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E-File

July 10, 2026

Matthew Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P.O. Box 3265
Harrisburg, PA 17120-3265

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

Dear Secretary Homsher:

Enclosed for filing please find the Reply Comments of PPL Electric Utilities Corporation in the above-captioned proceeding. These Reply Comments are being filed pursuant to the December 18, 2025 Notice of Proposed Rulemaking Order at the above-referenced docket.

Pursuant to 52 Pa. Code § 1.11, the enclosed document is to be deemed filed on July 10, 2026 which is the date it was filed electronically using the Commission's E-filing system.

If you have any questions regarding these Reply Comments, please do not hesitate to contact me.

Respectfully submitted,

Michael J. Shafer

Enclosure

cc via email: Darryl Lawrence, Esq.
NazAarah Sabree

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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

REPLY COMMENTS OF
PPL ELECTRIC UTILITIES CORPORATION ON
THE NOTICE OF PROPOSED RULEMAKING ORDER

I. INTRODUCTION

On June 10, 2026, interested parties submitted Initial Comments regarding the Pennsylvania Public Utility Commission's ("Commission" or "PUC") December 18, 2025 Notice of Proposed Rulemaking Order ("NOPR") in the above-referenced docket.[1] The NOPR relates to implementation of Federal Energy Regulatory Commission ("FERC") Order No. 2222.[2] PPL Electric Utilities Corporation ("PPL Electric" or the "Company") submitted Initial Comments and appreciates the opportunity to provide input on other parties' Initial Comments.[3]

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[1] *Distributed Energy Resources Participation in Wholesale Markets,* Notice of Proposed Rulemaking Order, Docket No. L-2023-3044115 (Dec. 18, 2025) ("NOPR").

[2] *Participation of Distributed Energy Res. Aggregations in Mkts. Operated by Reg'l Transmission Orgs. & Indep. Sys. 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) (collectively, "Order No. 2222," unless citing to specific order).

[3] PPL Electric references the following comments in these Reply Comments : Initial Comments of Keystone Energy Efficiency Alliance ("KEEA Comments"); Initial Comments of Energy Justice Advocates ("EJA Comments"); Initial Comments of Energy Efficiency Alliance ("EEA Comments"); Initial Comments of Duquesne Light Company ("Duquesne Comments"); Initial Comments of Voltus, Inc. in Response to the Notice of Proposed Rulemaking on Distributed Energy Response in Participation in Wholesale Markets ("Voltus Comments"); Initial

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II. SUMMARY

PPL Electric responds to a variety of Initial Comments below, focusing on the same goals as in its Initial Comments, i.e., the protection of retail ratepayers and the continued safe and reliable operation of its distribution systems at a reasonable cost.[4] Cost allocation and cost recovery issues largely were unresolved by the NOPR, but such issues *cannot* be ignored, as it remains highly questionable whether Order No. 2222 will even play a impactful role in the PJM market, given that it has failed to garner anything close to meaningful participation in the two other markets in which it has been implemented.[5] Several of the Comments reflect a view that DER Aggregators merit

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Comments of the Solar Energy Industries Association in Response to the Notice of Proposed Rulemaking Order on Distributed Energy Resources Participation in Wholesale Electricity Markets ("SEIA Comments"); Initial Comments of PECO Energy Company ("PECO Comments"); Initial Comments of the Pennsylvania Energy Authority in Response to the Notice for Proposed Rulemaking on Distributed Energy Resources Participation in Wholesale Markets ("PEA Comments"); Initial Comments of the Pennsylvania Office of Consumer Advocate ("OCA Comments"); Initial Comments of the Natural Resources Defense Council ("NRDC Comments"); Initial Comments of Mission:Data Coalition to the Notice of Proposed Rulemaking Order ("Mission:Data Comments"); Initial Comments of the Energy Association of Pennsylvania to the Notice of Proposed Rulemaking Order ("EAP Comments"); Initial Comments of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA Comments"); Initial Comments of the Coalition Advocating DER Regulation Efficiency in Response to the Notice of Proposed Rulemaking Order on Distributed Energy Resources Participation in Wholesale Electricity Markets ("CADRE Comments"); and Initial Comments of UtilityAPI ("UtilityAPI Comments").

[4] The same terms are used as described in Section II of PPL Electric's Initial Comments. Note that "DERs" generally refers to "Component DERs" (i.e., DERs in or seeking to be in DER Aggregations), unless the context dictates otherwise.

[5] As mentioned in PPL Electric's Initial Comments, at the time of those comments, the CAISO website lists seven DER Aggregators, none of which could be larger than 20 MW (due to CAISO size limits) and three of which must not be selling any wholesale power as they lack any FERC-jurisdictional tariff. *See* "List of Distributed Energy Resource Provider Market Participants." NYISO informed the Commission that in two years, only six DER Aggregations have formed and all are comprised only of demand side resources (which already could

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special treatment and require the Commission to scrutinize EDC treatment of DER Aggregators in a completely different manner than other market participants. Given that these positions largely are based on unfounded mistrust of EDCs, PPL Electric explains why special, and likely quite costly, "protections" and reporting requirements are unmerited. Some Comments, and even the NOPR, reflect confusion over the role of the Commission and the EDC in the DER Aggregation review process and PPL Electric addresses such issues in an effort to resolve this confusion.

PPL Electric's ultimate goal is for the Commission to adopt regulations that work with the PJM Tariff, respect state and federal jurisdictional authorities, and do not increase electricity costs in the same manner as other programs that involve DERs tend to do both in the Commonwealth and elsewhere. PPL Electric is not opposed to DER Aggregation. Indeed, DERs earning compensation through wholesale DER Aggregations could bring benefits to other customers, if, as a result, DERs were paid the *true* value of services provided, rather than being overpaid, as they generally are today through programs such as state net energy metering "NEM" and federal demand response.[6]

participate in the NYISO). NYISO Informational Report, Docket No. ER23-2040 (Apr. 15, 2026) ("NYISO 2026 Informational Report").

[6] DERs that provide demand response, whether under a DER Aggregation or another aggregation, in FERC markets, are overpaid. More demand resources joining the wholesale market thus would be harmful to ratepayers who bear the unmerited costs of such compensation due to FERC's overly-generous existing compensation policy.

III. THE COMMISSION HAS JURISDICTION TO LICENSE DER AGGREGATORS AND REQUIRE THEM TO PAY AN "EDC REVIEW FEE."

The scope of the Commission's jurisdiction is relevant to two important issues discussed in the Initial Comments – the Commission's authority under proposed Section 57.264(b) to impose a fee for EDCs' reviewing requests for a DER Aggregation ("EDC Review Fee")[7] and the need to license DER Aggregators. The *need* for the fee and a licensing regime are both critical, as discussed *infra*; this Section III only addresses jurisdiction.

