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AN EXELON COMPANY

Anthony E. Gay
Vice President & General Counsel
2301 Market Street, S21-1
Philadelphia, PA 19103

www.peco.com
anthony.gay@exeloncorp.com
267-533-1964

June 10, 2026

VIA ELECTRONIC FILING
Matthew L. Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, Second Floor
Harrisburg, PA 17120

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

Dear Secretary Homsher:

Attached for filing in the above-captioned matter docket, please find the Comments of PECO Energy Company on the Commission's Notice of Proposed Rulemaking published in the Pennsylvania Bulletin on April 11, 2026.

Please do not hesitate to contact me with any questions.

Sincerely,

Anthony E. Gay

Via email
CC: Joseph P. Cardinale, Jr. Law Bureau
Tiffany L. Tran, Law Bureau
Karen Thorn, Law Bureau

AEG/ld
Encl.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DISTRIBUTED ENERGY RESOURCES PARTICIPATION IN WHOLESALE MARKETS, CHAPTER 57	**:** **:** **:**	**DOCKET NO. L-2023-3044115**

COMMENTS OF PECO ENERGY COMPANY

On April 11, 2026, the Pennsylvania Public Utility Commission (the "Commission" or the "PUC") published a Notice of Proposed Rulemaking Order in the above-captioned docket[1] seeking comment on the proposed addition of a new Subchapter P in Chapter 57 of the Public Utility regulations. Proposed Subchapter P includes regulations for Distributed Energy Resources ("DERs") located on Electric Distribution Company ("EDC") distribution facilities and participating in wholesale markets as part of a DER Aggregator ("DERA") to address certain aspects of the implementation of Federal Energy Regulatory Commission ("FERC") Order No. 2222.[2] PECO Energy Company ("PECO" or "the Company") appreciates the opportunity to submit these comments on the NOPR.

PECO is a combined electric and gas distribution utility company committed to delivering energy safely, reliably, and affordably to the communities we serve. PECO provides electric distribution service to approximately 1.7 million electric customers located throughout a 2,100 square-mile area in southeastern Pennsylvania. The Company's electric service territory comprises

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[1] *Distributed Energy Resources Participation in Wholesale Markets, Chapter 57*, Not. of Proposed Rulemaking Order, PA PUC Docket No. L-2023-3044115 (April. 11, 2026) ("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) ("FERC Order No. 2222"), 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).

all, or portions of, Bucks, Chester, Delaware, Montgomery, Philadelphia, and York Counties and includes a total population served of approximately 4.2 million people.

In these comments, PECO addresses the Commission's proposed provisions on definitions, concurrent participation of DERs in net metering programs and the PJM ancillary services markets (including limitations on the frequency of customer switching), review of Component DER applications, electronic data exchange, EDC overrides of DER dispatch, dispute resolution, cost recovery and consumer protection. In addition, PECO recognizes that the Commission has deferred interconnection requirements for Component DERs to a separate proceeding. PECO agrees that interconnection issues warrant focused consideration and emphasizes that completion of applicable interconnection review and approval should be a prerequisite of Component DER participation in a DER Aggregation Resource. PECO looks forward to participating in the upcoming interconnection proceedings.

I. COMMENTS

A. Definitions – Proposed Section 57.262

PECO agrees with the Comments of the Energy Association of Pennsylvania ("EAP"), which suggest that cross-referencing, rather than redefining, existing definitions found in the PJM Tariff, other PJM Governing Documents or Pennsylvania statutes and regulations would reduce opportunities for conflict with existing definitions.[3] In addition, PECO notes that an undefined term, "Distributed Energy Resources Plan," appears in the Commission's discussion of Legal Authority and Jurisdiction in the NOPR.[4] The Commission states that an EDC's Distributed

[3] Energy Association of Pennsylvania, Comments of the Energy Association of Pennsylvania to the Notice of Proposed Rulemaking Order, Docket No. L-2023-3044115, at 6-7 (filed June 10, 2026) ("EAP Comments").

