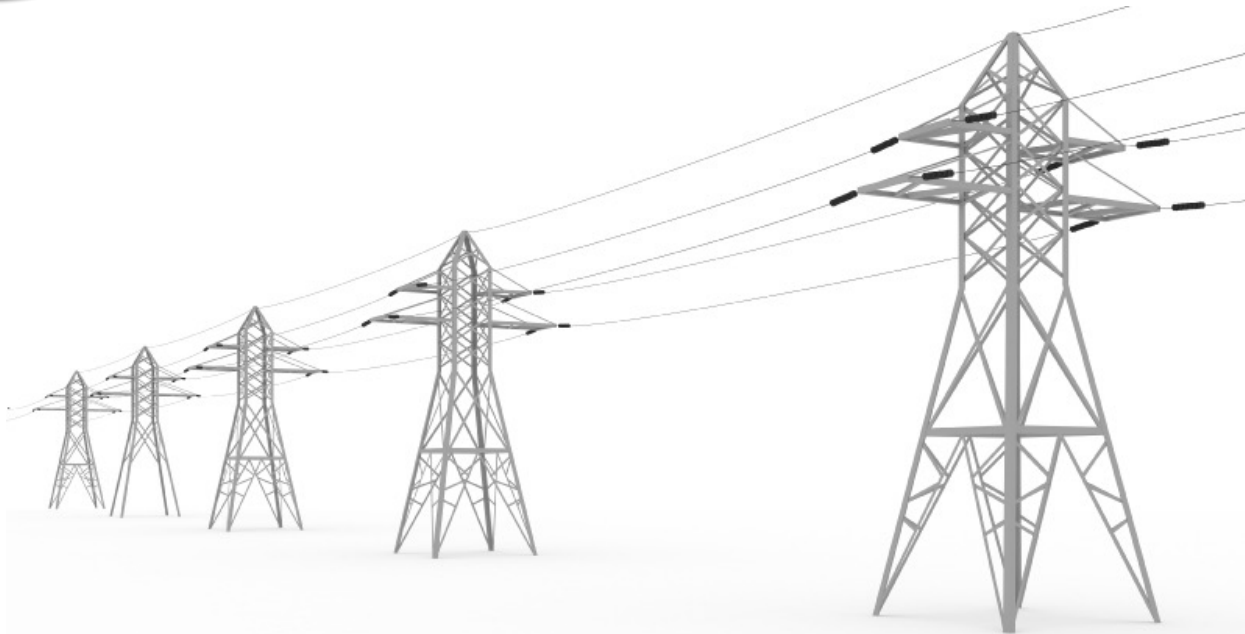




FERC, DERs, and Order No. 2222



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Long Road to DER Reform

- November 2016 - Proposed Changes to RTO/ISO Market Rules to require participation of storage *and* DERs
- February 2018 - Commission finalized Storage rule – *but not* DER rule.
 - Commission Determined that DER rules needed additional work before being finalized
- September 2020 – Commission finalized DER Rule
- Compliance filings – CAISO and NYISO pending, others due early 2022

Order 2222: Requirements

- Finds existing RTO/ISO market rules are unjust and unreasonable in light of barriers that they present to the participation of DER aggregations in the RTO/ISO markets.
- Defines a DER as “any resource located on the distribution system, any subsystem thereof or behind a customer meter.”
 - May include, but are not limited to, resources that are in front of and behind the customer meter, electric storage resources, intermittent generation, distributed generation, demand response, energy efficiency, thermal storage, and electric vehicles and their supply equipment.
- RTOs/ISOs must amend their tariffs to allow DER aggregators to participate in their markets
 - Defines a DER aggregator as “the entity that aggregates one or more DERs for purposes of participation in the capacity, energy and/or ancillary service markets of the RTOs and/or ISOs.” The DER aggregator is the RTO/ISO market participant, not the DER

Other Notable Requirements

- Heterogeneous aggregations (e.g., storage plus demand response) and single resource aggregations must be allowed
- Minimum individual resource size is 100kW, Maximum individual resource size is 20MW
- Must have a comprehensive and non-discriminatory process for timely review by a distribution utility for addition or removal of individual DERs that comprise a DER aggregation
- Must establish a process for ongoing coordination, that addresses data flows and communication among RTO/ISO, the DER aggregator, and the distribution utility.

State/Federal Jurisdiction

- Commission exercises jurisdiction over the sales by DER aggregators into the RTO/ISO markets.
- But nothing in rule preempts the right of states and local authorities to regulate the safety and reliability of the distribution system.
- The Final Rule establishes a state “opt-in” mechanism for small utilities (4 million MWh or less)
- Commission declined to exercise jurisdiction over the interconnection of a DER to a distribution facility when that resource interconnects for the purpose of participating in RTO/ISO markets exclusively through a DER aggregation. State or local law will govern.

What's Next?

- Two proposals (NYISO and CAISO) currently pending, others due early 2022
- Commission will rule on proposals and may require RTOs/ISOs to make changes if they don't meet the requirements of the rule
- Full implementation across all RTOs/ISOs will likely take several years