CADRE threatens to legally challenge *any* regulation of DER Aggregators, requesting that "the Commission include an affirmative statement confirming that there is no licensing requirement at the state level to provide DER services."[8] The position that the Commonwealth lacks jurisdiction over persons or entities that may play an important role in determining whether the Commission can fulfill its mandate that retail rates are just and reasonable should be rejected. If a DER Aggregator is unlawfully collecting payments from PJM for services it fails to provide,[9] at the direct expense of Pennsylvania's retail ratepayers, the Commission should be permitted to disallow that DER Aggregator from doing any further business in the Commonwealth. Similarly, the

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[7] PPL Electric proposed re-wording the regulation for accuracy in its Initial Comments.

[8] Cadre Comments at 11.

[9] Demand response aggregators have stipulated to FERC that they have engaged in this type of conduct. *E.g., Voltus, Inc. and Gregg Dixon,* 190 FERC ¶ 61,008 at P 38 (2025) ("Voltus registered and cleared [] capacity for ten resources with whom it had no contractual relationship and who did not consent to or have knowledge of their registration.") ("Order Approving Stipulation and Consent Agreement").

Commission should be able to prohibit persons who have admitted to similar conduct in the past elsewhere from doing business in Pennsylvania.

As to the EDC Review Fee, CADRE asks that the "EDCs do not attempt to impose obligations on DERs or DER A[ggregators] that [FERC] is not requiring."[10] Voltus indicates that it is not clear what authority an EDC or the Commission has to charge a fee to a DER Aggregator applicant to review its application that is submitted to PJM and passed on to the relevant EDC.[11] The Commission's jurisdictional authority to allow EDCs to collect an EDC Review Fee is based on the nature of the review service that the EDCs would be providing.

According to Order No. 2222, the purpose of the EDC review is to determine: "whether (1) each proposed distributed energy resource is capable of participation in a distributed energy resource aggregation; and (2) the participation of each proposed distributed energy resource in a distributed energy resource aggregation will not pose significant risks to the reliable and safe operation of the distribution system."[12] These tasks relate to matters such as verifying state-jurisdictional interconnections, checking retail account numbers, ensuring retail customer consent, and performing an analysis of the distribution system (if needed). These are not FERC-jurisdictional services, even if the need for the review is driven by a FERC order. These are tasks related to ensuring

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[10] CADRE Comments at 11.

[11] Voltus Comments at 7. As discussed *infra*, several other Commenters focus on the level of the EDC Review Fee that the Commission proposed, not the legal right to collect one, implicitly conceding the jurisdictional issue.

[12] Order No. 2222 at P 292.

just and reasonable *retail* rates *and* the safety and reliability of the state-regulated distribution system. The danger associated with EDCs *not* being permitted to review account numbers and check for customer consent to join FERC-jurisdictional aggregations is known. Ironically, Voltus contributed to the *very* need for the reviews in question.[13]

If the Commission were found to be preempted from allowing EDC Review Fees (and if FERC rejected imposition of such a fee), there are other approaches. DER Aggregators "will require access to customer usage data to effectively manage DERs located at the customers' premises."[14] FERC, however, left EDC data sharing processes to the states.[15] If necessary, a DER Aggregator's access to retail customer data *through the EDC*, could be conditioned on a DER Aggregator voluntarily agreeing to being licensed to obtain EDC-held information and paying a fee for such data access in lieu of an EDC Review Fee.

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[13] *E.g.,* Order Approving Stipulation and Consent Agreement; *Ketchup Caddy, LLC and Philip Mango*, 189 FERC ¶ 61,176 at PP 21-22 (2024) (Mr. Mango was told of a way to enroll retail demand response customers without fear of penalty, without having to pay them a dime, and that there were no repercussions, only profit, and decided to see if this is something he and an employee could do on their own.).

[14] CADRE Comments at 4.

[15] "Specific roles and responsibilities for relevant electric retail regulatory authorities identified by distribution utility commenters include: supervision of distribution utility review of distributed energy resource participation in aggregations; evaluation of distributed energy resources interconnection to distribution facilities; overseeing issues regarding distribution system operation and reliability; *data sharing*; and setting of metering requirements and related mechanisms to distinguish wholesale and retail transactions." Order No. 2222 at P 317 (emphasis added).

IV. CONSUMER PROTECTION AND AFFORDABILITY ISSUES SHOULD BE THE COMMISSION'S PRIMARY FOCUS.

PPL Electric remains concerned about the implementation of Order No. 2222 generally, not because it views DER Aggregators as competitors or a threat to its business (which they are not),[16] but because PPL Electric has found that certain small scale distributed generation and demand response programs adversely impact retail ratepayers that do not participate by increasing EDCs' (and EGSs') *total* costs. There is a fine line between paying resource owners sufficiently to incentivize conduct and overpaying them, such that the conduct does not produce the desired outcome, i.e., lower rates for *all* customers or the same/similar level of rates for *all* customers coupled with *measurable* societal benefits. How Order No. 2222 is implemented, and who pays for its implementation, can negatively impact electricity affordability. PPL Electric discusses below ways that the Commission can protect retail ratepayers from these possible adverse impacts.

A. NEM Participation and Cost Shifting Through Double Compensation.

One of PPL Electric's most pressing concerns remains double compensation due to potential NEM customer-generator participation in DER Aggregations. Commenters that support the FERC and NOPR rationale for *allowing* double compensation, as long as there is no double counting, illustrate either a lack of concern for ratepayers or a misunderstanding of the degree to which "full NEM" shifts costs to non-participating ratepayers. No Commenter in favor of NEM participation addresses the inequity caused

[16] *See* Mission:Data Comments at 14.

by allowing NEM customer-generators to be paid twice for ancillary services: 1) one payment from the market through their DER Aggregator for providing such services; and 2) one payment (via a NEM bill credit) for such service, despite the fact that they did not provide the service.[17] The cost of *both* payments ultimately fall on other retail ratepayers. No entity should be allowed payment twice for the same service.

Commenters provide examples of how NEM participation could work that are unrealistic and illogical.[18] In one example, PEA suggests that:

> when a [NEM] customer/operator is registered by an aggregator the customer must elect (and the aggregator must show proof of the election) to receive the Aggregator's

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[17] *See e.g.,* CADRE Comments at 9-11 (no mention of the fact the full NEM customer-generators are compensated for ancillary services already); KEEA Comments at 2 (no discussion of double compensation other than support for Commission's (new) position); SEIA Comments at 2-3 (no discussion of existing compensation for NEM customer-generators). NRDC *tries* to defend the NEM participation policy by stating "[n]et metering is a compensation mechanism that credits a customer for energy delivered to the grid; it does not compensate the customer for the frequency regulation, operating reserves, voltage support, or other ancillary services that distinguish wholesale-market ancillary-services products from net-metered energy." NRDC Comments at 4.

Even if accepting as true that NEM pays only a rate for "energy" that rate for energy is *so* high that it is the *same* rate that would be paid if the customer-generator were being paid not just for energy, but for frequency regulation, operating reserves, voltage support, other ancillary services, transmission, distribution, and myriad other services that it does not and cannot provide. That is, if the full bundled retail rate is 21 cents/kWh, and the wholesale rate for energy is 5 cents/kWh, why would a customer-generator merit being paid 21 cents/kWh, let alone 21/cents kWh plus whatever it can earn from a DER aggregator? NRDC never explains the math.

