

permanent loophole for these resources that would remain even after the implementation of PJM's DERA rules, contrary to PJM's stated rationale that the purpose is to close a "regulatory gap" that would exist until the implementation of the DERA rules.⁵ PJM has not established the need to create a permanent loophole in the DERA rules. PJM has not established the need to overturn part of the FERC order to be implemented in 2028 by creating this loophole.

Absent the December 19th Filing, the regulation only NEM resources with injections do not qualify to participate under the rules for economic load response resources. This is true now and will be true under the rules approved by the Commission in compliance with Order No. 2222 for implementation in 2028. The regulation only NEM resources with injections will be able to participate as part of a DERA under the Order No. 2222 rules for PJM. The DERA rules are stricter than the rules proposed in the December 19th Filing. This is the core problem with the December 19th Filing. The December 19th Filing would overturn that part of the Commission's approved DERA rules. This is why the December 19th Filing is unsupported, unnecessary and not just and reasonable.

I. COMMENTS

The December 19th Filing proposes to create a special case of economic load response resources that inject power to the grid to provide regulation, if they are on a retail net energy metering (NEM) tariff. However, such participation violates both the current rules and the 2028 rules for economic load response resources. The December 19th Filing proposes to allow such participation to continue even after PJM implementation of the Commission approved DERA rules.

When NEM resources are allowed to inject in 2028, under PJM's approved rules for Distributed Energy Resource Aggregations (DERA), NEM resources will be subject to the protections developed for the market in compliance with Order No. 2222, which include a resource size limit, a detailed EDC reliability review, and identification of bus level (nodal)

⁵ See December 19th Filing at 3.

location information. The December 19th Filing does not include those protections and creates a permanent discriminatory preference for a small group of potential participants.

The December 19th Filing undercuts PJM demand response rules, by allowing the resources to inject, without justification or evidence. Contrary to PJM's assertions, the December 19th Filing is not an acceleration of the implementation of the Order No. 2222 rules for Distributed Energy Resources ("DERs"), because the December 19th Filing does not include the same limitations on reliability review and resource size as PJM's accepted Order No. 2222 rules for implementation in 2028. Instead, the December 19th Filing proposes to significantly and permanently change the rules that apply to demand resources without any substantive support or analysis. The December 19th Filing failed to make these points clear, failed to provide any actual evidence supporting the asserted need for these changes and failed to consider the implications for the PJM markets.

The Deficiency Letter requests that PJM state whether PJM plans to end the ELRP regulation only NEM resource model defined in the December 19th Filing once the DER Aggregator Participation Model is implemented.⁶ The correct answer is that PJM does not plan to end the model once the DERA rules are implemented. The Deficiency Letter requests that PJM clarify how the ELRP proposal will account for reliability concerns identified by the local EDC during its reliability review process and how the proposal ensures that the resource will not be double counted. The correct answer is that PJM does not plan to apply the reliability review process in the DERA rules to these resources. The Deficiency Letter requests that PJM explain whether it is necessary for PJM to impose any geographical limit on aggregations of Economic Load Response Regulation Only Participants (ELRP).⁷ The

⁶ Deficiency Letter at 6.b

⁷ The DER Aggregator Participation Model was developed in PJM's Order No. 2222 compliance filing process. *See PJM Interconnection, L.L.C.*, 188 FERC ¶ 61,076 (July 25, 2024). *See also* OA Schedule 1 § 1.4b(b); *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).

correct answer is that PJM does not plan to require nodal information as required under the DERA rules approved by the Commission.

The PJM Response indicates (at 3) that “Economic Load Response Regulation Only Participants are subject to the same EDC review process as all demand response resources,” and that any reliability concerns will be reviewed by the EDC within the 10 business day review period, consistent with the current practice for demand response resources. PJM fails to admit that this approach does not meet the standards required for injecting resources and approved by the Commission. The PJM Response states (at 5) that during this review period, the EDC will also verify that the customer is enrolled in a retail net energy metering tariff. With respect to nodal modelling, the PJM Response fails to admit that the December 19th Filing, unlike the DERA model, will not require nodal information for reliability purposes. The PJM Response admits (at 8) that PJM proposes to continue the special treatment even after the DERA model is implemented in 2028.

