Commission require the utilities to modernize their systems to accept, validate and process device level metering data so that it can be shared with PJM to validate customers' participation in the

wholesale electricity markets, as one option for measurement and verification when appropriate to the market product.

One of the primary benefits of device level metering is that it can be used for certain resources at a NEM site to participate in PJM's wholesale markets. For example, if a storage resource was located on a NEM property, with device level metering, that storage resource could contribute to a capacity emergency to help shore up the grid. Without device level metering, the resource cannot participate in the market. As a result, there is no incentive to invest in those or similar devices on NEM properties.

Device level metering data will also allow for more precise measurements of contributions to the grid from any resources. It eliminates the rounding errors or assumptions made in looking at "avoided usage" at the premise meter.

CADRE made the following recommendations in our ANOPR Comments. "Add new §§ 78.40 through 78.42 to Title 52 of the Pa. Code related to metering requirements.

- **§ 78.40 Definitions**
  - **Device-level meter – a meter, either internal or external to a specific distributed energy resource, capable of measuring electric consumption and/or injections to the electric grid.**
- **§ 78.41 EDC Metering Requirements. Within 180 days of the issuance of this regulation, each EDC shall develop and deploy meter data systems that are capable of receiving data from device-level meters and processing that data so that it can be used for settlement purposes at the RTO/ISO. In the alternative, the EDCs will work with the RTO/ISO to ensure that a Distributed Energy Resource service provider may supply device-level data directly to the RTO/ISO for settlement purposes.**
- **§ 78.42 Device-level meter technical standards. A qualified device-level meter shall conform to 52 Pa. Code §§ 57.20 -- 57.25 (relating to meter testing) and the American National Standards Institute Standard C12, as applicable, or as these standards may be updated."**

We renew those recommendations here and ask that the Commission incorporate these into their Final Rulemaking Order.

The Maryland Public Service Commission (“MD PSC”) recently issued an order on its FERC Order No. 2222 implementation framework.<sup>15</sup> In that Order, the MD PSC is taking a measured approach to device level metering, understanding the potential value, but ordering the “that the Interconnection Workgroup shall develop proposed regulations for device-level metering and communications protocols as described” in the Order.<sup>16</sup> The language in the discussion about device-level metering addresses the “DRIVE Act” programs, which are state jurisdictional DER programs mandated by the legislature. The MD PSC explained with further direction that “while a case-by-case approach to metering configurations is acceptable, final VPP regulations should preclude the EDCs from requiring revenue-grade metering in every instance if it is not necessary. If onboard device metering capabilities meet settlement-grade accuracy standards, or if a given program does not require settlement-grade accuracy, the EDCs should be able to accept data from device-level meters for billing and settlement purposes, whether through the use of in-house repositories or a third-party solution. The Commission agrees with stakeholders that device-level metering should not be a mandate.”<sup>17</sup> We urge this Commission to follow Maryland’s lead and move the EDCs in a direction that will accept and be able to process, but not require, device-level metering data for DERs.

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<sup>15</sup> Maryland Public Service Commission, Order No. 92398, Order on Electric Utilities’ VPP/DER Conceptual Reports and Office of Cybersecurity Status Report, *Interconnection Workgroup and the Implementation of FERC Order No.2222 and Retail Grid Services in Maryland*, Case No. 9778, May 6, 2026.

<sup>16</sup> *Id.*, p. 38.

<sup>17</sup> *Id.*, p. 29.

### *V. A. 2. Capacity and NITS Tags*

CADRE also requests that the Commission require the EDCs in the Commonwealth to fully incorporate the capabilities of the current premise-level meters and metering systems to improve the accuracy of a customer's actual electricity usage patterns. Specifically, the EDCs should be required to calculate Peak Load Contribution (capacity) and Network Service Peak Load ("NSPL" or transmission) obligations based on a customer's actual usage rather than on profiled or average rate class (or other group) usage. Each retail customer has a PLC that establishes their obligations to buy capacity under PJM's FERC-approved tariff. How those PLCs are established, however, is largely a matter of state policy, and with the advent of AMI, site-specific granular PLCs can be determined. Currently, most Pennsylvania EDCs use AMI technology to record with great accuracy individual customers' demand for capacity across peak hours, though at least one still relies on hypothetical load profiles. The EDCs that have deployed advanced metering in compliance with Act 129 should have the data necessary to calculate customers' PLC and NSPL tags based on actual usage. Continuing the use of profiled PLC and NSPL tags punishes customers who are taking proactive measures to reduce their individual impact on the electricity system. Those proactive customers are subsidizing the others. PLC and NSPL obligation information should be made accessible to DERA and EGSs providing services to these customers. The EDCs that do not use individual customer data to determine PLC and NSPL obligations are denying customers the ability to benefit from the investment they made not only in the smart meters themselves, but also from their own actions to shift their load, whether it's through a demand-response program or a time-of-use electricity product. Accurate PLC and NSPL tags allow for more accurate electricity billing, more accurate M&V data for

customers participating in DR and DER programs and allow for the full value of a customer's contribution to the grid to be recognized and compensated appropriately.