[4] NOPR at 2.

Energy Resource Plan constitutes "Service," as defined in Section 102 of the Public Utility Code and, therefore, must be adequate and reasonable pursuant to Section 1501 of the Code.[5] If the Commission intends to use this term, PECO respectfully requests that the Commission provide a cross-reference or definition and a description of any obligations or requirements related to a Distributed Energy Resources Plan. Absent a definition, reference to a "Distributed Energy Resource Plan" as a jurisdictional "Service" could create uncertainty regarding EDC obligations.

B. DER Concurrent Participation in Net Metering Program and the PJM Ancillary Services Market – Proposed Section 57.263(a)(1)

PECO agrees with the Commission's proposal to prohibit concurrent participation by a Component DER in Pennsylvania's net metering program and the PJM wholesale energy and capacity markets to prevent double counting of services. PECO believes this prohibition also should extend to ancillary services because, as explained below, allowing Component DERs that are participating in the PJM ancillary services markets to participate in Pennsylvania EDC net metering programs will result in duplicative compensation.

Pennsylvania net metering regulations require EDCs and Default Service Providers to credit customer-generators at the full retail kilowatt-hour rate. Such retail rates not only include generation costs, but also transmission and distribution costs incurred to maintain safe and reliable electric service. EDC tariffs, in turn, pass PJM charges associated with energy, capacity, and ancillary services through to customers. Thus, when a net metering customer is paid the full retail kilowatt-hour rate, they are being paid for, among other things, ancillary services provided under the PJM Tariff. As PJM has recognized, allowing that same resource also to receive wholesale

[5] NOPR at 2-3.

compensation through participation in PJM markets as part of a DER Aggregation would create overlapping compensation for the same underlying system functions.[6]

In Order No. 2222, FERC cautioned that participation in both wholesale and retail markets should not result in compensation more than once (i.e., under both wholesale and retail programs) for the same services.[7] Consistent with that principle, the Commission should carefully evaluate whether Pennsylvania's existing retail compensation framework adequately prevents such overlap. Permitting concurrent participation in retail net metering and wholesale markets risks distorting wholesale market outcomes by allowing resources that are compensated for certain system costs through retail rates to participate in wholesale markets on terms that are not comparably available to other market participants.

The Commission should prohibit customers participating in the wholesale markets as part of a DER Aggregation from concurrent participation in Pennsylvania's net metering program. Doing so would promote clear separation between retail net metering participation and wholesale market participation, consistent with the Commission's jurisdiction over retail programs and its obligation to ensure that retail compensation rules operate as intended.[8] Without this prohibition, customers would receive duplicative compensation contrary to FERC Order 2222 principles.

In addition, PECO agrees with EAP's recommendation to limit the frequency of customer switching between wholesale market participation and participation in a retail net metering

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[6] *See* Presentation of PJM Interconnection, L.L.C., DER Aggregator Participation Model: Overview, at 9 (2026), https://www.pjm.com/-/media/DotCom/committees-groups/subcommittees/disrs/postings/ferc-order-no-2222-overview.pdf.

[7] Order No. 2222 at P 161 ("We find that it is appropriate for RTOs/ISOs to place narrowly designed restrictions on the RTO/ISO market participation of distributed energy resources through aggregations, if necessary to prevent double counting of services.").

[8] S*ee, generally,* 66 Pa.C.S. §§ 501, 1301, 2811.

program to no more than once every 12 months. Without such a limitation, customers could switch between net metering participation and Component DER participation in response to changing market conditions, creating opportunities for seasonal or opportunistic gaming. For example, a DER operator might participate in a DER Aggregation during months when wholesale prices tend to be high and then switch to take advantage of annualized net metering rates during months when spot market prices are lower. Establishing a defined switching interval would reduce administrative complexity, improve program certainty, and support consistent coordination between retail net metering participation and wholesale aggregation participation.