In response to question one of the Deficiency Letter, the PJM Response argues that the December 19th Filing “aimed to capture a type of Market Seller that already exists under PJM’s Tariff and Manuals, *with one modification*” which is allowing the Economic Load Response Regulation Only Participants to inject energy.⁸ That one modification is precisely the point. The number of modifications is not relevant. The one modification is not a simple or minor change. The one modification in the December 19th Filing changes the definition of economic demand response. The Economic Load Response Participant model is restricted to reducing load by definition.⁹ Allowing ELRP to inject completely changes the proposed participation model from the existing model. PJM is attempting to create a subcategory of a product that

⁸ PJM Response at 3, emphasis in original.

⁹ See PJM OATT Definitions. Economic Load Response Participant shall mean a Member or Special Member that qualifies under OA Schedule 1, section 1.5A, and the parallel provisions of Tariff, Attachment K-Appendix, section 1.5A, to participate in the PJM Interchange Energy Market and/or Ancillary services markets through *reductions in demand* (emphasis added).

does not comply with the definition of the product and that therefore violates both the existing tariff and the approved DERA tariff rules.

PJM's "one modification," that would allow distribution resources to inject to the grid, was the basis for the entire Order No. 2222 process. PJM ignores the several years of efforts from the stakeholders, the Commission and PJM that was put in to develop the DER Aggregator Participation model.¹⁰ The characterization of the December 19th Filing as merely permitting existing participation with one modification is misleading.

The December 19th Filing is not consistent with what PJM described in the PJM stakeholder process as the purpose of the December 19th Filing. The problem statement and final report presented at the stakeholder meetings clearly state that the December 19th Filing is to address the delay in implementation of Order No. 2222 and simply to allow the exact type of participation defined in the Commission's Order defining the DERA rules before the Order No. 2222 implementation date.¹¹

According to the PJM Response (at 3), EDCs will have only 10 days to review any reliability and double counting issues of Economic Load Response Regulation Only Participants. This is in contrast to the review process for a DERA which includes a 15 day initial EDC review and a 45 day reliability review.¹² The DERA EDC review includes a

¹⁰ See PJM Interconnection, L.L.C., 188 FERC ¶ 61,076 (July 25, 2024). See also OA Schedule 1 § 1.4b(b); 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).

¹¹ See PJM, Distributed Resources Subcommittee (DISRS) Final Report, presented on July 9, 2025 at the Market Implementation Committee <<https://www.pjm.com/-/media/DotCom/committees-groups/committees/mic/2025/20250709/20250709-item-01-2---der-regulation-only-at-nem-customer-sites---final-report.pdf>>; PJM, Problem Statement - Adoption of DER Regulation Market Only participation at NEM customer sites before PJM's proposed Order 2222 implementation date of February 2, 2028, presented on December 2, 2024 at the Distributed Resources Subcommittee <<https://www.pjm.com/-/media/DotCom/committees-groups/subcommittees/disrs/2024/20241202/20241202-item-08-1---problem-statement---der-regulation-market-only-participation.pdf>>.

¹² See PJM Interconnection L.L.C., Docket No. ER22-962-00, Order No. 2222 Compliance Filing and Motion to Modify Effective Date at 16.

compliance review, to prevent double counting and ensure adherence to the retail tariff and applicable regulations, the identification of an electrical node, and verification that “the participation of the DER Aggregation Resource in the PJM energy, capacity, and/or ancillary service markets does not pose a threat to the reliable and safe operation of the distribution system, the public, or Electric Distribution Company personnel.”¹³ As the Commission points out in the Deficiency Letter (at 2), the current Tariff provides only that PJM will have the EDC verify that no wholesale/retail double counting could occur and does not provide any language to ensure review of the size of or electrical impact of injections from Economic Load Response participants. The lack of defined criteria for the review process under the ELRP rules combined with the absence of nodal information and a maximum size limit, could create congestion patterns that PJM is neither prepared for nor able to control.

The PJM Response does not answer the Commission’s question about how PJM is going to ensure grid reliability with the newly proposed Economic Load Response Regulation Only Participant model. Instead, the PJM Response confirms that there is no required reliability review process for injection from Economic Load Response Regulation Only Participants. This is despite the fact, as the Market Monitor explained (at 3), energy injections are treated differently than load reductions for congestion management, market power mitigation, and other elements of grid management.¹⁴ More importantly, this is part of the loophole created by the December 19th Filing that would exempt these participants from the Commission approved DERA rules.

