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July 10, 2026

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

VIA E-FILING

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

Dear Secretary Homsher:

Enclosed for filing with the Commission are the Reply Comments of Citizens' Electric Company of Lewisburg, PA and Wellsboro Electric Company to the Notice of Proposed Rulemaking Order in the above-referenced matter.

This filing has been served via email on the parties listed on the attached Certificate of Service. If you have any questions regarding this filing, please feel free to contact the undersigned. Thank you.

Very truly yours,

Pamela C. Polacek

By

Pamela C. Polacek

Counsel to Citizens' Electric Company of Lewisburg, PA and
Wellsboro Electric Company

Enclosure
c: Certificate of Service
Joseph P. Cardinale, Jr, Esq. Law Bureau (via email)
Tiffany L. Tran, Esq., Law Bureau (via email)
Karen Thorn, Regulatory Review Assistant, Law Bureau (via email)

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

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Pamela C. Polacek

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Pamela C. Polacek (PA ID No. 78276)

Dated this 10th day of July, 2026, in Venetia, Pennsylvania.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

REPLY COMMENTS OF CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA AND WELLSBORO ELECTRIC COMPANY TO THE NOTICE OF PROPOSED RULEMAKING ORDER

Citizens' Electric Company of Lewisburg, PA ("Citizens'") and Wellsboro Electric Company ("Wellsboro") (jointly the "C&T Companies") hereby submit these Reply Comments in response to the Pennsylvania Public Utility Commission's ("PUC" or "Commission") Notice of Proposed Rulemaking Order ("NOPR Order") Re: Distributed Energy Resources Participation in Wholesale Markets, Docket No. L-2023-3044115.

I. INTRODUCTION

Citizens' and Wellsboro are members of the Energy Association of Pennsylvania ("EAP") and endorse EAP's Comments and Reply Comments submitted regarding the NOPR Order. The C&T Companies submit these Reply Comments to urge the Commission to appropriately and fully implement the exemption granted by the Federal Energy Regulatory Commission ("FERC") for small Electric Distribution Companies ("EDCs"). FERC Order No. 2222 ("Order No. 2222") includes a presumption that smaller EDCs will not be required to comply with the Distributed Energy Resource ("DER") wholesale energy market aggregation initiatives. FERC Order No. 2222-A ("Order No. 2222-A") reiterates and reinforces the basis for and scope of the exemption. FERC Order No. 2222-B did not revisit the prior determinations on this issue. The C&T Companies suggest that this is an important recognition that DER aggregations could have a substantial impact on smaller utilities, especially given the uncertainty regarding the system requirements to accommodate DER operation and market participation. The impact on smaller utilities will manifest itself through the substantial resources required for initial implementation of Order No. 2222, the ongoing resources required to administer DER aggregations once implemented and the potential technical and reliability impacts that accommodating DER aggregations could have on smaller territories with limited customer load.

The NOPR included an exemption for smaller EDCs serving less than 100,000 customers, with the ability of an individual small EDC to Petition the Commission to opt-into the PJM Interconnection LLC's ("PJM") DER Aggregation program. This an appropriate reflection of the FERCs intentions in Order No. 2222 and Order No. 2222-A. In the Comments to the NOPR, several parties attempt to undermine the small EDC exemption by either requiring the small EDC to prove that it is entitled to an exemption or by requiring a small EDC to explain when it would be in a position to opt-into Order No. 2222. The proposals that undermine the FERC's directives should be rejected.

II. REPLY COMMENTS

A. The Earth Justice Advocates' Recommendation #4 To Require Small EDCs to Seek and Support an Opt-Out from Order No. 2222 Should be Rejected.

A group of "environmental justice" organizations that are participating in this proceeding under the moniker of "The Earth Justice Advocates" submitted Comments on the Commission's proposed treatment of small EDCs. The Earth Justice Advocates suggest that the Commission abandon the proposed opt-in approach for small EDCs that is in Section 57.263 of the proposed regulations. The Earth Justice Advocates claim that small EDCs should bear the burden of filing for and proving that an opt-out is appropriate because of the "important public policy goals" at issue. Earth Justice Advocates' Comments, p. 13. Further, the Earth Justice Advocates' witness claims that "[t]he processes that would have to be put into place are not burdensome or expensive." Earth Justice Advocates' Comments, Exhibit B, p. 17.

The Commission should not change proposed Section 57.263 to place the burden on a small EDC to file for an opt-out of Order No. 2222. Adopting the Earth Justice Advocates' proposal will inappropriately reverse the FERC's decision regarding Small EDCs, which was rendered based on a fully-developed record that included nearly identical arguments to those advanced by the Earth Justice Advocates. In addition, despite the cavalier conclusion of the Earth Justice Advocates' witness, the potential external and internal costs for small EDCs to implement Order No. 2222 are significant. Requiring the small EDC to "prove" that it is entitled to the opt-out will divert resources from other pursuits that benefit ratepayers.

The Earth Justice Advocates are attempting to relitigate the opt-in design that was fully considered by FERC. Paragraphs 50-51 of Order No. 2222 summarize the extensive comments that FERC received regarding the appropriate structure for small EDCs, including whether the Order No. 719-A "opt-in" process should be used for Order No. 2222. After consideration of those comments, FERC concluded:

> Notwithstanding our finding that the benefits of this final rule outweigh the policy considerations in favor of a broad opt-out, we acknowledge that this final rule may place a potentially greater burden on smaller utility systems. Recognizing this potentially greater burden on small utility systems, we will exercise our discretion to include in this final rule an opt-in mechanism for small utilities similar to that provided in Order No. 719-A. Specifically, we determine that customers of utilities that distributed 4 million MWh or less in the previous fiscal year may not participate in distributed energy resource aggregations unless the relevant electric retail regulatory authority affirmatively allows such customers to participate in distributed energy resource aggregations.

