

January 31, 2025

**VIA ELECTRONIC MAIL**

Honorable Sherri L. Lewis  
Secretary of the Board  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 1st Floor  
Trenton, NJ 08625  
[board.secretary@bpu.nj.gov](mailto:board.secretary@bpu.nj.gov)

**Comments of the New Jersey Utilities Association on Notice of Technical Conference in the Matter of New Jersey's Distributed Energy Resource Participation in Regional Wholesale Electricity Markets; BPU Docket Number: EO24020116**

Dear Secretary Lewis,

The New Jersey Utilities Association ("NJUA") represents investor-owned utilities that provide electric, natural gas, telecommunications, water and wastewater services to residential and business customers throughout the State. I am writing on behalf of the investor-owned electric distribution companies ("EDCs") that are members of NJUA<sup>1</sup> to present joint comments in response to the Notice of Technical Conference *In the Matter of New Jersey's Distributed Energy Resource Participation in Regional Wholesale Electricity Markets*, Docket No. EO24020116, issued by the Board of Public Utilities ("BPU" or "Board") on January 7, 2025. The EDCs also reserve the right to submit comments on an individual basis.

NJUA appreciates that Board Staff ("Staff") has initiated a process seeking the input of the stakeholders regarding the implementation of Federal Energy Regulatory Commission ("FERC") Order No. 2222 ("Order 2222"). The Technical Conference held on January 17, 2025 was a helpful means to initiate the stakeholder process, as it touched on a number of complex issues that will have to be resolved prior to the State's implementation of Order 2222.

**Context**

EDCs within the PJM Interconnection, LLC ("PJM") Regional Transmission Organization ("PJM EDCs") have been coordinating efforts with PJM since Order 2222 was issued by FERC on September 17, 2020. As a part of PJM's stakeholder process, PJM convened the [Distributed Resource Subcommittee \("DISRS"\)](#) to facilitate coordination among all interested parties,

---

<sup>1</sup> Jersey Central Power & Light; Public Service Electricity & Gas; Atlantic City Electric, an Exelon Company; Rockland Electric Company.

Aqua New Jersey, Inc. • Atlantic City Electric Company • Atlantic City Sewerage Company  
Gordon's Corner Water Company • Jersey Central Power & Light, A FirstEnergy Company • Middlesex Water Company  
New Jersey American Water • New Jersey Natural Gas • Public Service Electric & Gas Company • Rockland Electric Company • South Jersey Industries Utilities • Veolia • Verizon New Jersey

including the EDCs, distributed energy resource aggregators (“DERAs”), State public utility commission staff and other market participants with respect to Order 2222 implementation education, compliance filing material reviews and information sharing. The EDCs and other parties have, and continue to, participate actively in the DISRS.

A stakeholder process was initiated to support the successful implementation of Order 2222, as well as to provide stakeholders with the opportunity to offer feedback to the State public utility regulators where appropriate. As a part of this process, PJM EDCs expended considerable time and effort helping PJM develop its first compliance filing, submitted on February 1, 2022, its second compliance filing, submitted on September 1, 2023, and its third compliance filing, submitted on October 23, 2024.

While FERC has approved many of the PJM compliance requirements, some important areas are still awaiting approval. The PJM EDCs have thus asked PJM to provide a schedule or workflow of topic areas that PJM will need to complete to support its approved implementation date of February 2, 2026, or potential extension date of February 1, 2028.<sup>2</sup> Having a specific, ordered list of topic areas that require further attention would enable the EDCs to continue to collaborate in support of resolutions to these topic areas. This is reflective of EDCs’ and DERAs’ desire for uniformity among regional processes and related state-specific approaches for customers.

Such uniformity will serve to minimize the complexity of compliance for all parties. Establishing uniformity between New Jersey and other states may incentivize DERAs to seek aggregations in NJ, decrease implementation expenses covered by EDCs and NJ ratepayers, and make it easier for multi-state companies and customers to support aggregation across PJM.