[18] EJA's Comments discusses a NEM customer-generator with a smart thermostat, indicating that such entity should earn credits/revenues in two different manners. But, it never explains how a customer's "general" load reduction due to its NEM resource could be distinguished from the reduction of its heating or air-conditioning load due to the deployment of the smart thermostat. Given that a DER Aggregator (presumably dispatching the thermostat) will be subject to PJM's five-minute settlement, while NEM measures net production/consumption monthly, far more information is necessary to demonstrate double counting could be avoided at a remotely reasonable cost (i.e., that avoids manual add backs/deductions of kWh or $) or submetering.

> payment in lieu of the [NEM] tariff payment for hours and services it is called or dispatched by the Aggregator. The Aggregator would be required to provide dispatch information to the [EDC], and the [EDC] would pay the customer operator nothing for the relevant service for those periods, while the Aggregator would pay the customer its agreed compensation.[19]

This approach, where a NEM customer-generator can evidently choose between a credit at the retail rate for excess power, or be paid by a DER Aggregator for services provided to it, is a non-starter from a billing complexity perspective and ignores the monthly NEM tariff structure.[20]

In contrast, those opposing NEM participation point to the actual facts, i.e., that "net metering compensates the DER for all of the attributes it produces."[21] EAP points out, just as PPL Electric did, that "[t]he Commission itself noted, in its comments on Order 2222, that Pennsylvania's net-metering program compensates customers for energy, capacity, and ancillary services which could result in double compensation regardless of what type of program a DER participates in at the wholesale level."[22]

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[19] PEA Comments at 7-8.

[20] Indeed, how one could overlay a tariff that relies on *monthly* netting of a single retail customer account with DER Aggregation participation by the exact same retail account has not been rationally explained by *any* Commenter. If someone believes that is possible by, for example, installing creating two retail accounts and installing two meters, one that only tracks HVAC load and one that tracks all other load, they have yet to describe exactly how such approach would be implemented and/or its cost.

[21] Duquesne Comments at 7; *see* PECO Comments at 3.

[22] EAP Comments at 7.

Customer protection advocates, most notably OCA, similarly recognize the double compensation problem.[23]

B. The Commission Should Allocate Order No. 2222-Related Implementation Costs in a Manner that Ensures Ratepayer Are Held Harmless.

The Initial Comments reflect a deep divide between those who support an absolute prohibition on any Order No. 2222 implementation costs being borne by any entity other than a DER Aggregation participant (DERs and/or DER Aggregators), and those who largely refuse to acknowledge that there even are implementation costs at all, let alone address their allocation. A few of the latter Commenters do address the EDC Review Fee,[24] which is the only implementation cost that the Commission itself addresses in the NOPR.[25]

Those Commenters that oppose non-participants paying anything for Order No. 2222 implementation are vocal. CAUSE PA explains "DERA programs must not increase costs on non-participants."[26] It is not alone. EJA states that in order to protect equity, the Final Regulation should ensure that owners of Component DERs should bear

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[23] OCA Comments at 7 ("retail net metering customers are already receiving compensation for providing ancillary services via the net metered rates, as those costs are bundled with the retail net-metering rate. Therefore, allowing customer-generators to receive ancillary service compensation if they can be dispatched in real-time to meet system needs is double counting and should not be allowed.").

[24] CADRE Comments (only addressing costs of DERA application reviews); SEIA Comments (only addressing costs of DERA application reviews).

[25] NOPR at 39 ("the Commission does not propose establishing a set fee or cost recovery mechanism at this time").

[26] CAUSE PA Comments at 1; *see also* KEEA Comments at 2.

any costs related to the participation of their DERs in an aggregation, including both any associated infrastructure costs as well as a proportional share of DER aggregation program administration costs.[27] OCA states that "[g]eneral DER costs should be allocated pro rata across DERs, component DERs, and DERAs."[28] CAUSE PA also notes that the Commission should not allow EDCs to rate base any aggregation infrastructure until or unless the benefits and costs are appropriately quantified and equitably assigned, while recognizing the difficulty of this task:

> Assessing the monetary value of the benefits provided by DERs is deeply complex. DERs and DERA programs may supply an impressive range of critical services beyond electricity generation—including frequency response, voltage management, and reserve power—and help address acute resource adequacy challenges. But current regulatory structures are not conducive to compensate for these services in a manner that serves the public interest. It is not enough to assign a general compensation rate for aggregation services. … An accurate valuation of DERs and DERA programs must exclude illusory benefits, carefully analyze each service provided, and account for differences in underlying technologies.

PPL Electric generally concurs that implementation costs should be borne by DER Aggregators and DERs unless and until DER Aggregation is proven to reduce PJM market prices.

NRDC posits that various types of costs should be identified and cost allocation should vary as to the types of costs. NRDC identifies four types of costs:

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[27] EJA Comments at 12.

[28] OCA Comments at 17.

(1) interconnection costs for DERs;[29] (2) EDC application processing and review costs under § 57.264;[30] (3) data sharing and information system costs; and (4) DERMs, override capability, and other distribution-level integration costs. NRDC's Categories 3 and 4 are the most difficult costs to address because no one knows if Order No. 2222's costs will outweigh its benefits.[31]

Historically, Pennsylvania retail ratepayers have been compelled to over-pay suppliers of demand response and NEM-produced energy under existing FERC and Commonwealth policies.[32] That is, the benefits such resources provide, lowering overall demand and requiring smaller purchases of wholesale energy by load-serving entities, thus reducing wholesale prices and total costs, do *not* outweigh the compensation paid to the service providers.[33] Although wholesale market participation may *more* accurately price certain services provided by DERs than some programs, the Commenters provides no evidence that Order No. 2222 will reduce retail rates (holding other variables constant). Continued full retail NEM and NEM participation in DER Aggregations under Order No. 2222 is *not* a path to increased affordability.

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[29] This issue is outside the scope of the NOPR.

[30] *See* Section V, *infra*.

[31] If NEM customer-generators are allowed to participate in wholesale markets without a substantial reduction in NEM compensation, PPL Electric is near certain that Order No. 2222's costs will outweigh the benefits.

[32] A NEM customer-generator in Pennsylvania is being paid about 21 cents/kWh compared to a NEM customer-generator in

[33] Load-serving entities *strenuously* objected to the level of payments to wholesale demand response providers over fifteen years ago. PPL Electric joined its affiliates in arguing that FERC's demand response compensation was unjust and unreasonable, discriminatory, and non-comparable among other reasons. The intervening years have not changed this viewpoint.