In light of the foregoing and consistent with its prior comments in this proceeding, PECO respectfully requests that the Commission revise the proposed regulations to prohibit concurrent participation in Pennsylvania's retail net metering programs by Component DER that is participating in the wholesale ancillary services markets.[9] PECO also requests that the Commission adopt reasonable limitations on the frequency of switching between retail net metering participation and DER Aggregation participation to prevent gaming and facilitate efficient administration.

C. Review of Component DER Applications – Proposed Section 57.264

In proposed Section 57.264(a), the Commission requires EDCs to establish a process to receive and review requests from a DERA, DER operator, or PJM for approval of a Component DER to participate as a DER Aggregation Resource in the wholesale markets subject to certain conditions. In proposed Section 57.264(a)(2), the Commission establishes a requirement to complete review of requests from DERAs within 60 days of submission. This requirement is

[9] Comments of PECO Energy Company to the Advance Notice of Proposed Rulemaking Order on Distributed Energy Resource Participation in Wholesale Markets ("PECO ANOPR Comments"), Docket No. L-2023-3044115, at 18-20 (2024).

inconsistent with the PJM Governing Documents which establish a multistep process that includes a 15-day location review and a 45-day reliability review, with a registration step by the DERA in between. The PJM Governing Documents do not establish a time limit for that DERA registration. Accordingly, in practice, the PJM procedure could result in a timeline that is shorter or longer than 60 days. For example, if the EDC completes the location review in a single day, and the DERA completes its registration on the subsequent day, the EDC still will have only 45 days for the reliability review, yielding a total timeline of 47 days. Conversely, the DERA may choose to wait days or even weeks to complete its registration step, in which case the total timeline would significantly exceed 60 days. Therefore, PECO recommends that the Commission either delete proposed Section 57.264(a)(2) or amend it to avoid potential conflicts with the timeline in the PJM Governing Documents.

PECO supports the Commission's inclusion of proposed Section 57.264(b) which allows the EDC to establish a fee, subject to Commission approval, for processing DERA requests. However, the Company is concerned about its ability to collect such fees on a *post hoc* basis from a DERA or DER Operator, with which it is unlikely to have a contractual relationship. Therefore, the Company recommends that the Commission specify that the application fee is a required component of a DERA application, such that the time for EDC review of a DERA application does not commence until the DERA has both submitted the application and paid the application fee. Thus, PECO proposes the following revised wording for proposed § 57.264(b):

> *The EDC may establish a fee approved by the Commission for processing a request. A request submission shall not be considered complete prior to receipt of the fee by the EDC.*

Doing so would help ensure that fees would be paid by the DERA and not borne by other customers.

D. Electronic Data Exchange – Proposed Section 57.265(a)

PECO respectfully requests clarification of the Commission's proposed data exchange regulation. In proposed Section 57.265(a), the Commission states that "EDCs shall provide DERA access to Component DER data upon consent of the DER operator in a format approved by the Commission." The Commission's discussion of data exchange reflects an intent to preserve flexibility at this early stage of DER Aggregation, recognizing the complexity of data exchange, the diversity of EDC systems and capabilities, and the evolving technological and regulatory landscape. That intent is reflected in the Commission's decision to refer data exchange standards to the Electronic Data Exchange Working Group ("EDEWG") and to rely on interim tariff-based approaches pending further experience. However, the use of the term "shall" in proposed § 57.265(a) could be read to impose a more rigid obligation at this interim stage than the Commission appears to intend, particularly given its recognition that EDC systems and capabilities vary and that more standardization approaches are expected to emerge over time through the EDEWG.

As currently drafted, the proposed regulation does not specify the scope of the data to be provided and the manner in which EDCs are expected to comply, which creates uncertainty for implementation. Furthermore, the proposed language does not clearly distinguish between premises-level meter data and Component DER-specific data, does not specify whether EDCs would be expected to install or operate submeters to isolate Component DER performance, and does not fully reflect the operational limitations of existing EDC metering infrastructure or the telemetry responsibilities assigned to DER Aggregators under FERC Order No. 2222 and PJM market rules.

