

DER Integration and Compensation: Developing Tools for State Decision Makers Project Overview

Project: NARUC and NASEO will convene and support state members in understanding the impact of their decision making related to the connection, operation, and compensation of distributed energy resources (DERs)---within the distribution grid, bulk power system, and wholesale energy markets. NARUC and NASEO will provide information, tools, access to experts, and peer sharing opportunities that assist members with FERC Order 2222 implementation in RTO/ISO regions and State oversight of customer-distribution-transmission (TDC) coordination outside of RTO/ISO regions.

Premise: State utility commissions and state energy officials are increasingly being faced with novel technical issues and policy decisions related to the integration of distribution-connected energy resources. Almost every aspect of the electric utility can be impacted by DER growth, while retail and wholesale rules will also become more intertwined. Policy makers will need to consider many technical and economic issues to prepare for a variety of future paths that are changing rapidly. Ultimately, state energy decision makers individually and collectively want to ensure that these resources are connected and operated in a way that is safe, fair, and supports state goals.

State energy offices have roles in direct and indirect DER program implementation, input and advocacy on needed state-level policy change, and influence in grid planning proceedings.

State utility regulators will have the primary responsibility for oversight of distribution utility actions in response to FERC Order 2222 and other regional and state policies enacted through law or executive action. They will be required to initiate related processes and/or respond to utility proposals to craft tariffs, rules, and other provisions that enable TDC coordination inside and outside of RTO contexts, while incorporating other state-level policy requirements.

Approach: Convene an advisory group of state executives from NARUC and NASEO membership with diverse regional perspectives to guide the project over 18 to 24 months. Facilitate combinations of expert-led training; peer sharing; identification of key questions, challenges, and priorities; guided resource development; and related activities. Ultimately, NARUC and NASEO will produce a comprehensive set of resources and a tool kit on decision pathways that will be relevant to all NARUC, NASEO, NASUCA, and other “N-group” members. Staff will leverage and incorporate expertise from DOE, National Labs, EPRI, Advanced Energy Economy, ESIG and others.

Objectives:

- Inform key state decision makers
- Raise and evaluate risks and opportunities of different decision options
- Bring different perspectives to the table

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