

FERC ORDER 2222 & DER POLICY AND IMPLEMENTATION REPORT

September 2024

INTRODUCTION AND WELCOME

Welcome to the first report in a new series that will track and dive deep into DER policy implementation at the state and regional level. Collaborative Utility Solutions is pleased to announce that DOE has hired our team to launch a FERC Order 2222 and DER Policy Implementation Tracker at FERC2222.org. With this report and the website (FERC2222.org), state commission staff, interested researchers and all stakeholders interested in DER policy will have access to the latest and most useful information on FERC Order 2222 and DER policy.

This overall initiative is composed of six primary efforts to support policy makers.

1. Bi-Monthly Report – Beginning with this report in September 2024 and being released at the end of every other month (November 2024, January 2025, etc.), each report will contain three sections
 - a. Current News and New Developments,
 - b. Key Issues Analysis, and
 - c. Tracker Tips and Highlights.
 - d. First Report available: <https://t.ly/2eY3w>
2. Bi-Monthly Webinar – Beginning on October 22nd, 2024, bi-monthly webinars will be held to present current information and allow discussion on topics.
 - a. November 19th, 2024 – Webinar will introduce this initiative and explain how Collaborative Utility Solutions (CUS) will coordinate with policy makers.
<https://t.ly/fKrS3>
 - b. December 12th, 2024 – Webinar to discuss November report and will provide a tutorial on the FERC2222.org website, how to search content and generally how to interact with CUS to develop and make available relevant DER information.
<https://t.ly/Ctevy>

3. FERC2222.org website will be launched in November. The first release of the website will provide access to the new Tracker that will aggregate all policy related to DERs that policy makers share with Collaborative Utility Solutions. This information will be ‘tagged’ by state, ISO, and key issue to allow effective searching. It will also provide a library of key DER-related papers or relevant information. The second release of the website in December will provide secure chat rooms that will allow policy makers a forum to discuss key issues.
4. White Papers – A series of white papers will be developed for key DER topics over the next year.
5. Discussion Groups - The website will host discussion groups to allow policy makers to have conversations on key issues.
6. Library – Key DOE, NARUC, NERC or other papers relevant for policy makers. Not seeking to find every paper, attempting to highlight industry leading efforts to support policy decision and implementation.

In future reports, the title of this introductory section will be “Current News and New Developments”, and it will highlight the most recent noteworthy new developments in FERC Order 2222 and DER policy implementation.

The goal of this initiative is to provide policy leaders developing DER policy a one-stop shop to see what is happening around the country related to DER policy and support a more consistent and collaborative implementation of DER policy.

KEY ISSUES ANALYSIS

In-depth examination of key Order No. 2222 and DER policy issues.

Overview of Key Issues Analysis

FERC issued Order 2222 in September 2020, revising the Commission’s regulations to remove barriers to the participation of distributed energy resource (DER) aggregations in the capacity, energy, and ancillary services markets operated by RTOs and ISOs. This order represents a transformative step in energy market regulations, enabling Distributed Energy Resources (DERs) to contribute more substantially to the wholesale electric market. Order 2222 requires each RTO/ISO to (a) develop tariff provisions that ensure that its market rules facilitate the participation of DER aggregations, (b) allow DER aggregations to participate directly in RTO/ISO markets, and (c) establish DER aggregators as a type of market participant that can register DER aggregations. As of September 2024, all six RTOs/ISOs have filed compliance proposals with FERC, and FERC has issued orders on these filings. Depending on the RTO/ISO, full

implementation of FERC Order 2222 may not be complete until 2030. The next bi-monthly report in November will provide a complete review of the requirements and policies associated with FERC Order 2222 in a ‘2222 History to Date’ format.

FERC Order 2222 will necessitate state and local action. State and local regulatory authorities will need to review their codes and regulations and take actions necessary to allow DER aggregations to exist and operate in their jurisdictions. The integration of DER aggregation will require collaboration among key stakeholders and detailed development of supporting rules and policies to support wholesale market involvement and alignment with utility retail programs.

The following key issues will be the focus of most state implementation efforts.

- **Data Access and Privacy** – Ability of all stakeholders (Electric Distribution Company, Transmission Utility, ISO, Control Area Authority, Scheduling Coordinators, Retail Electric Providers, Customers, Aggregators, Regulators) to have fair access to information about DERs and DER aggregations to effectively enable DERs for utility programs and ISO market products while protecting privacy and enabling required cybersecurity.
- **Governance** – Issues focused on the legal ability of DER aggregation to operate in states and localities, including aggregator registration/certification and codes of conduct.
- **Metering and Telemetry** – Rules for the metering and measurement of DERs and aggregations, particularly the use of sub-metering.
- **Interconnection** – Possible impacts of aggregated DER participation on distribution-level interconnection studies and processes.
- **Aggregation Registration and Review** – Review requirements directed by FERC in Order 2222 and implemented by RTOs/ISOs will necessitate new electric distribution company systems and state and local regulatory rules governing this review.
- **Dual Registration/Double Counting** – Rules governing the ability of DERs to participate in retail tariffs/programs and wholesale markets to ensure there is no double compensation for the same service.
- **Use of Common Information Model (CIM)** – Use of industry-standard common information models to support efficient and cost-effective information exchange.
- **Communications and Control for DERs** – Rules and procedures for communications and control of DERs.
- **Communications between EDC and DERA** – Communications between DER aggregators and electric distribution companies is essential for implementation of FERC Order 2222 and DER aggregator participation in RTO/ISO markets.

- **Coordination** – Coordination between DER aggregators, electric distribution companies, and RTOs/ISOs will be critically needed, including rapid transfer of information during the operating day.
- **Cost and Investment Recovery** – Electric distribution companies will likely need new processes, software, and staff to implement FERC Order 2222. Regulatory authorities will need to determine the prudence and cost-effectiveness of these expenditures and investments.

To assist state and local regulatory authorities in their implementation of FERC Order 2222, each of the issues listed above will be the subject of an in-depth examination and review in upcoming reports. Starting with the report in November, each of these issues will be examined individually in the order listed, starting with Data Access and Privacy.

In each report, this section of the report will describe the issue, identify key implementation issues and challenges, review possible solutions and tools, and provide options for policy.

TRACKER TIPS AND HIGHLIGHTS

Beginning in November 2024, a FERC Order 2222 and DER Policy Implementation Tracker will be publicly available at FERC2222.org. The “Policy Tracker,” to be updated monthly, will assist regulators, regulatory staff, industry stakeholders, and the general public in staying abreast of DER integration activities across the states and RTOs/ISOs. The Policy Tracker is intended to facilitate collaboration among state regulators and interested parties by sharing information on key policy issues listed in the previous section. The Policy Tracker will be searchable by state, RTO/ISO, and policy issue.

Tracking a wide range of key policy issues related to DER integration across the U.S. will be no small task. To that end, state commissions and RTOs/ISOs are invited and encouraged to assist Collaborative Utility Solutions in crowdsourcing information to be included in the Policy Tracker. The value the Policy Tracker can provide will be largely dependent on policy makers sharing information with CUS each month proactively. Specifically, CUS welcomes the opportunity to periodically meet with Commissioners or key staff members at state utility commissions and RTOs/ISOs to hear from you regarding your FERC Order 2222 and DER implementation activities, key dockets, rulemakings, or other proceedings.

Please email Suzanne Bertin (suzanne.bertin@cusln.org) with any updates for your state or organization that you would like to have included in the Policy Tracker, or to arrange a meeting to discuss your state’s or organization’s implementation status.