### **Need for Workgroups and Topics**

NJUA believes it is critical that Staff-led workgroups that include the EDCs and other affected parties, such as DERAs, be initiated as soon as possible to begin to resolve certain issues prior to the currently-approved implementation date of February 2, 2026. Several issues and questions that such workgroups should address include:

- **Cost allocation and recovery** – implementation of and compliance with PJM and/or State-level regulations associated with Order 2222 will require EDCs to develop new systems, update administrative processes, and hire additional employees. How will costs associated with these actions be assessed and allocated among participants, DERAs, and all other customers?
- **DERA registration and regulation** – There should be a discussion of DERA registration and licensing by the State, in a manner similar to licensed energy suppliers offering generation supply and energy services to customers.

---

<sup>2</sup> *PJM Interconnection, L.L.C.*, Motion for Leave to Answer and Answer of PJM Interconnection, L.L.C., Docket No. ER22-962-007

- **Dispute Resolution** – A process will be necessary for resolving disputes that may arise among DERAs, customers, and EDCs. PJM can resolve disputes regarding market participation; however, pursuant to PJM’s compliance filings, other disputes fall within the State or Relevant Electric Retail Regulatory Authority’s (“RERRA”) jurisdiction.
- **Preventing double compensation** – Order 2222 prohibits dual compensation. A consensus understanding of what constitutes dual compensation is important. What prohibitions should be considered with respect to DERs participating in both retail programs and wholesale markets? Should limits be placed on customers switching between retail programs and wholesale market participation?
- **Cybersecurity and Data Exchange Protocols** – Cybersecurity and data exchange risks will arise under this new paradigm. Should DERAs be subject to cybersecurity requirements similar to electric generation suppliers?
- **Interconnection Rules** – A revision of interconnection rules will be required to accommodate the EDCs’ need to be able to consider the interaction, operational characteristics, and impact of all interconnected DERs that are located at a single premise.
- **Coordination with Other State Programs** – There will likely be significant interplay between Order 2222 and New Jersey’s future Storage Incentive Program (“SIP”), demand response, electric vehicle charging, and other BPU approved programs. All rules, processes, incentives, and cost recovery will need to consider this interplay to avoid conflicts and confusion.

This list of topics, while not all-inclusive, illustrates some relevant issues that will require further discussion at the state level. NJUA recognizes the administrative difficulty of establishing numerous workgroups and stands ready to assist in prioritizing topics and facilitating discussions. Despite the inherent challenges, such collaboration is necessary to provide for the consistency across states in the region that would be beneficial to all.

The NJUA believes that the importance of working groups in the implementation of Order 2222 is illustrated by the recent experience in New York (“NY”) where DER and DER aggregation was integrated into the electric systems of the NY electric utilities well before FERC issued Order 2222. Critical to this achievement were the working groups composed of the NY electric utilities, the NY Public Service Commission, and the NY Independent System Operator (“NYISO”). These working groups are continuing as the NYISO makes the final adjustments to this DER and DER aggregation participation model in order to conform to the requirements of Order 2222.

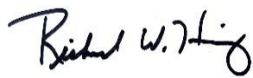
## **Regional Discussion and Collaboration**

Maximizing consistency in the implementation of Order 2222 across states will benefit all parties. One way in which the BPU can immediately participate in regional Order 2222 discussions is by way of the PJM DISRS subcommittee, as mentioned above. We appreciate Board Staff's participation and encourage continued, active participation in this important PJM subcommittee and in other appropriate venues to aid in the process of standardizing approaches across states. Any means of coordinating New Jersey's efforts with other states in the PJM footprint would be welcomed by NJUA and our member EDCs. We are also happy to assist in that process however we can.

### **Conclusions**

NJUA and our member EDCs appreciate the Board's openness to receiving stakeholder comments with respect to the implementation of Order 2222 in New Jersey. Our EDC members are grateful for the opportunity to contribute to the Board's information gathering efforts as the agency takes on the difficult task of implementing FERC Order No. 2222. We look forward to continuing to be a resource through this process going forward.

Very truly yours,

A handwritten signature in black ink, appearing to read "Richard W. Henning". The signature is fluid and cursive, with the first name "Richard" and last name "Henning" clearly legible.

Richard Henning  
President & CEO  
New Jersey Utilities Association  
[rhennin@njua.com](mailto:rhennin@njua.com)