CADRE -- Coalition Advancing DER Regulation Efficiency

Best Practices for State-level DER Regulations

1) **Define DER and DERA** – Distributed Energy Resources ("DER") and DER Aggregators are new wholesale market participants, enabled by FERC Order No. 2222. It is inappropriate to apply existing regulations to DER and DERA without a comprehensive review of the applicability of those regulations. DER and DERA are federally regulated, wholesale electricity market functions and need to interact with the EDCs to facilitate service to customers.
2) **Licensing** – DERA Licensing may be appropriate in order to facilitate effective metering and customer-related data transfers in a timely manner.
3) **Interconnection** – costs for interconnections should be tariff-based and fixed to a $/kW charge or socialized across all distribution customers. Interconnection processes should be automated, streamlined and have defined utility response times at every step of the process.
4) **Metering** – Enable device level metering and develop metering systems that will provide customers and their DER agents access to real-time metering data.
5) **Cost Allocation** – Allow flexibility. DERs participating in wholesale markets will reduce energy costs for all customers. Minor distribution costs flowing to ratepayers will be offset by savings on energy, capacity and ancillary service charges.
6) **Dispute Resolution** – Enable rapid dispute resolution processes. EDC rejection of DER registrations and EDC dispatch overrides will be costly to consumers and DER service providers. Commissions should work to enable rapid solutions to EDC/DERA disputes on these issues.
7) **EDC Dispatch Overrides** – Process should be transparent and if found to impose unnecessary costs on DERA, the EDC should be responsible for those costs and those costs should not be recoverable in distribution rates.
8) **Double Compensation** – Understand the difference between the same resource providing multiple services and the same resource being compensated twice for the same service. The former should be expressly allowed.
9) **EDI Upgrades** – Data needs for effective DER services will be robust. PUCs should begin the journey of investigating DERA needs and implementing modern data transfer protocols at EDCs.
10) **Distribution Level Benefits** – DERs can provide tremendous distribution benefits if EDCs utilize the resources (built at no cost to the EDCs) to manage distribution constraints.
11) **EDCs acting as DERAs** – in restructured energy markets, EDCs should not be allowed to use regulated retail resources to compete with DERAs in competitive wholesale energy markets.
12) **Billing** – Waive existing retail billing requirements for DER services. Allow and encourage flexibility. If a DER product cannot be billed appropriately, it cannot be sold to a customer.
13) **Equity** – Recognize that DER market participation benefits all customers. Enable programs to support lower-income customers who wish to participate in DER markets.

For more information, see CADRE Coalition's Comments on Pennsylvania's ANOPR Order in PA Docket No. L-2023-3044115 which can be found at: https://www.electricadvisorsconsulting.com/testimony-published-articles/. Or contact us at frank@eacpower.com or 610-793-2809.

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