PPL Electric thus agrees with those who argue that the Commission needs to shield non-participating ratepayers from as many Order No. 2222-related costs as possible, absent actual evidence that DER Aggregations meaningfully impact wholesale prices to produce a net benefit, particularly given its cost. PPL Electric is not contesting that programs such as wholesale demand response aggregation can lower demand, but that the cost of the program in terms of both demand response compensation and implementation costs must be analyzed to determine if retail ratepayers actually benefit on net. Notably, the complexity of implementation differs substantially between Order No. 745[34] and Order No. 2222. FERC issued Order No. 745 on March 15, 2011. PJM's Order No. 745 tariff revisions took effect April 1, 2012.[35] In contrast, Order No. 2222 was issued September 17, 2020, and PJM's tariff revisions become effective February 1, 2028. PPL is aware of no other FERC Final Rule directed at RTOs that took so long to implement.

1. Retail Ratepayers Already Bear Substantial Order No. 2222 Costs; Further Cost Responsibility Is Unjustified.

As noted *supra*, PJM, EDC, and other personnel have already spent nearly six years on Order No. 2222 compliance and implementation. The Comments are remarkably silent as to the fact that these costs are directly borne by retail ratepayers and the Commission should seriously consider whether retail ratepayers have paid more than

[34] *Demand Response Compensation in Organized Wholesale Energy Markets*, 134 FERC ¶ 61,187 (2011).

[35] *PJM Interconnection, L.L.C.,* 137 FERC ¶ 61,216 (2011).

their fair share already. FERC's cost estimate that accompanies every rulemaking and is submitted to the Office of Management and Budget for review under section 3507(d) of the Paperwork Reduction Act of 1995 for implementing Order No. 2222 is farcical. The start-up cost calculation per RTO was set at $126,907 for the tariff filing (1,529 hours at $83/hour for RTO (presumably legal) staff).[36] To date, PJM has submitted eleven substantive pleadings in Docket No. ER22-962 related to tariff changes necessary to comply with Order No. 2222. If actual in-house fully loaded legal costs per hour were used, as well as a realistic number of hours, the actual number would dwarf $126,907 by many multiples.

The $124,500 estimate for software costs (1,500 hours at $83/hour) is also unrealistic. In 2024, PJM explained that to implement Order No. 2222 it needed to: modify its "Markets Gateway" to develop new screens within the application, so that DER Aggregation Resources could effectively offer into PJM's markets and accurately represent their parameters; create the software tool necessary to facilitate the DER Aggregator Participation Model, which would be used as the central hub for coordination and communication between PJM, the DER Aggregator, and the applicable distribution utility; modify PJM's day-ahead and real-time market engines to effectuate the DER Aggregator Participation Model and the implementing applicable business rules;

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[36] *See* Order No. 2222 at P 365. FERC used an unstated $83/hour cost for RTO legal staff despite the fact that in the one of the last locatable statements by FERC of the cost of RTO legal staff was actually $250/hour and dates to 2012. *See Enhancement of Electricity Market Surveillance and Analysis through Ongoing Electronic Delivery of Data from Regional Transmission Organizations and Independent System Operators*, 139 FERC ¶ 61,053 (2012).

implement a new modeling structure for Component DER, to facilitate locational mapping of the resources, while protecting the integrity of system performance; modify the markets settlement systems and underlying supporting databases so that PJM could properly uphold FERC's directives regarding aggregate settlements, Order No. 745 rules, and double-counting.[37] As to other RTO implementation costs, drafting business practice manuals, holding monthly stakeholder meetings, etc., there is no cost estimate, but again will constitute real costs borne by retail ratepayers.

The FERC estimate provided to OMB predicted that not one cent would be spent by FERC-jurisdictional EDCs in RTOs on implementing the Final Rule.[38] Obviously, EDCs, such as PPL Electric, are incurring costs associated with Order No. 2222 by participating in the FERC proceedings, this Commission's proceedings, and PJM stakeholder proceedings—to say nothing of building out the software and other tools necessary to actually implement Order No. 2222 aggregation on their systems. Retail ratepayers have borne enough of this burden and it is time for DER Aggregators, who will directly benefit as the Market Participant in the Order No. 2222 paradigm, to pay. But, rather than agree to pay anything, DER Aggregators and their supporters

[37] *See* Order No. 2222 Compliance Filing and Motion to Modify Effective Date of PJM Interconnection, L.L.C., at 22 Docket No. ER22-962 (Oct. 23, 2024). What PJM described some four years ago sounds like a multi-million dollar "software" project; FERC's $124,500 estimate *might* pay one-year's salary, overhead, and benefits of a new college graduate who could code.

[38] *See* Order No. 2222 at P 365.

unconvincingly claim offsetting benefits will result from Order No. 2222.[39] Commenters do not mention that California and New York have seen the largest and fourth largest percentage increases in retail rates over the past five years,[40] despite being the two earliest adopters of "home-grown" aggregation, as modified by Order No. 2222.

2. EDC Cost Recovery Must Be Permitted.

The primary problem with trying to protect retail customers from Order No. 2222 implementation costs is pointed out by PECO. Namely, that the only fee suggested by the NOPR, the EDC Review Fee, may not be sufficient to compensate EDCs for the costs to develop, operate, and maintain systems and staffing for the electronic intake, tracking, study, and disposition of requests from DER Aggregators as well as the ongoing monitoring of (Component) DERs that will be necessary to assess whether and when dispatch overrides are necessary for system reliability. PECO believes that any fee structure designed to fully recover such costs from DER Aggregators and/or customer-generators participating in aggregations is likely to prove cost-prohibitive and result in a lack of DER Aggregator participation in that EDC's territory.[41] PECO believes that it will be necessary for EDCs to recover a portion of costs related to DER Aggregation

[39] *E.g.,* EJA Comments at 27-29 (EJA relies on hypothetical possibilities, sometimes involving entirely separate programs such as virtual power plants); CADRE Comments at 2, 7 (relying on suppositional materials not actual data).

[40] Charles River Associates, *US retail electricity rate trends analysis* (Feb. 2, 2026).

[41] PECO Comments at 13.

from all customers, and it requests that the Commission explicitly acknowledge this necessity in its Final Order.[42]

Although PPL Electric agrees that EDCs must be permitted to recover costs imposed on them by regulators in implementing Order No. 2222, the Commission can propose a novel solution to the problem discussed by PECO, including the one suggested below.

C. Cost Recovery Implementation Poses Challenges.

A decision on how DER Aggregation implementation costs will be allocated will in turn profoundly impact the cost recovery vehicle. An interesting concept introduced by NRDC is using a wholesale distribution export tariff applicable to DER Aggregators. Although NRDC suggests *DERs* be subject to such a tariff, the *DER Aggregator* paying for its use of the EDCs' distribution system is more logical.[43] Assessing a wholesale distribution rate to exporting DER Aggregators could be a way to reduce the impact of Order No. 2222, assuming some portion of Order No. 2222's implementation costs have to be spread to all ratepayers, rather than directly assigned, and such wholesale distribution service revenues are credited against the retail distribution revenue

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[42] *Id.*

[43] If DER Aggregations require export wholesale distribution service, PPL Electric would expect that the wholesale service agreement would be between the EDC and DER Aggregator. Indeed, Southern California Edison Company has a wholesale distribution service tariff, and SCE itself takes service under such tariff for all NEM customers that are entitled to surplus compensation (i.e., customers paid for excess NEM power at the end of an annual cycle). That is, SCE acts as an aggregator for the purpose of contractually delivering NEM power from its distribution system to the transmission system, irrespective of power flows. Individual DERs owned by NEM customer-generators do not each take wholesale distribution service.

requirement. In Order No. 2222 (at P 62), FERC held that "it may also be appropriate, on a case-by-case basis, for distribution utilities to assess a wholesale distribution charge on distributed energy resource aggregators."

