



is not supported by evidence, in a way that is not supported by economic or market logic, and that is therefore not just and reasonable. The December 19<sup>th</sup> Filing should be rejected.

## I. COMMENTS

The December 19<sup>th</sup> Filing claims that there is a regulatory gap for economic demand response with net energy metering (“NEM”) tariffs because they are currently unable to participate in the regulation market with injections. It is not a regulatory gap. The PJM Market Rules clearly define economic demand response as demand response that cannot inject power into the grid. The Order No. 2222 rules permit injections only by small DER resources in order to facilitate participation by small DER resources. The December 19<sup>th</sup> Filing represents market participants attempting to extend the special case rules designed narrowly for DER to the PJM markets generally, ignoring the specific reasons for DER specific rules.<sup>3</sup>

The December 19<sup>th</sup> Filing proposes to significantly change the way that economic demand response (Economic Load Response Participants) participates in the regulation market. PJM proposes to permit economic demand response to sell regulation by injecting power onto the grid without the rules that govern such injections. PJM would create a new category of economic demand response that violates the current demand response rules (Economic Load Response Regulation Only) and the current rules about injecting power onto the grid. This is a fundamental change to the PJM market demand response model, which was specifically designed for resources that do not inject power onto the grid.

The December 19<sup>th</sup> Filing is an explicit effort to expand the DER rules beyond the bounds of DER resources and apply them to non DER resources. NEM resources have not previously been included in PJM’s wholesale market rules but are included under Order No. 2222 because they are part of the distribution system and operate under a retail electric tariff.

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<sup>3</sup> The December 19<sup>th</sup> Filing was based on a proposal from a market participant in the PJM stakeholder process.

PJM's Order No. 2222 rules will permit small DER resources with NEM tariffs to participate in the regulation market with injections starting February 1, 2028, under Order No. 2222.<sup>4</sup> In contrast, the December 19<sup>th</sup> Filing would allow all economic demand resources with NEM tariffs, regardless of size, regardless of the fact that they are wholesale and not retail resources, to participate in the regulation market with injections without the protections of review and accurate modelling built into the Order No. 2222 process and in violation of the current rules governing injections.

Under the PJM tariff, economic demand response (Economic Load Response) is a type of resource that reduces load and cannot inject MWh by definition. A resource must obtain a Wholesale Market Participation Agreement ("WMPA") or Generator Interconnection Agreement ("GIA") if it wishes to inject MWh in PJM, but because NEM resources receive energy revenues through their net metering tariff, they cannot be settled in the PJM energy market, which is a requirement for a WMPA.<sup>5</sup> The demand resources to which the December 19<sup>th</sup> Filing would apply do not meet these requirements.

The December 19<sup>th</sup> Filing's arguments fail to provide support for the proposal to change the definition of non DER economic demand response. The December 19<sup>th</sup> Filing incorrectly asserts that the Commission has already approved the same participation model in PJM's DER Aggregator Participation Model.<sup>6</sup>

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<sup>4</sup> 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).

<sup>5</sup> The Generation Interconnection Agreements (GIA) or Wholesale Market Participation Agreements (WMPA) gives the interconnection customer the right to participate in the PJM markets. Unlike GIA, WMPA can be issued for non-FERC jurisdictional interconnections of generating units.

<sup>6</sup> *Id.*

The proposal is not about new technologies or competition. The proposal is not about early implementation of the Order No. 2222 rules. The December 19<sup>th</sup> Filing does not support the exemption of resources from the protections to the market inherent in the WMPA and GIA process and in the limitations and approval process built into PJM's Order No. 2222 rules for distributed energy resources.

The Market Monitor pointed out in the PJM stakeholder process that the December 19<sup>th</sup> Filing provides unsupported special treatment for a subset of non DER resources. The December 19<sup>th</sup> Filing proposes that these non DER resources should be evaluated as if they were DER resources addressed by Order No. 2222. The newly proposed Economic Load Response Regulation Only Participant is not equivalent to what was approved in the DER Aggregator Participation Model that the Commission approved under Order No. 2222. References to the decisions made in the Order No. 2222 proceedings are inapposite and irrelevant. For all these reasons, the Commission should reject the December 19<sup>th</sup> Filing as not just and reasonable.

