

# FERC Order No. 2222

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# Background – What is FERC Order No. 2222?

- Federal Energy Regulatory Commission (FERC) Order No. 2222 is a federal energy regulation that enhances opportunity for distributed energy resources (DERs) to participate in electricity markets operated by regional grid operators.
- The rule permits multiple sources of DERs to participate through aggregations which combine their resources to meet minimum size and performance requirements.
- Goal is to remove barriers and level the playing field for DERs to compete in regional organized wholesale markets.

# Distributed Energy Resources (DERs) Defined

- FERC defines DERs as small-scale power generation or storage technologies (1 kW to 10,000 kW) that can provide an alternative to or an enhancement to the traditional electric power system.
- Examples of DERs may include electric storage, intermittent generation (ex. solar panels), distributed generation, demand response, energy efficiency, thermal storage, or EVs and their charging equipment.

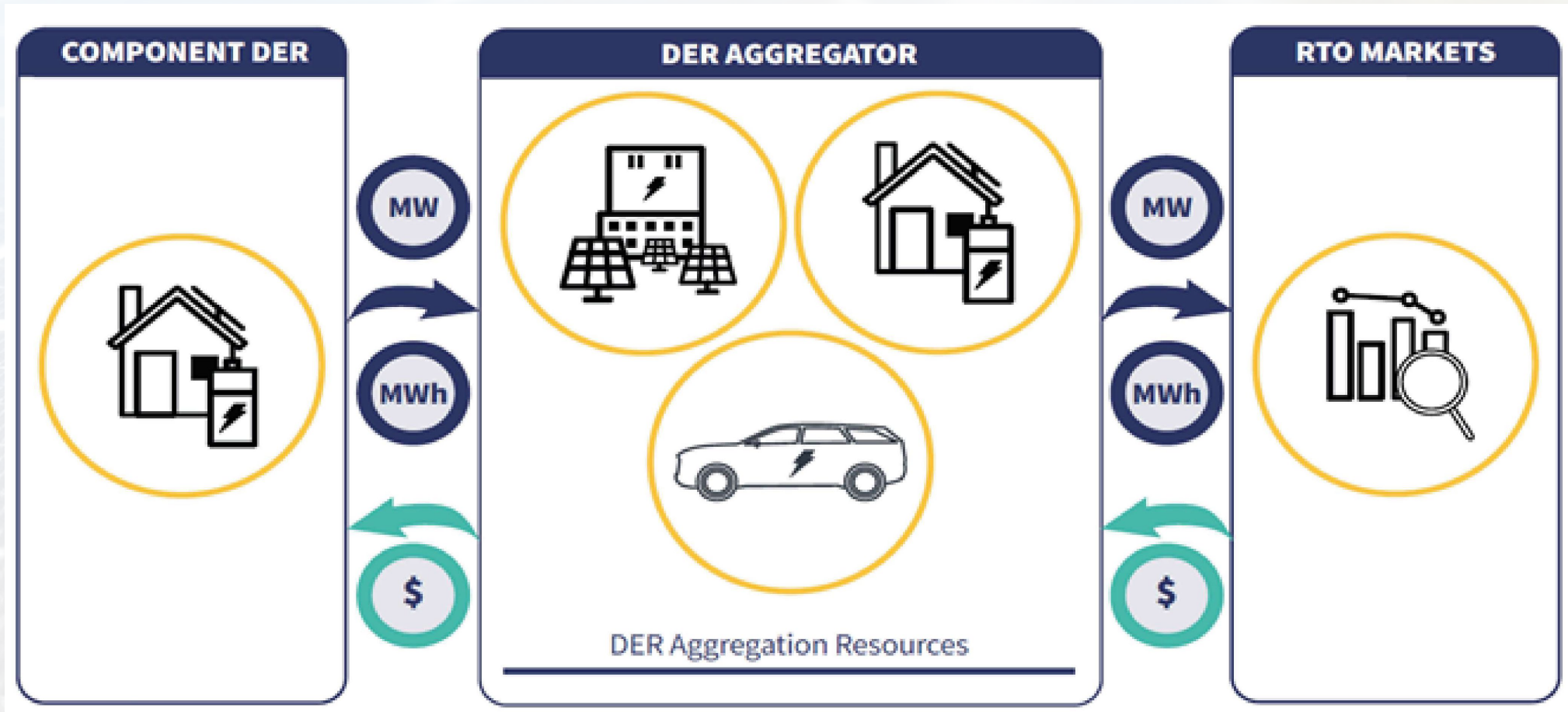




# How Does it Work?

- FERC 2222 enables DER aggregations to participate directly in markets operated by Regional Transmission Organizations (RTOs) and Independent Service Operators (ISOs), including the NYISO.
- A DER aggregator must be established as direct market participant that will combine the output of a single component DER with the output of other DERs to build an “aggregation” of sufficient size to qualify.
- DER aggregations must be sized to at least 100 kW.
- The DER aggregator bundles the energy products together and delivers them to the RTO or ISO market directly for compensation.

# DER Aggregation in Practice





# Benefits of the Order

“This rule enables DERs to participate alongside traditional resources in the regional organized wholesale markets through aggregations, opening U.S. organized wholesale markets to new sources of energy and grid services.”\*

- Benefits Include:
  - Lower cost for consumers through enhanced competition
  - Increased grid flexibility and resilience
  - Increased innovation within the industry
- Enhanced competition and efficiency of RTO/ISO markets.
- Improved wholesale power markets for more just and reasonable pricing.

\*<https://www.ferc.gov/media/ferc-order-no-2222-fact-sheet>

# Timeline for Implementation – New York

- **New York ISO (NYISO)** - FERC approved the NYISO plan to implement Order No. 2222 no later than 12/31/2026.
- NYISO is seeking to allow participation by DER aggregations in its markets in 2024 pursuant to a prior initiative.



# Questions on FERC No. 2222?

- For information on NYISO's Wholesale Market Aggregation, including requirements for applying as an aggregator or to participate within an aggregation, please visit the NYISO's website at <https://www.nyiso.com/>.
- Additionally, Central Hudson has established a website with utility-related information and requirements here: <https://www.cenhud.com/en/my-energy/distributed-generation/new-york-iso-wholesale-market-aggregation-ferc-2222/>