D. Consumer Protection Requirements

Another area of deep divide in the Comments relates to consumer protection. The DER Aggregator industry supporters largely avoid the issue given the NOPR's lack of a consumer protection proposal. (As previously mentioned, CADRE opposes licensing.) Those who did comment on the topic largely support DER Aggregator licensing.[44] Some commenters are even concerned about DER Aggregators causing retail customers to lose electric service. PPL Electric cannot envision how this might happen (and the Commission should confirm this understanding).[45] OCA, like PPL Electric, pointed out that DER Aggregation presents new opportunities for fraud[46] and DER Aggregators

[44] CAUSE PA Comments at 8-14; Duquesne Comments at 3 (DER Aggregators should have appropriate qualifications, cybersecurity protections, and any necessary insurance and bonding); EAP Comments at 13-14 (licensing would provide much-needed oversight and consumer protections for Pennsylvanians); EJA Comments at 13-14 (a DER Aggregator Code of Conduct should be modeled after, and aligned with the EGS Code of Conduct and the U.S. Department of Energy's Code of Conduct for DER Aggregators); NRDC Comments at 14 (DERA Code of Conduct should address consumer-facing obligations: accurate marketing and trained sales staff; written contracts disclosing benefits, fees, and non-performance penalties; clear opt-out and exit rights; reasonable limits on dispatch where dispatch could affect health, safety, or essential service; complaint and dispute procedures; data-privacy and cybersecurity obligations ...; and recordkeeping sufficient to support Commission oversight); OCA Comments at 12-15 (outlining seven consumer protections); PECO Comments at 14 (supporting a DER Aggregator code of conduct and licensing framework).

[45] No EDC would or should have the right to disconnect a retail customer due to an action taken by a DER Aggregator. Likewise, a DER Aggregator would not have any retail electric service termination rights at all.

[46] OCA Comments at 11-12.

require regulation and licensing, if for no other reason than the well-documented past conduct of demand response aggregators. The CAUSE Comments (at 10) point out the litany of issues caused by retail choice suppliers in Pennsylvania as well as solar panel providers that further support the need for strong customer protections in the aggregation space. The vision of a solar panel lessor coming to an uninformed resident with a lease that contains DER Aggregation enrollment buried in the fine print is almost certainly going to be a reality without Commission oversight.

V. DER AGGREGATION REVIEW AND THE EDC REVIEW FEE

The PJM Tariff's DER Aggregation review process largely will be controlled by FERC and PJM, as the Commenters most familiar with Order No. 2222, i.e., from those that are FERC-regulated, all agree.[47] Proposals to change that process, or impose a second layer of DER Aggregation review (overseen by the Commission),[48] should be rejected. That said, the issue of the recovery of an EDC Review Fee has created a sharp divide among Commenters and the issue intersects directly with affordability issues.

Comments vary widely – from no EDC Review Fee if the DER Aggregation consists of all residential DERs;[49] a $100 maximum fee;[50] or 100% actual cost recovery

[47] Duquesne Comments at 6; PECO Comments at 5-6; PPL Electric Comments at 35-38.

[48] For example, EJA suggests a 50-day timeline and a 45-day timeline in environmental justice areas. EJA Comments at 12. This requirement directly conflicts with the PJM Tariff.

[49] CADRE Comments at 8; SEIA Comments at 4-5.

[50] CADRE Comments at 7; SEIA Comments at 4.

from DER Aggregators,[51] with an upfront payment.[52] PPL Electric agrees with commenters that support a direct assignment of costs. It is true that the allocation of *all* review costs to a DER Aggregator (i.e., an actual-cost based fee that includes the costs of creating an entire electronic application review process) may present a barrier to entry.[53] But, that barrier may well be economically justified if the benefits of Order No. 2222 will not outweigh the costs of implementation because there are more lucrative alternatives for DERs such as NEM and community solar (assuming non-participation due to double compensation).[54]

The position of no fee for the review of an "all-residential DER Aggregation" is *highly* problematic because such a DER Aggregation likely is to require the most work, particularly if hundreds or thousands of retail accounts and customer consents need to be verified. It is these mass aggregations that require the *greatest* scrutiny. PPL Electric posits that a fee that is based on the *number* of DERs in a DER Aggregation would be logical and reasonable, if an estimated and trued-up actual cost methodology is not used.

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[51] EAP Comments at 11 (supports collection of a fee from DER Aggregators, but recognizes that the development of the IT infrastructure costs likely cannot be included in this fee).

[52] PECO suggests (Comments at 6) that EDC review of a DERA application should not commence until the DER Aggregator has both submitted the application and paid the Commission-jurisdictional application fee.

[53] *See also* PECO Comments at 13; CADRE Comments at 7-8.

[54] As noted, the CAISO and NYISO experiences have shown this to be the case, even in states that no longer are "full" NEM states.

VI. CERTAIN DATA ISSUES REQUIRE PROMPT RESOLUTION WHILE OTHERS SHOULD BE DELEGATED TO THE EDEWG, AS PROPOSED.

A. The Potential Scope of DER Aggregation Participation Will Impact Data Solutions; Data Solutions Will Be Far More Manageable With a NEM Participant Prohibition.

The level of interest in data access, data exchange, and related issues (collectively, "data issues") was significant in the Comments, particularly given the NOPR proposal to refer the issue to the Electronic Data Exchange Working Group ("EDEWG"). A majority of Commenters do not explicitly oppose the use of the EDEWG,[55] but a few entities oppose EDEWG having a role, largely due to certain aggregators historically lacking access to retail customer data, even with consent, in a manner that they find acceptable.[56] Obviously, the entire point of the EDEWG process will be focused on *giving* DER Aggregators data access, such that past data access issues, which actually have proven quite prudent, is entirely irrelevant. PPL has no objection to sharing data for DER Aggregation purposes, with customer consent.

The Commission, however, *must* first decide the NEM participation issue and then the work on the data issues can begin because the scope of the data issues depends on the number of DER Aggregations and number of Component DERs that they will be

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[55] *E.g.,* CADRE Comments at 12; Voltus Comments at 5.

[56] EEA argues that delegating the data issue to the EDEWG, which it claims is a closed, industry-dominated working group, violates the Pennsylvania Constitution. EEA Comments at 1. Mission:Data has delegation concerns as well seeks a clean break from EDEWG. Mission:Data Comments at 10. *See also* UtilityAPI Comments at 3.

aggregating.[57] Likewise, the potential cost of resolving the data issues will depend on the same.