**A. Economic Load Response Regulation Only Participation is Not Equivalent to the Rules Previously Approved by the Commission under Order No. 2222.**

The reason Order No. 2222 will not be implemented in PJM until 2028 is the necessity of time to establish systems and processes to correctly incorporate distributed energy resources into the PJM market.<sup>7</sup> The December 19<sup>th</sup> Filing would exempt Economic Load Response Regulation Only participants from some of these necessary processes. The December 19<sup>th</sup> Filing (at 7) incorrectly claims that it would do no more than allow NEM resources to participate in the PJM regulation market with injections prior to the February 1, 2028, implementation of PJM's Order No. 2222 compliance. The proposed Economic Load

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<sup>7</sup> *PJM Interconnection L.L.C.*, Docket No. ER22-962-007, Order No. 2222 Compliance Filing and Motion to Modify Effective Date of PJM Interconnection, L.L.C. (filed on October 23, 2024) at 21-25.

Response Regulation Only Participant model has material differences from the DER Aggregator Participant model, approved by the Commission under Order No. 2222.

For example, DERs in PJM's DER Aggregator Participation Model have a maximum size limit of 5 MW, while the proposed Economic Load Response Regulation Only Participant has no such limit. In fact, there is no size limit for Economic Load Response resources and some are much larger than 5 MW. In other words, a NEM resource of any size greater than 5 MW would be able to participate in the PJM regulation market with injections as an Economic Load Response Regulation Only Participant, which is not possible under the DER Aggregator Participation Model. The size limit is an important feature of the DER Aggregator Participation model. PJM spelled out the reasons for the size limit in the PJM Order No. 2222 Compliance Filing.<sup>8</sup> Larger resources, especially those with injections, require additional processes to enter the market, including GIAs and/or WMPAs. The December 19<sup>th</sup> Filing would allow a larger NEM generator to enter the market under the Economic Load Response Regulation Only Participant model without the same requirements.

The December 19<sup>th</sup> Filing proposes to consider the Economic Load Response Regulation Only Participant as a type of demand response participant under the PJM market rules, not as a type of generator or storage resource. This means that the proposed Economic Load Response Regulation Only Participant would have more flexible treatment under the PJM market rules than other injecting resources, which follow the rules for generation or storage. For example, generators, storage resources, and component DERs in DER

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<sup>8</sup> See PJM Interconnection L.L.C., Docket No. ER22-962-000 Order No. 2222 Compliance Filing of PJM Interconnection, L.L.C. Motion for Extended Comment Period at 43-45 ("The maximum capacity of 5 MW for any Component DER within a DER Aggregation Resource appropriately balances the removal of barriers to the participation of small Component DER with PJM's operational and visibility needs, both from a planning and operations perspective. Specifically, when dealing with a resource larger than 5 MW, PJM requires greater visibility via individual telemetry and greater operational control in order to maintain reliability...By extension, if PJM were to set the threshold for Component DER beyond 5 MW, it would create a potential path for larger projects to avoid cost allocation that others in the interconnection queue would be subject to.").

Aggregations must be mapped to a single pricing node, unlike demand response resources that are mapped at residual aggregate load pricing nodes.<sup>9</sup> Identifying a pricing node and going through the EDC registration process is a significant step for DER registrations that does not apply to demand response. The December 19<sup>th</sup> Filing includes no support for removing this step. The December 19<sup>th</sup> Filing ignores all these differences and would create special treatment for a specific set of resources by allowing them to participate as demand response, when they do not meet the requirements to be demand response.