In circumstances where premises include load, generation, or energy storage that is distinct from a Component DER, providing Component DER-specific data would require installation of individual submeters for each Component DER. PECO does not currently deploy such submeters

and, therefore, could not satisfy this requirement using existing metering infrastructure. PECO respectfully requests that the Commission clarify that it does not intend the proposed language to establish a mandatory, ratepayer-funded submetering obligation for the benefit of DERAs.

Participation in PJM's wholesale Energy, Capacity, or Ancillary Services markets typically requires DERAs to provide real-time telemetry at a one-minute interval.[10] By contrast, PECO's revenue metering systems operate on 60-minute, and in limited cases 15-minute, intervals and are not designed to support real-time telemetry. Accordingly, it is not clear that delayed 15-or 60-minute interval premise-level data would provide meaningful incremental value to DERAs that have already installed telemetry equipment on Component DERs to satisfy PJM market requirements.

Accordingly, PECO respectfully recommends that the Commission permit, but not require, EDCs to provide premise-level meter data and/or Component DER data to DERAs, subject to the consent of the Component DER operator. This approach is consistent with PJM's processes implementing FERC Order No. 2222.

To the extent an EDC elects to provide meter or submeter data to DERAs, consistent with cost causation principles, any costs incurred to provide such data should be recovered fully from the DERAs that elect to receive it, rather than from other customers. Recoverable costs should include, at a minimum:

1. Initial system configuration;
2. Development and integration of data interfaces;
3. Ongoing maintenance and updates; and

[10] *See, e.g.*, Presentation of PJM Interconnection, L.L.C., Order 2222 Registration Process, at 11 (April 6, 2026) 20260406-item-03-1--ferc-order-2222-timeline-and-registration-process---presentation.pdf.

4. Costs associated with modifying or migrating data interfaces to align with the data exchange standards developed through, or informed by, the EDEWG process.

PECO suggests that the Commission expressly authorize EDCs to establish tariffed fee structures designed to recover the full cost of data provision from participating DERAs. Where fixed costs are incurred, such fee structures could include a mechanism for subsequent DERAs to "buy in," with *pro rata* reimbursement to early participants preventing late-joining DERAs from avoiding their proportionate share of costs and ensure equitable cost allocation.

For the reasons discussed above, PECO proposes the following revised wording for proposed § 57.265(a):

> *EDCs may provide a DERA access to meter data for the premises at which their Component DERs are installed upon consent of the Component DER operator in a format approved by the Commission. An EDC providing DERA access to Component DER data shall establish a fee structure to recover the costs of data provision from the DERA opting to receive that data. The fee structure may incorporate both set up and ongoing costs.*

This language would help avoid confusion about metering requirements and cost recovery associated with data exchange prior to the conclusion of the EDEWG process.

E. Dispatch Override Procedures – Section 57.265 (b)

PECO agrees with the Commission's proposed approach, under which EDCs retain the authority to override DER dispatch to maintain the safe and reliable operation of distribution facilities. PECO also agrees with the Commission's proposed language in § 57.265(b) requiring EDCs to establish dispatch override procedures, including defined conditions and notice requirements. However, PECO believes that additional clarification would help ensure that the

proposed framework functions effectively in practice and does not create unintended reliability or compliance risks.

Specifically, PECO requests confirmation that the EDC has sole authority to issue a distribution-level dispatch override notification. As the Commission has recognized, EDCs - not PJM or DER Aggregators - have final operational authority over the distribution system and bear the statutory obligation to maintain safe and reliable electric service.[11] Accordingly, distribution-level override notifications should be issued by the EDC pursuant to its tariff and operating procedures and treated as authoritative reliability directives, even if they differ from wholesale market dispatch instructions.