Order No. 2222, ¶ 64.

Several public interest organizations sought reconsideration from FERC of the small EDC opt-in requirements. *See* Order No. 2222-A, ¶¶ 31-33. FERC rejected the requests for reconsideration, again noting the potentially greater burden on small utility systems. Order No. 2222-A, ¶¶ 34-36. In rejecting reconsideration, FERC provided additional details regarding the burdens on smaller utility systems.

> For example, commenters identify costs and burdens associated with the Commission's proposed action that relate to studying and processing a higher volume of interconnection requests, as well as increasing the flexibility requirements of the supervisory control and data acquisition system, the robustness of the communications system, and the capacity of information systems.

Order No. 2222-A, ¶ 35. The resources for a small utility to participate in Order No. 2222 DER aggregation are not limited to the costs of the initial system changes, as the Earth Justice Advocates assume. The resources include ongoing staff activities to study and coordinate with the DER aggregations. Internal resources that are devoted to FERC Order No. 2222 will be diverted from other utility purposes that benefit ratepayers.

Furthermore, changing from an "opt-in" to and "opt-out" structure will increase costs for small EDC ratepayers. Participating in an "opt-out" proceeding likely will require the small EDC to incur outside legal expenses. In addition, the small utility will devote extensive internal attention to analyze and fully understand the detailed requirements of the PJM DER Aggregation program. The small utility also may need to engage an outside technical expert to support the opt-out request.

Citizens' and Wellsboro are small, local utilities. We pride ourselves in providing safe and reliable service at just and reasonable rates. As locally-managed companies, we are responsive to our ratepayers' needs. In the future, Citizens' and Wellsboro may find resource-effective ways for our ratepayers to participate in PJM's DER Aggregation program. At that time, the Commission provides a predictable path to opt-into the PJM programs.

The Earth Justice Advocates seek to reverse the FERC's "opt-in" structure through their change to Section 57.293. The Commission should endorse FERC's preferred opt-in structure through adoption of the originally-proposed Section 57.293 and rejection of the Earth Justice Advocates' changes.

B. The Office of Consumer Advocate's Limitations on the Small EDC Opt-In Should be Rejected.

The Office of Consumer Advocate ("OCA") does not overtly object to the Commission's proposed "opt-in" structure for Small EDCs; however, the OCA suggests that small EDCs must take steps to : (a) report to the Commission regarding why they cannot opt-in and provide a timeline for eventual opt-in; and (b) allow customer-specific requests to participate in the PJM DER Aggregation program. Both limitations are inappropriate and should be rejected.

OCA's suggested report on the reasons that the small EDC cannot opt-in is essentially a variation on the Earth Justice Advocates' suggestion to change to an opt-out mechanism. To meet OCA's requirements, the small EDC must undertake a similar analysis to that discussed in the prior section of these Reply Comments to ensure that it has a complete understanding of the PJM DER Aggregation program. This understanding is necessary to identify the internal and external constraints on the small EDC participating in the program. Citizens' and Wellsboro respectfully suggest that our resources can be better allocated to other activities that benefit ratepayers. Moreover, the OCA is seeking an arbitrary timeline for future participation that may not be attainable.

Furthermore, allowing "customer-specific" requests to participate in the PJM DER Aggregation program may not even be feasible under the PJM rules. An important part of the opt-in structure is allowing the Small EDCs to continue their operations without needing to understand and track the detailed requirements of the PJM DER Aggregation program efforts. Larger utilities have extensive employee teams that are working through Order No. 2222 implementation; Citizens' and Wellsboro have small engineering teams (consisting of the Citizens' CEO, the

Wellsboro CEO, the Citizens' Senior Director of Engineering and the Wellsboro Director of Engineering & Operations). Citizens' and Wellsboro's engineering teams are also working on various system design, operation and maintenance projects at the same time that they would be tasked with Order No. 2222 implementation. In the future, Citizens' and Wellsboro may become aware of local customer interest in the program and identify a resource-effective way to enable participation; however, it is premature to assume that this will be feasible.

The OCA's limitations on the Small EDC opt-in process are inappropriate and will require small EDCs to divert resources that could be used for other ratepayer purposes. This will undermine the intention of the small EDC opt-in. The Commission should reject the OCA's proposals.

III. CONCLUSION

Section 57.263 of the Proposed Regulations is an appropriate and reasonable application of FERC's opt-in mechanism for small EDCs. The C&T Companies support this approach as it enables the small utility to assess whether and how it can accommodate DER aggregation. This assessment can include the potential costs (implementation and ongoing), the internal employee resources that would be needed, and the technical and reliability limitations in its territory. The Commission can then determine whether it is in the public interest to authorize Order No. 2222 participation based on the model presented by the small utility. Because the small utility is in the best position to assess the conditions in its system, the C&T Companies respectfully submit that Section 57.263 should be adopted as proposed and without any changes or additional burdens on the small EDC.

Respectfully submitted,

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By_______________________________

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