Demand response resources reduce load and do not inject energy by definition. As PJM explained in its Order No. 2222 compliance process, energy injections are treated differently than load reductions for congestion management, market power mitigation, and other elements of pool management. The single pricing node is an important feature that the Commission approved under Order No. 2222. PJM spelled out the reasons for the single pricing node in the PJM Order No. 2222 Compliance Filing.<sup>10</sup> Without an assigned single pricing node, the injections from the Economic Load Response Regulation Only resources would create flows on constraints that would be inaccurately modelled, and therefore, would be inaccurately managed. The flows from regulating resources must be modelled correctly

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<sup>9</sup> Component DER is a defined term in the DER Aggregator Participation Model. *See* PJM Interconnection, L.L.C., Tariff, Attachment K-Appendix, section 1.4B(b) and Operating Agreement, Schedule 1, section 1.4b(b), under Docket No. ER22-962 (“Component DER” shall mean any resource, within the PJM Region, that is located on a distribution system, any subsystem thereof, or behind a customer meter, and is used in a DER Aggregation Resource by a DER Aggregator to participate in the energy, capacity, and/or ancillary services markets of PJM through the DER Aggregator Participation Model. A Component DER may not exceed 5 MW.)

<sup>10</sup> See Order No. 2222 Compliance Filing of PJM Interconnection, L.L.C., Attachment E: Bielak Affidavit, Docket No. ER22-962 (February 1, 2022). For example, (at 2) “PJM’s decision to require that DER Aggregation Resources participating in the energy market be defined nodally, rather than multi-nodally, is fundamentally predicated on a determination that a multi-nodal model would raise significant concerns regarding PJM’s ability to maintain compliance with North American Electric Reliability Corporation (“NERC”) mandatory Reliability Standards TOP-001, R1, R12, and R14, as well as IRO-009, R1, R2, R3, and R4, and lead to degradation in accurate market pricing and operational constraint control.”

for PJM to have accurate measurements of flows on constraints. Inaccurate measurement of flows on constraints causes inefficient dispatch of other resources and undermines reliability.

The PJM Proposal confuses demand response resources and DERs, and proposes a new product that is neither a demand response resource nor a DER Aggregation Resource. As a result, the December 19<sup>th</sup> Filing relies improperly on prior Commission determinations that are not applicable to its proposal. There are important rules, like the size requirement and nodal modelling, proposed by PJM, strongly supported by PJM and approved by the Commission under Order No. 2222 compliance that would be evaded under the December 19<sup>th</sup> Filing by pretending that Economic Load Response Regulation Only resources are demand response, when they are not. Allowing injecting resources to participate under a demand response participation model, the PJM Proposal presents issues that fall outside the scope of Order No. 2222 proceedings. The Market Monitor recommends that the Commission reject the filing because it is not supported and is therefore not just and reasonable.

**B. PJM Fails to Justify Accelerated Implementation Prior to the Approved Effective Date for DER Aggregations.**

Even if the proposal were just an accelerated implementation of Order No. 2222 rules, the December 19<sup>th</sup> Filing provides no supportable justification for implementing any part of the rules earlier than the Commission approved effective date. If PJM is ready to implement the full set of Order No. 2222 rules earlier than stated, PJM should file to do that. To promote DER participation, the Commission issued Order No. 2222, and PJM stakeholders worked to develop the participation model over multiple years. The result will be implementation of the comprehensive participation model including but not limited to the maximum size limit, nodal modeling, registration process, metering and telemetry requirements, all scheduled to become effective on February 1, 2028. The December 19<sup>th</sup> Filing ignores the efforts made by the stakeholders and the decisions made by the Commission by attempting to apply the DER rules to non DER resources, without support. PJM needs to comprehensively review and reform its approach to demand resources. This one off attempt to misapply rules designed

for DER to non DER resources is inconsistent with a reasoned approach to market design and a reasoned approach to the role of demand response in PJM markets.

## II. CONCLUSION

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

Respectfully submitted,



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Dated: January 9, 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 9<sup>th</sup> day of January, 2026.



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