

# DER Participation in Wholesale Electricity Markets

## Technical Challenges and Opportunities

Erik Ela  
University of Texas School of Law  
18<sup>th</sup> Annual Renewable Energy Law Institute and Essentials  
January 31, 2023

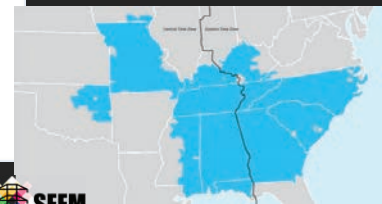
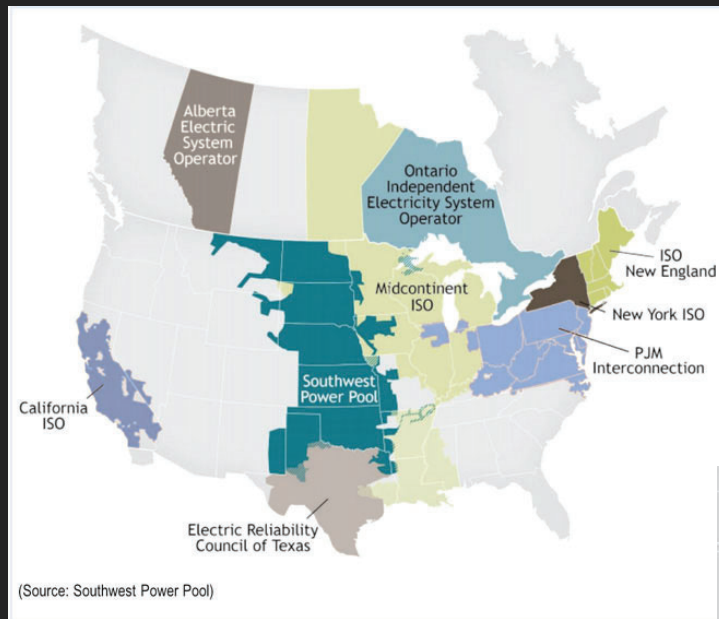
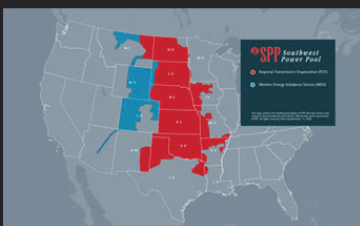
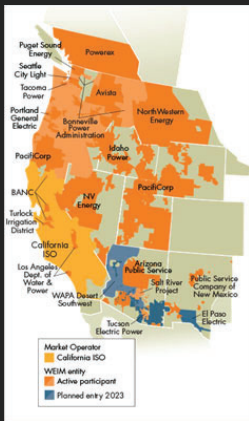
www.epri.com

© 2022 Electric Power Research Institute, Inc. All rights reserved.



1

# RTO/ISO Wholesale Markets in North America



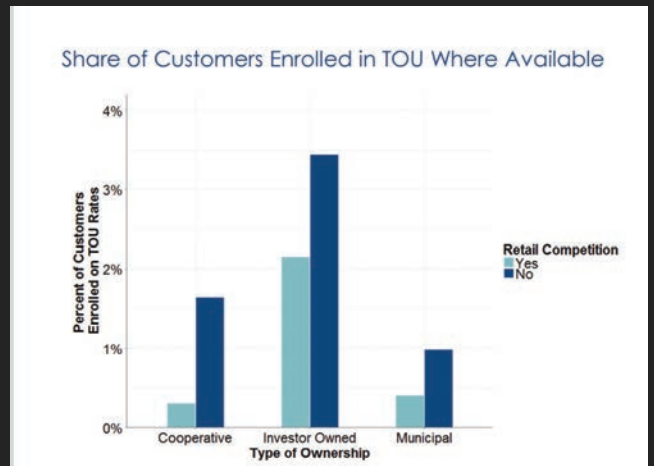
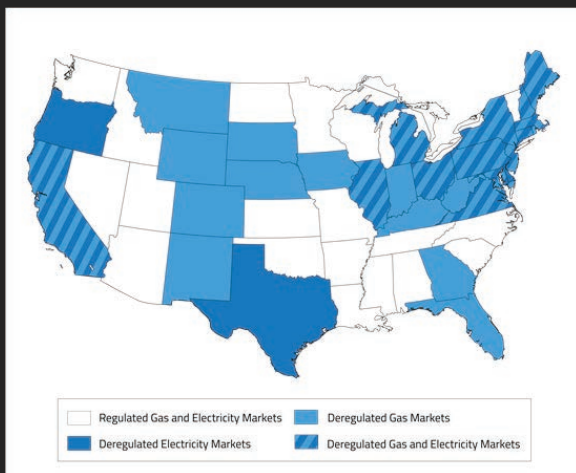
2

© 2022 Electric Power Research Institute, Inc. All rights reserved.