To ensure clear and effective implementation of EDC-directed overrides, PECO recommends that the Commission clarify that DER Aggregators, DER Operators, and Customer-generators are all responsible for implementing EDC-issued override instructions, and that PJM's role with respect to such overrides is limited to information sharing and coordination. Clarifying these respective roles would reduce ambiguity during time-sensitive reliability events.

Additionally, PECO is concerned that, without explicit consequences for non-compliance, DER Aggregators, DER Operators, and/or Customer-generators may have an economic incentive to disregard override instructions, where doing so would achieve a more favorable economic outcome. The Commission has acknowledged that EDC override actions may occur outside of market bidding windows and may have wholesale settlement implications.[12]

Failure to comply with an override instruction may pose risks to distribution system safety and reliability. PECO therefore recommends that the Commission clarify that EDCs will be

[11] 66 Pa.C.S. § 1501.

[12] NOPR at 51.

permitted to assess Commission-approved penalties on the Customer-generators who fail to comply with an override instruction. Such penalties should be classified as service charges because they are directly related to the Service provided by the EDC to the Customer-generator. It is appropriate that such penalties are applied to the Customer-generator and not the DER Aggregator or DER Operator, if it is a different entity than the Customer-generator, because the EDC's relationship is with the Customer-generator, and the Customer-generator is responsible for compliance with the EDC tariff. A Customer-generator should not be able to isolate itself from that responsibility by delegating operational control of its Component DER to a DER Aggregator or DER Operator. Further, as EDC's would not typically have contractual relationships with DER Aggregators, an EDC may not have any legal avenue for assessing and recovering a penalty directly from them.

Overall, PECO supports the Commission's proposed dispatch override framework and agrees that flexibility is appropriate given the diversity of EDC systems and operational capabilities. At the same time, PECO respectfully requests clarification regarding the EDC's role as the authoritative issuer of override notifications and the compliance obligations of DER Aggregators. PECO also requests that the Commission make unequivocally clear its expectation that economic incentives must not undermine distribution system reliability. In light of these concerns, PECO proposes the following wording be added to proposed § 57.265 as new subparagraph (c):

> *(c) DERAs, DER Operators, and Customer-generators participating in a DER aggregation shall comply with all EDC dispatch override instructions issued pursuant to the EDC's dispatch override procedures.*
>
> > *(1) In the event of a conflict, EDC dispatch override instructions shall take precedence over wholesale market dispatch instructions.*
> > *(2) The EDC may establish penalties approved by the Commission for non-compliance with a dispatch override instruction. Such penalties shall be:*

(i) Service charges applicable to the Customer-generator; and
(ii) Sufficient in scale to ensure that disregard of an override instruction will be uneconomic.

(3) The EDC will not be a party to any dispute between a Customer-generator and a DERA and/or DER Operator with respect to fault for failure to comply with an EDC override instruction.

This language would clarify the proposed regulations, reduce operational uncertainty, and help ensure that DER aggregation develops in a manner that ensures the EDC's ability to provide safe and reliable electric service.

F. Disputes – Proposed Section 57.266

PECO supports the Commission's proposed approach to dispute resolution, which appropriately relies on existing Commission procedures under 52 Pa. Code Chapters 1, 3, and 5 to address disputes between DERAs, DER Operators, Customer-generators and EDCs. PECO agrees that these established informal and formal complaint mechanisms provide a well-understood, flexible, and legally durable framework for resolving disputes without introducing unnecessary complexity or duplicative processes. This approach will allow all stakeholders to gain experience with Subchapter P while ensuring that disputes are addressed promptly and equitably.

