

COMMONWEALTH OF PENNSYLVANIA



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July 10, 2026

Via E-filing

Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

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

Dear Secretary Homsher:

Attached for electronic filing please find the Office of Consumer Advocate's Reply Comments in the above-referenced proceeding.

Respectfully submitted,

/s/ Josiah Harmar

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Certificate of Service

CERTIFICATE OF SERVICE

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

I hereby certify that I have this day filed electronically on the Commission's electronic filing system and served a true copy of the following document, the Office of Consumer Advocate's Reply Comments, upon parties of record in this proceeding in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant), in the manner and upon the persons listed below.

Dated this 10th day of July 2026.

***Served Word®-Compatible Copies via Electronic Mail**
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Dated: July 10, 2026

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Distributed Energy Resources	:	
Participation in Wholesale Markets,	:	Docket No.: L-2023-3044115
Chapter 57	:	
	:	

Notice of Proposed Rulemaking Order

**Reply Comments of the
Pennsylvania Office of Consumer Advocate**

Prepared with the assistance of the OCA's expert consultant,
Frank Felder, Ph. D., of Independent Electricity Consultants, LLC

Submitted: July 10, 2026

Table of Contents

I.	INTRODUCTION	1
II.	EXECUTIVE SUMMARY	2
III.	SPECIFIC REPLY COMMENTS	3
	A. DER Aggregators Should Not Be Allowed to Participate Both in Retail Net Metering and PJM Wholesale Markets.....	3
	B. EDC Costs of DER Aggregation Should Be Addressed in a Generic Rulemaking and Not Pre-Judged in the Commission’s Final DER Order	4
	C. EDC Tariffs Should Specify DER Interconnection Agreements.....	5
IV.	Conclusion	5

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Distributed Energy Resources :
Participation in Wholesale Markets, : Docket No.: L-2023-3044115
Chapter 57 :
:

I. INTRODUCTION

The Pennsylvania Office of Consumer Advocate (OCA) appreciates the opportunity to submit these reply comments before the Pennsylvania Public Utility Commission (Commission) on the participation of distributed energy resources (DERs) and DER aggregators (DERAs) in wholesale electricity markets for the benefit of retail consumers. With the rapid deployment of data center large loads in Pennsylvania and in the PJM Interconnection, L.L.C. (PJM) region, DERs have the potential to help buttress reliability and mitigate price increases, so long as they are implemented efficiently and with strong ratepayer protections. The OCA applauds the Commission's efforts to develop standards that the EDCs must follow to facilitate the development of DER connecting to distribution systems.

On February 22, 2024, the Commission initiated an Advance Notice of Proposed Rulemaking (2024 ANOPR), Docket No. L-2023-3044115,¹ to consider any changes or additions to the Commission's regulations or policies to align with Federal Energy Regulatory Commission (FERC) Order 2222, Participation of Distributed Energy Resource Aggregations in Markets Operated by Regional Transmission Organizations and Independent System Operators.² On May 24, 2024, the OCA submitted comments (ANOPR Comments) to the 2024 ANOPR, responding to each of the Commission's

¹ *Distributed Energy Resources Participation in Wholesale Markets*, Dock. No. L-2023-3044115, (Order entered Feb. 22, 2024) (ANOPR), available at: <https://www.puc.pa.gov/pdocs/1817408.pdf>

² 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).

requests for more information.³ On December 18, 2025, the Commission issued its Notice of Proposed Rulemaking Order (2025 NOPR or NOPR). On April 11, 2026, the Legislative Reference Bureau published the Commission’s 2025 NOPR in the Pennsylvania Bulletin,⁴ and the Commission set the comment due date as 60 days following that publication. On June 9, 2026, the OCA submitted comments.

The OCA’s reply comments to the 2025 NOPR are organized as follows. Section II provides an executive summary of the OCA’s Reply Comments. Section III responds to three topics raised in stakeholder comments that OCA did not discuss in its June comments. Section IV concludes.

II. EXECUTIVE SUMMARY

The OCA is limiting its reply comments to three discrete issues raised in stakeholder comments that the OCA did not address in its June comments. First, the OCA addresses and opposes two suggestions regarding net metering. One suggestion is that the Commission should amend its proposed rule to allow for non-net-metering Component DERs, such as behind-the-meter batteries, at the same premises as net metering facilities, if and when double-counting concerns can be addressed. The second suggestion is that the Commission should consider an alternative Electric Distribution Company (“EDC”) compensation tariff that allows customer-generators to participate in PJM energy and capacity markets without triggering double-counting concerns. The OCA opposes these suggestions because they open the door for double compensation and gaming between the wholesale market and retail net metering compensation, which may result in substantial costs and administrative burden to implement.

Second, the OCA addresses a stakeholder suggestion that the Commission should allow costs that cannot be directly assigned to an individual DER or DERA to be recovered in base rates with the EDCs provided the flexibility to determine the appropriate

³ Pennsylvania Office of Consumer Advocate, Comments of the Consumer Advocate, Distributed Energy Resources Participation in Wholesale Markets, Docket No.: L-2023-3044115, May 24, 2024.

⁴ 56 Pa.B. 1985.

mechanism for cost recovery, for example through a rider. The OCA supports a generic rulemaking to address fees and EDC cost recovery, if any, instead of case-by-case adjudication.