The customer-specific measurements should be the basis for measuring market impact. That lost savings from using rate class profiled data is potentially significant. Savings analyses frequently show that a residential smart thermostat can reduce HVAC run times an average of 12% relative to baseline for each thermostat. Savings amount to approximately 14% during cooling runtimes and 9% during heating runtimes. That translates to annual cost savings of approximately \$156 per year on a typical household's utility bill. Under the current market construct in PJM, if a customer can avoid air conditioning usage during PJM's five peak hours, the savings could be upward of \$300 per year. For those savings to be realized however, the EDCs must settle each customer individually – and they already have the data available to them to do so.

Specifically, CADRE requests that the Commission require the utilities to settle all customer load at PJM based on AMI data, and 2) calculate customers' PLC and NSPL contribution at the individual customer level and make that information available to the market.

***V. A. 3. V. A. 3. Negative Peak Load Contribution ("PLC") recognition as the capacity market mechanism***

In order to recognize the value of DERs, CADRE recommends that the Commission require the EDCs to revise their PLC methodologies to explicitly permit negative PLC and NSPL values for customers who can inject power to the grid during coincident peak hours and network service peak hours, which are the billing-determinant hours for capacity and transmission,

respectively. This would allow LSEs to recognize the full capacity and wholesale transmission value of storage injections and pass those savings to all ratepayers.

CADRE proposes that Pennsylvania utilities follow in the footsteps of Commonwealth Edison, another PJM utility that has already adopted a more market-based solution to compensate exports. Specifically, Pennsylvania's utilities should file tariffs that allocate the costs of capacity (as well as transmission, which is also a demand-based charge) in recognition of negative values for PLCs and Network Service Peak Load (NSPLC) in the calculation of Load Serving Entities' (LSE) capacity and wholesale transmission obligations.<sup>18</sup> Under the current framework applicable to the Commonwealth's EDCs, a customer's PLC/NSPLC is calculated as a strictly non-negative value. A customer who is injecting during one or more of PJM's five coincident peak events or an EDC's peak transmission zone load hours, reduces the EDC's observed load at that moment, but that reduction has a floor of zero. The customer's PLC/NSPLC cannot go below zero, and therefore the injection provides no incremental reduction to the LSE's capacity and wholesale transmission obligation beyond eliminating the customer's own load contribution. This floor means that a storage resource capable of injecting meaningfully during a PLC or NSPL hour receives no capacity market recognition for that contribution beyond zeroing out the individual customer's own PLC/NSPLC.

This alternative model creates a kind of "private capacity market" on the demand side, pursuant to state policy, for demand reductions. Commonwealth Edison ("ComEd") has

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<sup>18</sup> See *A Vision for a Customer-Led Low Cost Power Grid* by Michael Lee, Distributed Grid. Grid Lab February 2026: <https://gridlab.org/gridlab-retail-2-0/>

calculated PLCs to allow for negative values since September 2022.<sup>19</sup> ComEd’s Attachment M-2 to the PJM Open Access Tariff (“OATT”) explicitly provides that load attributable to net metering projects “may reflect both consumption and generation in the capacity peak load contribution, and therefore can result in a positive or negative value for any such individual customer’s calculation.”<sup>20</sup> This provision allows a customer’s interval-measured injection during a coincident peak hour to be recognized as a negative PLC or NSPLC, which flows through to a reduction in the LSE’s aggregate capacity obligation. To maximize value to consumers, we urge the Commission to develop similar policies in Pennsylvania.

## **V. B. Billing**

DERs and DERAs present interesting challenges to the Commission because, as the Commission has acknowledged, those resources are FERC jurisdictional and at the same time, can be provided by EGSs simultaneously with retail electricity. A DERA cannot provide retail electricity services unless it is authorized to do so by the Commission through the EGS licensing process. A DERA that is independent from the EGS can provide DERA services to the EGS’s customers without the EGS being aware of the DER interaction. DERAs can also provide wholesale market services to default service customers. This raises the question of billing and customer service to end-use DER customers.