In addition, PECO agrees with the EAP Comments concerning proposed section 57.266(c). Proposed section 57.266(c) states that "[p]ursuit of dispute resolution shall not affect a DER interconnection applicant with regard to consideration of an interconnection request or an interconnection applicant's position in the EDC's interconnection queue." As EAP notes, the language is not limited to disputes arising relating to the provisions of proposed Subchapter P, which could create ambiguity regarding the scope of the disputes to which the provision applies. Accordingly, to avoid confusion, PECO supports EAP's suggestion to modify the language to read "*Pursuit of dispute resolution under this subchapter.*"

G. Cost Recovery

PECO appreciates the Commission's proposal to allow EDCs to set fees for processing applications and agrees it is a useful first step toward addressing EDC costs to implement DERA participation in the distribution system. However, it is unlikely that fees alone will 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 DERAs 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. These costs are in addition to the data-related IT work discussed in section D above. PECO believes that any fee structure designed to fully recover such costs from DERAs and/or Customer-generators participating in aggregations is likely to prove cost-prohibitive and result in a lack of DERA participation in that EDC's territory. Therefore, PECO believes that it will be necessary for EDCs to recover a portion of costs related to DER aggregation from all customers, and the Company requests that the Commission explicitly acknowledge this necessity in its Final Order.

Additionally, although the Commission has indicated that it will address interconnection issues in a separate proceeding, PECO notes that the current interconnection fee structure is inadequate to fully recover administrative costs for processing interconnection applications and may require revision to ensure that increases in the volume of interconnection applications driven by DERA participation in the distribution system do not result in increased cost shifting to non-participating customers.

H. Consumer Protection and Licensing of DERAs

As the Company explained in its comments to the ANOPR,[13] the Commission is responsible for ensuring that customers participating in DER markets, and DERA programs, understand the costs and benefits of the program and are protected from fraud and abusive marketing practices. Several commenters argued that the Commission should institute a DERA code of conduct and licensing standards to provide clear and consistent rules for DERAs and to prevent deceptive marketing practices. Consistent with the EAP Comments, PECO agrees that these important issues merit the Commission expeditiously undertaking a separate proceeding to establish a DERA code of conduct and licensing framework. Such a framework could be similar to the licensing and consumer protections for Electric Generation Suppliers that the Commission currently oversees.

In addition to traditional consumer protection concerns, PECO notes that the increasing integration of DERs and DERAs into EDC systems raises cybersecurity considerations that directly implicate customer protection, system reliability, and data integrity. PECO employs risk-based cybersecurity controls designed to support secure and interoperable DER participation, with particular emphasis on defense-in-depth, system isolation, and centralized policy enforcement. These approaches are aligned with nationally recognized standards and federal guidance, including the National Institute of Standards and Technology ("NIST")[14] Cybersecurity Framework and the Department of Energy / National Association of Regulatory Utility Commissioners ("NARUC")

[13] PECO ANOPR Comments at 16-17.

[14] NIST CSF Framework: The NIST Cybersecurity Framework (CSF) 2.0, NIST.gov resource page: Cybersecurity Framework | NIST.

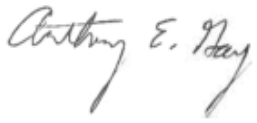
Cybersecurity Baselines for Electronic Distribution Systems and DER.[15] PECO recommends that the Commission consider incorporating similar, NIST-aligned cybersecurity expectations into any future DERA licensing or code-of-conduct framework and retain appropriate oversight authority to evaluate compliance with such standards. Initiating such a process in the near term would help ensure that a consumer protection and cybersecurity framework is in place prior to the commencement of DERA participation in 2028.

[15] DOE/NARUC Baselines Interim Implementation Guidance: Cybersecurity Baselines for Electric Distribution System Interim Implementation Guidance, NARUC.org resource page, https://www.naruc.org/core-sectors/critical-infrastructure-and-cybersecurity/cybersecurity-for-utility-regulators/cybersecurity-baselines/.

II. CONCLUSION

PECO appreciates the opportunity to offer these Comments and looks forward to working with the Commission and stakeholders as this proceeding moves forward.

Respectfully submitted,



Anthony E. Gay (Pa. No. 74624)
Jeanne J. Dworetzky (Pa. No. 62389)
PECO Energy Company
2301 Market Street
Philadelphia, PA 19103
Phone: 267.533.1999
anthony.gay@exeloncorp.com
jeanne.dworetzky@exeloncorp.com

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