

# Order 2222

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IMM



Monitoring Analytics

# Competition Is Key.

- **Keys to a competitive market for distributed energy**
  - **Correct definition of distributed energy resources**
    - DERs are small.
  - **All resources receive the same payment, and only one payment, for services.**
  - **Accurate identification of costs imposed on the transmission and distribution grids.**
  - **A level playing field in terms of**
    - Access to the market
    - Information about the distribution system
    - Access to customers



# DERs Are Small.

- **The purpose of Order 2222 is to create access to the market for resources too small to participate.**
- **This means that resources that can participate under the current rules are in most cases not DERs.**
- **Size requirements are necessary to ensure that larger resources do not use DERA rules to gain advantage.**
  - **Max size for a single DER**
  - **Max size for an aggregation**
- **How do we ensure that 100 x 1 MW batteries at a single site are not treated as a DERA?**

# Payment Structures

- **Generation, load, and demand response are currently separate in the PJM market.**
- **Order 2222 begins to combine and mix them.**
- **Net Energy Metering retail programs**
  - **Resources should not be paid twice for the same services through both net metering and the PJM market.**
  - **Different net metering participation rules by state or by EDC would create unfair advantages in the market.**
- **Demand response with injection as a PJM DERA**
  - **Possible to pay the same resource for the same services using two methods: DR rules vs. generation rules.**

# Transmission Impacts

- **The impact of DERs on the transmission and distribution systems should be correctly identified and costs correctly allocated.**
- **PJM and the EDCs are best positioned for this analysis.**
- **Order 2222 does not require the PJM interconnection process for DERs.**
- **PJM needs to analyze the effects of growth of DERs in EDCs to properly define the impact on the grid and to allocate those costs.**

# The EDC Role

- **The EDC is the distribution grid operator.**
  - **For the wholesale markets, the grid operator cannot participate in the markets.**
    - PJM cannot have affiliates that participate in the markets.
    - PJM board members and employees cannot participate.
  - **The grid operator should avoid even the appearance of a conflict of interest in the market.**
- **Inherent advantages of the EDC in the DER market**
  - **Cost of service regulation**
  - **Data and knowledge of the distribution system**
- **EDC role: reliability, interconnection, and dispatch**

**Monitoring Analytics, LLC**

**2621 Van Buren Avenue**

**Suite 160**

**Eagleville, PA**

**19403**

**(610) 271-8050**

**[MA@monitoringanalytics.com](mailto:MA@monitoringanalytics.com)**

**[www.MonitoringAnalytics.com](http://www.MonitoringAnalytics.com)**