Under the current regulatory framework for billing, an EGS cannot incorporate DER services into its bill. Receiving multiple bills from a supplier for what would appear to be the

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<sup>19</sup> See Attachment M-2 (Commonwealth Edison) to PJM OATT § I.3-4 (last accessed June 6, 2026), available at: <https://agreements.pjm.com/oatt/18111>.

<sup>20</sup> <https://www.pjm.com/pjmfiles/directory/etariff/MasterTariffs/23TariffSections/18111.pdf>

same service in the eyes of the customer, would make no sense. This is a competitive impediment and will prevent some customers from participating in the DER market.

DER service providers (not EGSs) operating in Pennsylvania can provide extremely informative bills for their customers. They would be even more informative if the Commission moved forward with the metering recommendations made above. DERAs will have all of the usage data, the device level data, and net consumption data (even though they don't sell retail energy). Summarizing this information, the DERA can develop and provide an extremely informative and engaging invoice to its customers. In contrast, if the DER provider bundled retail energy into its product offering, the invoice created would be non-compliant with several regulations in 52 Pa. Code § 54.

With effective billing and metering technologies, billing information can be provided in near real time over an app or other computer-based technology. Customers will be able to know exactly what resources are being used in real time, whether it be solar, storage, system power or if the customer is curtailing anywhere (thermostat, EV charging, etc.).

In a DER framework, contracts can be unique to each customer and might include any or all of EVs, generation, NEM, storage, demand response, and provide energy, capacity, and/or ancillary services to PJM. Each customer could have a contract unique to its resource portfolio. As such, standardized bills required under current regulations are not suitable for a robust DER relationship. Standardized bills enable only standard products. The current billing regulations constrain product innovation, delivery and communications (the bill) about the results of the innovation.

CADRE proposed that within the new DER-related regulations that a Customer information section be created, similar to the section applicable to EGSs in 52 Pa. Code § 54. This new section would exempt EGSs that are also providing DER services from 52 Pa. Code § 54.4 and 54.5. The new regulations for EGSs providing DER services could have requirements in it that would require the bill to reflect the terms of the contract. They could also require that the invoice be auditable, and that “market-based” prices be correlated to prices in the PJM market. This new regulatory section would also exempt EGSs providing DER services from the requirements included in 52 Pa. Code § 54.7 related to marketing requirements for DER products.

CADRE made the following recommendation in its ANOPR comments: “Create new Pa. Code sections in Title 52, under the heading “Customer Information” as follows:

- **§ 78.30 EGSs offering DER Aggregation Services shall be exempt from the billing requirements outlined in 52 Pa. Code § 54.4 – 54.5 for customers who are receiving DER Aggregation services.**
- **§ 78.31 An EGS bill to customers receiving DER Aggregation services must be reasonably understood and include all contracted pricing components.**
- **§ 78.32 The bill elements on an EGS invoice that includes DER Aggregation services must be reasonably auditable by the consumer.**
- **§ 78.33 The bill elements on an EGS invoice that includes DER Aggregation service that are based on “market-based” rates must be directly correlated (not equal) to the hourly or other settled time interval price of the equivalent product that is cleared in the PJM or successor wholesale electric market.**
- **§ 78.34 EGSs offering DER Aggregation Services shall be exempt from the marketing requirements outlined in 52 Pa. Code § 54.7 when marketing DER Aggregation Services.**

CADRE renews its request to the Commission to allow flexible billing for EGSs providing DER services.

A DERA can operate in the Commonwealth without selling retail electricity. The DERA can create the invoice best suited for its contractual relationship with the customer. Under the current framework, EGSs offering DER services would be constrained to the billing framework outlined in the current regulations. The Commission and the market generally have been seeking innovative products and services from EGSs for many years. DER products and services can be coupled with retail electricity and delivered in a comprehensive manner if the Commission will enable them through modernized billing regulations that accommodate innovative products and services.

## **VI. Conclusion**

CADRE appreciates the opportunity to comment on these very important proposed regulations. We pledge to work with the Commission and other stakeholders throughout this process to ensure a smooth transition to a fully integrated DER market. CADRE represents the views of several of the largest organizations participating in these markets and market development efforts. We urge the Commission to consider our comments commensurately.

Respectfully Submitted,

Coalition Advocating DER Regulation Efficiency  
June 9, 2026