B. The Commission Mostly Should Let the EDEWG Perform Its Work Before Addressing Data Issues.

As noted, varying ideas relating to the nature of the data platform that should be used for data access and exchange were set forth in Comments, but these discussions are premature and best left to the EDEWG. Requests to meet rushed, false deadlines for information access should be rejected.[58] That said, there are a few data-related issues that should be addressed immediately.

1. Cost Recovery for Creating Entirely New Information Systems and IT Solutions for Order No. 2222

An EDC participating in the EDEWG to implement Order No. 2222 is not a cost all ratepayers should bear. As already noted, there is a strong "do no harm" argument that all Order No. 2222 implementation costs ultimately should be borne by DER Aggregations; or, alternatively, such costs should be borne by DER Aggregations unless and until benefits to ratepayers can be demonstrated. EDCs need to know how and

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[57] The scope of a DER aggregation program is crucial as to costs. Notably, in the NYISO 2026 Informational Report, Note 5, *supra*, NYISO indicated that allowing resources below 10 kW (i.e., most NEM participants) to enroll in its DER Participation Model would require a *significant* increase to NYISO staff. *Id.* at 6. That report presents a highly cautionary tale concerning whether RTOs could even handle the data of NEM participants. NYISO stated "it would not be feasible for the NYISO to meaningfully review materials for DER facilities sized below 10 kW seeking to enroll in the DER Participation Model due to the extensive volume of data involved." *Id.* at 7.

[58] *E.g.,* Mission:Data requests that the Commission require that EDCs deploy production-grade Green Button Connect My Data (GBC) for all AMI customers no later than six (6) months after the effective date of the final rule. Mission:Data Comments at 30.

whether such costs should be tracked, which depends on how and from whom they will be recovered.

2. Retail Customer Consent Should Be Required Prior to Any Data Sharing.

PPL Electric strongly believes that informed and affirmative (via opt-in) retail customer of record consent, by the person or legal entity holding the retail account, is necessary before any data can be shared. Again, the issue of a lack of consent proved quite problematic as to demand response aggregation. The Commission should confirm that affirmative consent is necessary to disclose any data. Such a statement is needed because the degree of freedom of access to data sought by some Commenters raises alarm bells. For example, Mission:Data laments (at 13) that "customers who tell aggregators their name when their spouse's name is on the utility bill may be … rejected [to join a DER Aggregation]." In a case where one member of a household suffers from some form of mental incapacitation or is on a list of persons known to be susceptible to scams, such that their name is *intentionally* not on an EDC bill, this rejection is *exactly* what *should* happen.

3. EDCs Should Not Serve as Intermediaries in Paying Component DERs (i.e., DER Aggregator Billing/Payment Is Not a "Data Issue").

DER Aggregators are not akin to EGSs with regard to the issue of retail customer billing/payment interface. EDCs have d billing solutions that have worked for both retail choice and for NEM. DER Aggregators, in contrast, will presumably be paying their customers for services that are unrelated to the services provided by EDCs and EGSs.

There is no reason that the billing systems built for all retail customers and paid by for all of them, need to or should be used by DER Aggregators.[59]

C. Metering

Although certain metering issues may be better addressed by PJM and some are out of scope in this proceeding, PPL Electric supports EAP's comment that:

> The Commission should modify proposed section 57.265(a) to clarify that it is not intended to require EDCs to install submetering for the benefit of the DER Aggregators.[60]

PECO similarly requests explicit confirmation that EDCs are not obligated to deploy, own, or maintain complex customer-side submetering systems to isolate individual component resource performance data.[61] PPL Electric agrees that the Commission should not impose sub-metering requirements for Order No. 2222 purposes (although customer-funded sub-metering may be needed for other purposes). Most importantly, that the costs of such systems should be borne by DER Aggregators if they view them as necessary.

[59] CAUSE PA sees the separate billing issues as a consumer protection issue, arguing that "DERA program administrators alone must bill participants" because prohibiting EDC involvement eliminates the risk of service termination. CAUSE PA Comments at 11.

[60] EAP Comments at 12.

[61] PECO Comments at 8.

VII. OPERATIONAL OVERRIDE PROSCRIPTIONS AND REPORTING REQUIREMENTS

A. Good Utility Practice Requires the Override Rights that Are Provided to EDCs in the DER Aggregator Context Through the PJM Tariff.

An "override right" basically is an EDC's right to alter the plans of an entity that is seeking to consume or produce energy.[62] In some cases, a Pennsylvania EDC's exercise of an override right will conflict with a dispatch order issued by PJM. Order No. 2222 thus required coordination protocols and processes that allow EDCs to override RTO/ISO dispatch of a DER Aggregation in circumstances where such override is needed to maintain the reliable and safe operation of the distribution system.[63] This right, which is *not* limited to emergencies, is unremarkable. That is, EDCs must retain the ability to take actions such as shedding load or curtailing generation when deemed necessary to safely and reliably operate the distribution system. When an override conflicts with PJM's preferred DER Aggregator dispatch, the PJM Tariff dictates that:

> The Electric Distribution Company should communicate the decision to override the physical operation of a DER Aggregation Resource or individual Component DER within a DER Aggregation Resource directly to the DER Aggregator. Following the exercise of the Electric Distribution Company's override, the DER Aggregator shall reflect the override by updating the applicable bidding parameters of its DER Aggregation Resource. The Office of the Interconnection shall not take any actions to interrupt or interfere with the Electric Distribution Company's decision to override and will re-dispatch the DER Aggregation Resource to reflect its updated bidding parameters.

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[62] Override rights are exercised in a variety of forms from shedding load, to ordering a curtailment, to engaging automated protection schemes.

[63] Order No. 2222 at P 310.

EDCs operate their distribution systems in a safe and reliable manner today in part through robust communications with wholesale generators and large loads. With the advent of AMI, communication (although perhaps not as robust) is now possible with much smaller generators and loads. EDCs will implement communication protocols with DER Aggregators in order to continue to ensure both that DER Aggregators' operations do not harm EDC systems and to make DER Aggregators aware of when planned outages or other events will impact their operations in accordance with FERC's requirements set forth in the PJM Tariff. As discussed below, Commenters and possibly the Commission seek to impose onerous requirements on EDCs with regard to this override right and notice provision without providing any justification.

B. The Commission's Authority to Resolve Override Disputes Is Not an Invitation to Micromanage Distribution System Operations and Impose Unreasonable Override Notice Requirements.

The PJM Tariff provides the Commission a role with regard to overrides of dispatch orders – resolving *disputes* over such overrides. This authority, however, is not an invitation to micromanage the override rights of EDCs.

