

Order 2222 Review

February 3, 2021

DIRS

- Review initial PJM staff thoughts around compliance directives for FERC Order 2222
 - Topics to be covered in today's meeting: market participation & interconnection
- After reviewing each topic, open discussion for stakeholder feedback.

- All initial thoughts in this presentation are being provided to help facilitate discussion around certain topics and do not represent a formal PJM position at this time.
- Discussion and feedback from stakeholders on these topics will be used to help inform the straw proposal PJM will be releasing in February, which will include PJM's initial positions on Order 2222 compliance.

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Market Participation

- Market rules for DER aggregations will be broken down into **homogenous** and **heterogeneous** aggregations for market participation.
 - Allows homogenous aggregation to inherit requirements and parameters for the resource type.
 - Energy Must Offer, MOPR floor pricing, Fuel Cost Policy, Capacity Accreditation, Market bidding parameters
 - New requirements will be established for heterogeneous aggregations (rules under discussion; considering a “least common denominator” approach).
- DER Aggregations will not have a capacity market must offer requirement.
 - Intermittent Resources, Capacity Storage Resources, Demand Response, Energy Efficiency are categorically exempt from offering CP (status quo).
 - Individual DER within DERA will not be granted CIRs (no deliverability guarantee), therefore will also be categorically except from capacity must offer.

Participation Model – Performance Aggregation

- Capacity: DER Aggregations will be allowed to utilize Commercial Aggregation for Capacity Performance.
 - This will extend netting and performance aggregation rules to DER aggregations.
- Regulation: Performance aggregation will also be allowed in Regulation utilizing the Performance Group framework to allow performance score sharing.
- Reserves: Performance aggregation allowed for sync reserve events (must be same market participant) for DER aggregations that were assigned or self-scheduled reserves during a reserve event.



Interconnection

- DER resources will have the option to utilize the applicable state interconnection process without entering the PJM queue if solely participating in a DER Aggregation, provided the following conditions are satisfied:
 - The DER satisfies the state interconnection requirements to interconnect and be eligible to participate in PJM’s wholesale market.
 - The impact of DERs interconnected solely through state interconnection processes can be adequately represented in PJM load models for transmission planning purposes such that the net injection of the DERs in an aggregation do not inject onto the transmission system.
- DER Aggregations will also not go through the PJM queue, but rather a registration process, similar to DR today.

- Resources participating in a DER Aggregation would not receive CIRs. They will still be able to participate in the capacity market with a nominated capacity value.
 - DERs that go through the state interconnection process will not be subject to study by PJM through the New Services Queue process.
- All resources will still have the opportunity of going through the queue and obtaining CIRs, if they choose, or if a state interconnection process is unavailable.
 - Status quo

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DER Aggregation



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