Third, the OCA addresses the stakeholder suggestion that instead of having tariff provisions regarding DER and DERA interconnections, each EDC may use a standardized agreement developed by that EDC and that the Commission would include a general description of that agreement in its Regulations. Again, the OCA supports uniform tariff provisions to address the terms and conditions of DER and DERA interconnections through a generic rulemaking, rather than case-by-case adjudication, with clear and specific tariff provisions that detail the requirements of standardized agreements.

III. SPECIFIC REPLY COMMENTS

A. DER Aggregators Should Not be Allowed to Participate Both in Retail Net Metering and PJM Wholesale Markets

DER Aggregators of DER Components have two options for compensation. First, they may, if qualified, be compensated at retail rates that include energy, capacity, ancillary services, and transmission and distribution costs. Second, they can be compensated at PJM wholesale prices for energy, capacity, and/or ancillary services depending on the wholesale services that they provide. By clearly stratifying wholesale market participants by making them ineligible for compensation via net-metering, other ratepayers effectively pay once for this energy whether it be (1) produced locally, reducing procurement from wholesale markets, and compensated retroactively or (2) procured from default suppliers who might purchase this same power from wholesale markets.

NRDC proposes to allow customer resources that are not net-metering resources, such as load reductions, demand-side resources, and behind-the-meter battery storage that are on the same premises as other DER resources not to be precluded from participating in wholesale markets if and when double-counting concerns can be addressed.⁵ Specifically,

⁵ NRDC, June 10, 2026, p. 5. See also Earth Justice, pp. 15-16 and Voltus, Inc., June 10, 2026, p. 7.

NRDC proposes that the Commission’s drafted §57.263(a)(1) be modified accordingly now and then, as part of the forthcoming universal review of interconnection regulation as part of this NOPR, an alternative EDC compensation tariff should be considered that allows customer-generators to participate in PJM wholesale markets without triggering double-counting. The OCA opposes the NRDC proposed modification.

First, if the Commission in the future modifies the rules governing participation in PJM and retail markets, it can adjust its regulations accordingly. Second, enabling a customer with multiple DER components to have some DER components participate in retail energy markets and other DER components participate in wholesale markets, opens the door for gaming and double counting and violates the principle that NRDC supports, which is that net metering compensation “should not be duplicated by wholesale-market compensation for the same service.”⁶ Third, such an approach may be technically demanding to implement—given the sophisticated technology and administrative expertise they require,⁷ which may add costs and administrative burden to the EDCs and non-participating ratepayers,⁸ many of whom are facing an affordability crisis, particularly if DER Components can switch between wholesale and retail compensation.

B. EDC Costs of DER Aggregation Should Be Addressed in a Generic Rulemaking and Not Pre-Judged in the Commission’s Final DER Order

EAP suggests that the Commission should allow costs that cannot be directly assigned to an individual DER or DERA to be recovered in base rates, with the EDCs receiving the flexibility to determine the appropriate mechanism for recovery, for example, through a rider.⁹ PECO believes that EDCs will need to recover a portion of costs related

⁶ NRDC, June 10, 2026, p. 5.

⁷ See Earth Justice, June 10, 2026, p. 16 (noting that it would be “technically demanding” to administer a program to prevent double-counting between the retail and wholesale markets).

⁸ See PPL, June 10, 2026, pp. 30-31, (describing the complexity and costs associated with potentially tens of thousands of Component DERs, which may result in non-participating retail ratepayers bearing some of the administrative expenses).

⁹ EAP, June 9, 2026, p. 11.

to DER aggregation from all customers and requests that the Commission explicitly acknowledge this in its Final Order.¹⁰

The OCA supports a future, generic rulemaking to address fees and EDC cost recovery—instead of case-by-case adjudication. EAP’s suggestion presumes that EDCs would be unable to recover their costs via DER application and other fees, a presumption that needs to be demonstrated, not asserted. Furthermore, allowing each EDC to determine how it would recover these costs makes it more difficult for the OCA and others to assess and challenge these rate increases. The OCA supports a generic rulemaking to address fees and EDC cost recovery, if any, instead of case-by-case adjudication. Before such a process, the Commission should not pre-judge in its Final Order that any such costs are needed.

C. EDC Tariffs Should Specify DER Interconnection Agreements

PPL proposes that the Commission allow EDCs to offer standard DER interconnection agreements instead of “imposing a vague ‘tariff’ filing requirement on EDCs.”¹¹

The OCA supports EDCs having a *pro forma* agreement to which EDCs can tailor to fit their own tariff to be the standard for any interconnections within the EDC. If each EDC is permitted to offer its own standard agreement that is not governed and specified by its tariff, then DER customers, many of them residential consumers, may be subject to unwarranted terms and conditions that the Commission did not approve and that are difficult to enforce across multiple EDCs and agreements that may change over time. Instead, the OCA supports a generic rulemaking to determine the DER interconnection tariff provisions and related agreements, instead of case-by-case adjudication.

IV. CONCLUSION

The OCA appreciates the opportunity to reply to other comments and looks forward to continuing to work with the Commission and other stakeholders on this important

¹⁰ PECO, June 10, 2026, p. 13.

¹¹ PPL, June 10, 2026, p. 18.

matter. These comments were prepared with the assistance of the OCA's expert consultant, Frank Felder, Ph. D., of Independent Electricity Consultants, LLC.

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