1. Overly Proscriptive Notice Requirements Add Unnecessary Cost and Burden

The Commission's assigned role in resolving disputes provides support for establishing a standard for when overrides may occur under proposed Section 57.265(b)(1). Notice requirements (proposed Section 57.265(b)(2) & (3)) are appropriate so long as the Commission is reasonable and does not impose burdens that will inevitably raise EDC costs. PPL Electric assumes that in assessing notice requirements, the

Commission intends to consider matters such as whether *other* similarly situated entities receive *any* notice of an override in a similar situation.[64]

CADRE proposes that the Commission *itself* be automatically included in real-time dispatch override notifications to enable independent tracking.[65] CADRE also suggests that the Commission should be apprised *in real-time* of *any* potential threat to the distribution grid.[66] PPL Electric questions whether the Commission is staffed to take on this completely new role. "Threats" to the distribution grid are most typically weather-related. Does CADRE intend that EDCs report to the Commission every possible storm system that could potentially damage distribution equipment? CADRE appears to believe that such threat reporting may inform the Commission if certain parts of the distribution grid are not sufficiently built to host a robust DER market envisioned by FERC Order No. 2222.[67] But, the purpose of Order No. 2222's EDC review process, coupled with the Component DER interconnection process, is to ensure that the distribution system can safely and reliably handle DER Aggregations. CADRE's reporting obligation would not serve the purpose intended, as even the most robust distribution systems face weather threats.

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[64] For example, PPL Electric assumes that there is not going to be a requirement to staff a call center and individually call thousands of smart thermostat owners to let them know that a massive storm caused a widespread power outage and provide them a prediction of when their power may be restored. DERs providing such demand response today certainly are not provided such notice and there is no reason they would in the future simply because they are in a DER Aggregation rather than in an existing PJM form of demand response aggregation.

[65] *See* CADRE at 8.

[66] *Id*.

[67] *Id*. at 8-9.

Certainly, the Commission needs to be informed of overrides in the event of a dispute it is required to resolve, but involving the Commission in the day-to-day notice process is not required today when non-Component DERs participating in PJM markets receive a dispatch override. The Commission does not receive notice when demand response aggregators participating in PJM markets receive dispatch overrides. FERC similarly is not informed of dispatch overrides called by transmission owners. No Commenter explains coherently why other customers should bear the cost of this new Commission role of overseer of override notices.

2. Reporting of All Overrides Is Unnecessary.

In a similar vein, other Commenters are concerned that override authority will be abused by EDCs and should be closely monitored by the Commission, with the Commission receiving information about all dispatch overrides, even if not disputed. For example, NRDC seeks reports to the Commission of the number, duration, and affected capacity of dispatch overrides issued under proposed Section 57.265. [68] The critical question is why is this level of scrutiny is required at all. And, as with the requests regarding providing override notice to the Commission, the question that arises is why do DER Aggregations merit unduly preferential treatment versus all others subject to dispatch overrides.

SEIA is one of the only Commenters that even tries to answer this question. It claims that "Order No. 2222 places the EDCs in a market gatekeeper role over their

[68] NRDC Comments at 13.

potential competitors. This authority must be narrowly constrained so that they do not have unfettered discretion to dictate which resources can compete in the market."[69] First, PPL Electric disputes that the EDCs are potential competitors to the aggregators. Second, the EDCs have had this gatekeeper role for all of PJM's existence; that is what keeps their distribution (and transmission) system safe and reliable. Yet, SEIA provides no examples of the Pennsylvania EDCs, most of whom own or are affiliated with transmission systems, acting in an anticompetitive manner to prevent interconnected, third-party generators from producing energy by using their override rights, even in the decades when the PJM EDCs owned generation. The concern over misuse of override rights rests on nothing but conjecture and speculation.

Moreover, given the size of DER Aggregations and likely market impacts, focusing concern with regard to overrides on DER Aggregations is illogical. To PPL Electric's knowledge, SEIA has not demanded that FERC collect transmission owner (or PJM) override data on utility-scale generators. Arguably, a dispatch override of a 1,000 MW gas-fired plant by a generation-owning transmission owner would be of much greater concern, if SEIA really thought dispatch overrides were a means of exercising market power. And, both logic and basic economics dictate that generation-divested EDCs prefer: 1) lower wholesale power prices; and 2) PJM not to have capacity shortages forcing it to call for brownouts or load shedding.

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[69] SEIA at 5. PPL Electric is not even certain what markets SEIA is referring to when it discusses markets in which EDCs and DER Aggregators will "compete."

3. The Commission Cannot Preempt FERC as to Override-Related Non-Performance Penalties.

FERC held in Order No. 2222 that any existing resource non-performance penalties should be applied to a DER Aggregator when the Aggregation does not perform because an EDC overrides the RTO's/ISO's dispatch.[70] FERC explained:

> We find that this requirement will ensure that distributed energy resource aggregations are subject to non-performance penalties similarly to other resources participating in RTO/ISO markets. We note that this requirement will incent distributed energy resource aggregators to register individual distributed energy resources on less-constrained portions of distribution networks in order to minimize the likelihood of incurring non-performance penalties from the RTO/ISO.[71]

PEA now suggests that EDCs should be required to pay any fine owed to PJM by an affected DER Aggregator due to an override.[72] PEA would permit the EDC, if there was a genuine emergency, to recover these costs from its ratepayers.[73] This position is both unlawful and outrageous.

FERC found DER Aggregators must bear the risk of overrides and any resulting PJM imposed non-performance penalties, just like any other supply resource participating in PJM markets. PEA seeks a Commission ruling that would plainly be preempted by Order No. 2222, causing ratepayers to bear unnecessary litigation costs, were the PEA position accepted by this Commission. PEA's argument also reflects that it and its

[70] Order No. 2222 at P 312.

[71] *Id.*

[72] PEA Comments at 9.

[73] *Id.*

members have no understanding of override rights, as it assumes that a "genuine" emergency is the only possible legitimate reason for an override. As the Commission's own proposed rules indicate, a pre-planned maintenance outage can cause an override. PEA's blatant attempt to shift costs mandated by FERC to be paid by DER Aggregators to all retail ratepayers seriously undermines PEA's credibility and should not be adopted by this Commission.

C. Commenters' Requests to Adopt General DER Aggregation Reporting Requirements Fail to Recognize the EDC's Limited Role in Both DER Aggregation Applications and Operations.

Several Commenters suggest that Commission-mandated reporting requirements cover a variety topics other than a EDC's usage of its dispatch override rights. Many such requirements intrude on FERC jurisdiction and the PJM Tariff, some are unworkable, and others unnecessary, particularly in light of cost-benefit considerations.

NRDC, for example, proposes a particularly lengthy list of DER Aggregation data that EDCs should be reporting annually to the Commission beyond the override information discussed above.[74] The list includes "DER applications received, approved, and denied during the reporting period, with denial reasons categorized by reference to the § 57.264 review criteria."[75] Section 57.264 is misnamed "Review of Component DER Applications" and does not recognize that *only* DER Aggregators submit

[74] NRDC Comments at 13.

[75] *Id. See also* SEIA Comments at 4. SEIA asks the Commission should require the EDCs to submit a quarterly report detailing how many requests it received, how many of those requests it rejected, and the reasons for those rejections. But EDCs do not reject requests, they provide comments to PJM.