PJM’s response to question five of the Deficiency Letter regarding nodal aggregation does not explain that the December 19th Filing does not require the nodal information that PJM needs to manage flows on constraints. In contrast, the DERA rules include defined

¹³ See PJM Order No. 2222 Compliance Filing, Docket No. ER25-962 (October 23, 2024), Attachment A: PJM revisions to Open Access Transmission Tariff Attachment K-Appendix, section 1.4B.

¹⁴ See Answer and Motion for Leave to Answer of the Independent Market Monitor for PJM under ER26-846 (February 10, 2026) at 3.

criteria, nodal information, and a size limit in order to protect reliability. This is part of the loophole created by the December 19th Filing that would exempt these participants from the Commission approved DERA rules.

In response to question six regarding whether PJM will sunset the ELRP model, the PJM Response admits (at 8) that ELRP will continue to participate in the PJM regulation market even after the DERA participation model is implemented. This directly contradicts PJM's assertion in the December 19th Filing that there is a "regulatory gap for Economic Load Response Participants on net energy meter ("NEM") tariffs until February 1, 2028" to participate in the regulation market with injections.¹⁵ As PJM recognized, PJM's December 19th Filing is inconsistent with the DERA rules and therefore does not address a regulatory gap but rather creates regulatory inconsistencies that will persist after the implementation of the DERA rules. PJM's assertions, presented at stakeholder meetings, that the ELRP model is intended to address a regulatory gap and to implement a part of the DERA model ahead of the Commission approved implementation date were not correct based on PJM's December 19th Filing.¹⁶

The PJM Response supports the Market Monitor's points about the December 19th Filing and provides further reason to reject PJM's Filing. The PJM Response admits that the December 19th Filing does not address a regulatory gap but does create a permanent loophole in the DERA rules just approved by the Commission. PJM's December 19th Filing is not just

¹⁵ See PJM Interconnection, L.L.C. Docket No. ER26-846 Economic Load Response Regulation Only Participants Proposal (December 19, 2025) at 3–4.

¹⁶ See PJM, Distributed Resources Subcommittee (DISRS) Final Report, presented on July 9, 2025 at the Market Implementation Committee <<https://www.pjm.com/-/media/DotCom/committees-groups/committees/mic/2025/20250709/20250709-item-01-2---der-regulation-only-at-nem-customer-sites---final-report.pdf>>; PJM, Problem Statement - Adoption of DER Regulation Market Only participation at NEM customer sites before PJM's proposed Order 2222 implementation date of February 2, 2028, presented on December 2, 2024 at the Distributed Resources Subcommittee <<https://www.pjm.com/-/media/DotCom/committees-groups/subcommittees/disrs/2024/20241202/20241202-item-08-1---problem-statement---der-regulation-market-only-participation.pdf>>.

and reasonable. Because the proposed Economic Load Response Regulation Only Participant model has not been shown to be just and reasonable, it should be rejected.

II. CONCLUSION

The Market Monitor respectfully requests that the Commission afford due consideration to this pleading as the Commission resolves the issues raised in this proceeding.

Respectfully submitted,



Jeffrey W. Mayes

Joseph E. Bowring
Independent Market Monitor for PJM
President
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8051
joseph.bowring@monitoringanalytics.com

General Counsel
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8053
jeffrey.mayes@monitoringanalytics.com

Catherine A. Tyler
Deputy Market Monitor
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8050
catherine.tyler@monitoringanalytics.com

Kyungjin Yoo
Analyst
Monitoring Analytics, LLC
2621 Van Buren Avenue, Suite 160
Eagleville, Pennsylvania 19403
(610) 271-8050

Dated: March 27, 2026

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated at Eagleville, Pennsylvania,
this 27th day of March, 2026.



Jeffrey W. Mayes

General Counsel

Monitoring Analytics, LLC

2621 Van Buren Avenue, Suite 160

Eagleville, Pennsylvania 19403

(610) 271-8053

jeffrey.mayes@monitoringanalytics.com