EPRI

2

# U.S. Retail Electricity Markets



[https://www.brattle.com/wp-content/uploads/2021/05/17904\\_a\\_survey\\_of\\_residential\\_time-of-use\\_tou\\_rates.pdf](https://www.brattle.com/wp-content/uploads/2021/05/17904_a_survey_of_residential_time-of-use_tou_rates.pdf)  
 Note: Prior to California launch of TOU as default  
 Province of Ontario: 90% enrolled

Retail rates are regulated by **state** utility commissions or other local retail regulatory authorities

3

# North American ISO and RTO Characteristics

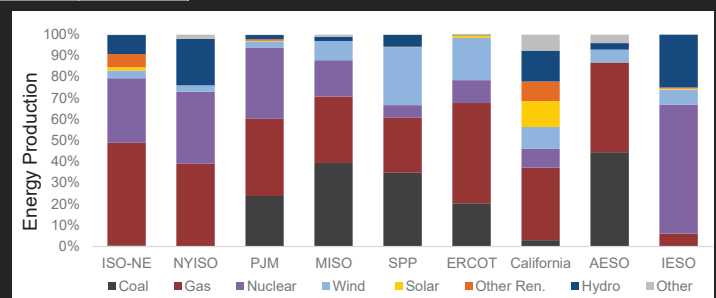
	Total Market Volume (\$B)	All-in-Price (\$/MWh)	Energy (\$B)	Ancillary Services Markets (\$M)	Uplift (\$M)	Financial Transmission Rights (\$M)	Capacity Market (\$M)
AESO (CAD\$)	5.7	46.72	3.9	148	0.75	N/A	N/A
CAISO	8.9	42.41	8.77	199	126	70	N/A
ERCOT	11	27.70	10	382	370	726	N/A
IESO (CAD\$)	18	13.9	1.8	71.5	148.1	36.3	N/A
ISO-NE	8.1	69	3.0	103	25.7	(0.8)	2,700
MISO	22	24.50	15	47	96	609	179
NYISO	6.1	38	3.5	125	41	244	2,040
PJM	33.64	44.57	16.171	544	90	681.4	7,023
SPP	16.16	20.05	10.7	84.7	104	705	N/A

Wholesale Electricity Market Design in North America: 2021 Review. EPRI, Palo Alto, CA: 2022. 3002021813.

Older, public version:  
<https://www.epri.com/#/pages/product/000000003002009273/?lang=en>

	PJM	ISO-NE	NYISO	MISO	SPP	ERCOT	CAISO	AESO	IESO
Wholesale Market Regulator	FERC	FERC	FERC	FERC	FERC	TX PUC	FERC	AUC	OEB, CA NEB
Resource Adequacy	FERC	FERC	NYSRC, FERC	FERC/states	FERC/States		CPUC, FERC		OEB
Organization representing state interests	OPSI	NESCOE	NY PSC	OMS	SPP RSC		CPUC		

FERC: Federal Energy Regulatory Commission. TX PUC: Texas Public Utility Commission. AUC: Alberta Utilities Commission. OEB: Ontario Energy Board. CA NEB: Canada National Electricity Board. NYSRC: New York State Reliability Council. CPUC: California Public Utility Commission. OPSI: Organization of PJM States Incorporated. NESCOE: New England States Committee on Electricity. NY PSC: New York Public Service Committee. OMS: Organization of MISO States. SPP RSC: SPP Regional States Committee.



4

# FERC ORDER 2222

## A High Level Overview



### What is a DER? What is a DER Aggregator?

**DER:** any resource located on the distribution system, any subsystem thereof or behind a customer meter

**DERA:** Entity that aggregates one or more DER for purposes of participation in RTO and ISO markets

### What are the Key Implementation Challenges?



### How Does 2222 Enable DER to Participate in ISO/RTO Markets?

#### Key Eligibility Requirements

- All DER technologies can **heterogeneously** aggregate to meet RTO/ISO requirements, if aggregation is at least **100 kW** in size
- Existing and/or new **participation models**
- Aggregation as **geographically broad as technically feasible**
- Data, bidding, metering, and telemetry for **DERAs** **balanced** with existing requirements, but reduce burden on **DERs**
- Limit compensation for the **same service** in other programs

#### What is the Timeline?

ISO tariff modifications due 7/19/21, All have been submitted, 2 have received FERC compliance orders.

**ORDER 2222 enables DER participation in ISO/RTO Markets**

#### Who does this impact?

- Customers
- DER
- Aggregators
- Distribution
- Utilities
- RTOs/ISOs
- Regulators

### How Will Market Participation Be Coordinated?

• **Main market interface:** RTO/ISO ↔ AGGREGATOR

#### • Key Elements of Coordination

- Distribution utility **preclears** DER to join an aggregator
- Distribution utility may **override** DERA schedule to ensure distribution system safety and reliability
- **Data sharing** practices between all parties
- **Retail rate authorities** involved in coordination
- Allow regional **flexibility**, no explicit **coordination framework**

#### Relevant Research Areas



# EPRI FERC O2222 Collaborative Forum



650+ individual participants from 32 companies  
4,000+ cumulative attendees



Over 45 unique webcasts



Summary, history and gap assessment



11 workstream guides



DERA Use Case Survey Tool



Final Implementation Roadmap Report



Bringing together key stakeholders to ensure the reliable and economic participation of distributed energy resources in wholesale electricity markets and establishing a research and development roadmap

#### Participation



■ ISOs ■ Utilities ■ Other



Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](https://utcle.org/elibrary)

Title search: DER Participation in Wholesale Electricity Markets

Also available as part of the eCourse

[2023 Renewable Energy Law eConference](#)

First appeared as part of the conference materials for the  
18<sup>th</sup> Annual Renewable Energy Law Institute session

"Distributed Energy and Virtual Power Plants: Regulatory Challenges and Opportunities to Leverage Consumer-Driven Electrification "