Applications that identify Component DERs. These applications are submitted *to PJM* for review, who passes along information mandated by the PJM Tariff to the EDCs for EDC review, under PJM Tariff's pending Appendix K, Section 1.4(B)(b). NRDC assumes, as does the Commission, that that DER Applications are received, and then denied or approved *by EDCs*, which is clearly not the case. The PJM Tariff specifically provides that the Office of the Interconnection shall "either approve or deny the DER Aggregator's registration."[76] Because the EDC lacks final control over this review process, it would have nothing to report under proposed Section 57.264, which should be limited to the *procedural process* the EDC uses to perform its review of the DER Aggregation.

NRDC asks that EDCs report whether DER Aggregation applications are processed by EDCs within 30, 45, and 60 days or the "Section 57.264 review window."[77] But, Section 57.264 does not govern the review window, which FERC has set at 60 days through Order No. 2222 as reflected in the PJM Tariff. NRDC provides no reason for this report, which appears to be preempted by the lack of such requirement in the PJM Tariff. It would merely burden the EDCs and raise their costs. Moreover, FERC has addressed an EDC's failure to meet the 60-day deadline; it is considered to have submitted no comments or recommendation.[78]

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[76] PJM Tariff, App. K, § 1.4B(b) (effective 2028).

[77] NRDC Comments at 13

[78] PJM Tariff, App. K, § 1.4B(b) (effective 2028).

Another unreasonable NRDC request is for EDCs to report "[a]ggregate registered DER capacity in the EDC's service territory, disaggregated by PJM market (energy, capacity, and ancillary services) and Component DER type."[79] This is information that DER Aggregators themselves would possess, not EDCs, as an EDC's role is relatively limited. PPL Electric would not have access to the PJM market information necessary to meet this proposed reporting requirement.

EJA suggests that EDCs submit an annual report on Order No. 2222 activities that is perhaps even more onerous than the reporting proposed by NRDC.[80] Many of the EJA-proposed requirements overlap with NRDC's and should be rejected for the same reasons as stated above. EJA's ask is particularly infeasible because is demands EDCs report on *DER Aggregator* information such as DER Aggregator fees, DER Aggregator – Component DER deal term lengths, and aggregation valuation estimates. There is no explanation as to how EDCs could possibly be the appropriate entities to provide this information or how they would even have access to *any* information about matters such as Component DER-DER Aggregator transactions. A reporting requirement imposed *on DER Aggregators* is the logical way to get such information.

VIII. THE COMMENTS SHED NO LIGHT ON NEED FOR A TARIFF.

As discussed in its Initial Comments, PPL Electric believes that the NOPR's tariff proposal, whose stated purpose is to "allow DER Aggregation participation," is

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[79] NRDC Comments at 13

[80] EJA Technical Report, page 30.

unnecessary. PPL Electric explained that a standardized Component DER Agreement could serve the same purpose and would clearly be Commission-jurisdictional. After reviewing initial Comments, PPL Electric still has little insight as to the need for, or what would be included in, the Commission-jurisdictional tariff referenced in the proposed regulations and stands by its proposal.

Only a few Commenters discussed the tariff requirement. NRDC envisions a tariff that addresses: (A) data access; (B) implementation costs and cost allocation; (C) reporting requirements; and (D) codes of conduct.[81] All of these subjects relate to the DER Aggregator, and as the Commission stated in the NOPR, Order No. 2222:

> limits such [PUC] oversight because DER Aggregations fall under FERC jurisdiction. Specifically, the proposed regulations limit DER Aggregation oversight to EDC review and approval of requests from DER Aggregations for EDC approval of Component DER participation, as well as tariff provisions that Component DER must comply with, to ensure the safe and reliable operation of the EDC's distribution system.[82]

Duquesne suggests that the tariff can include a fee "to be imposed on applicants" that would be approved by the Commission;[83] again, PPL Electric understands that the tariff would be for DERs, *not* for DER Aggregators, and any EDC Review Fee would be paid by the DER Aggregator. Duquesne also suggests that a tariff can be used to prohibit switching between NEM and DER Aggregation too frequently.[84] But, Commission

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[81] NRDC Comments at 9.

[82] NOPR at 26.

[83] Duquesne Comments at 4.

[84] *Id.* at 8.

regulations can cover the switching issue, *if NEM participation is allowed at all*. Duquesne also suggests the tariff could be used to set penalties for DERs failure to comply with overrides,[85] but if penalties are permitted to be imposed on DERs, they should be included in the Component DER Agreement, which also will serve, if needed, as a generator interconnection agreement. A tariff with penalties for non-compliance coupled with a stand-alone generator interconnection agreement that also has override (curtailment/interruption/disconnection) rights could lead to confusion and disagreements as to under which document the override order was issued.[86]

OCA suggests that the proposed tariff "should set forth the conditions under which component DERs and DER Aggregations will operate on the EDC's distribution system and determine any fees or rates applicable to component DERs and DER Aggregations."[87] Requiring a DER Aggregator to be a party to a service agreement under a Commission-jurisdictional tariff, almost certainly would result in a legal preemption challenge. As to DER operations, they could be addressed in PPL Electric's Component DER Agreement.

In sum, the Comments that address the "Section 57.263(c) Tariff" shed almost no light on a purpose, let alone a lawful purpose. Given that any such tariff directed at a DER Aggregator likely would be subject to a preemption challenge, and given that any

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[85] *Id.* at 10.

[86] Historically, generator interconnection agreements do not include specific monetary penalties for a failure to curtail, such that disputes could arise as to whether an order was based on Order No. 2222 override rights or generator interconnection agreement rights.

[87] OCA Comments at 8.

necessary terms and conditions relating to the EDC-DER relationship could be included in a single contract (as opposed to an interconnection contract and a tariff), PPL Electric's Component DER Agreement approach is the far better option.

IX. ISSUES FOR OTHER PROCEEDINGS

There are several issues that are outside the scope of this NOPR that were nonetheless the subject of Comments. Per the NOPR, interconnection issues will be addressed elsewhere,[88] such that comments on the topic[89] can be disregarded. Several Commenters raise issues relating to Peak Load Contribution (including permitting negative PLC), Network Service Peak Load, and related issues.[90] The Commission gave no indication that such issues were within scope, and such comments cannot be addressed in this docket at this late date. Several commenters discuss EDCs integrating DERs into long-term infrastructure improvement plans (LTIIPs).[91] This topic likewise it outside the proceeding's scope.

X. CONCLUSION

PPL Electric appreciates the opportunity to provide these Rely Comments on the changes required to implement FERC Order No. 2222 and respectfully requests that the *Commission* take these Comments into consideration in developing a Final Rule.

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[88] *See also* NRDC Comments at 3, 5; Duquesne Comments at 11

[89] EJA Comments at 9.

[90] CADRE Comments at 17-20; Voltus Comments at 8.

[91] CAUSE PA Comments at 15-16; OCA Comments at 3.

Respectfully submitted,

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