

'Game-changer': FERC order opens door for renewables

Arianna Skibell, E&E News reporter Published: Friday, September 18, 2020



The Federal Energy Regulatory Commission cleared the way yesterday for distributed energy resources like rooftop solar to compete in wholesale power markets. PosiGen Inc.

The Federal Energy Regulatory Commission yesterday voted 2-1 to remove market barriers for rooftop solar and other distributed energy resources in a long-awaited move that could boost technologies including electric vehicles to "smart" appliances.

Republican Chairman Neil Chatterjee and lone Democrat Richard Glick championed the draft market rule, called Order No. 2222, lauding it as fueling the transition to a clean energy economy. Republican Commissioner James Danly, the only other sitting appointee, voted against the measure in a rare show of dissent with Chatterjee.

"Order 2222 is a landmark, foundational rule that paves the way for the grid of tomorrow," Chatterjee said during the meeting. "I am honored to be at the helm of the agency as we bring this critical rule across the finish line and continue to navigate our nation's energy transition."

The order enables distributed energy resources, or DERs, to participate in regional wholesale energy markets, opening a new way for them to make money and potentially grow. DERs can include electric storage, distributed generation like solar, demand response programs,

energy efficiency, thermal battery storage, electric vehicles and even smart appliances like dryers.

Regional grid operators must now revise their tariffs to allow DERs to aggregate and participate in markets.



Neil Chatterjee. Federal Energy Regulatory Commission

Glick praised the new order as "great for enhancing grid reliability, expanding market competition and reducing customer electric costs."

"I want to commend Chairman Chatterjee for working with me and my team to help get this much-anticipated final rule over the finish line. I appreciate his persistence and leadership on this important matter," he said.

Danly offered little explanation for his vote against the order during the meeting, pointing instead to his written dissent. There he said that he voted against the measure because "regardless of the benefits promised by DERs, the Commission goes too far in declaring the extent of its own jurisdiction and because the Commission should not encourage resource development by fiat."

"If the promises of DERs are what they purport to be, the markets will encourage their development," he said. "Commission directives are unnecessary to encourage the development of economically-viable resources."

Chatterjee thanked former Democratic FERC Chairman Jon Wellinghoff for his guidance and said the rule is the fulfillment of a promise he made to Democratic Sens. Sheldon Whitehouse of Rhode Island and Ed Markey of Massachusetts.

"We agreed that the work the Commission was doing to unleash the power of emerging technologies was, as I now like to say, a game-changer," he said.

Chatterjee pointed to an Edison Electric Institute model that estimates there will be almost 19 million electric vehicles on the road by 2030.

"When those vehicles are charging, say, in our garages, they amount to a significant energy resource that could — over time, using the power of advanced technologies — be managed through aggregations to provide a range of services in our organized energy markets," he said.

"By unleashing the power of EVs in this way, we have the ability to further drive down costs in our markets and bolster grid resilience," as well as curb emissions, Chatterjee added.

He told reporters Order No. 2222 is named to "honor the women in my life." His wife and daughter's birthdays are Feb. 2 and Oct. 22, respectively. "Two is a significant number in the Chatterjee household," he said.

The new rule builds on FERC Order No. 841, which removes market barriers for storage technologies like batteries ([Energywire](#), July 14).

Louis Finkel, senior vice president of government relations for National Rural Electric Cooperative Association, which opposed Order No. 841, said FERC had recognized the need for flexibility by including an opt-in provision for small utilities in its latest order.

"It is important that the Commission has recognized the challenges that this order could pose for small utilities, including virtually all distribution co-ops," he said in a statement. "Local control is critical, because every co-op is different and is uniquely positioned to meet the specific needs of the community it serves."

Clean energy advocates cheer

The new rule drew praise from across the renewable energy sector. Katherine Gensler, vice president of regulatory affairs for the Solar Energy Industries Association, said the order will enable solar power to supply 20% of the U.S. electricity generation by 2030.

Jeff Dennis, managing director and general counsel for Advanced Energy Economy, called the order a "boon to American innovation that will save customers money while reducing carbon emissions."

Gregory Wetstone, president and CEO of the American Council on Renewable Energy, praised the rule but blasted FERC for inconsistent policymaking, pointing to the agency's separate move this month to block proposed market changes by New York's grid operator aimed at better aligning with the state's clean energy goals ([Energywire](#), Sept. 8).

"Unfortunately, FERC is working against this principle in the nation's capacity markets by continuing to erect barriers to the entry of new technologies ... through the use of minimum offer price rules," Wetstone said in a statement.

"While today's order on distributed energy resources follows in the forward-thinking footsteps of Order No. 841 on energy storage, no market can be free until arbitrary resource-specific price floors are eliminated," he said.

Renewable advocates continue to take issue with an order FERC issued late last year that they say hurts renewable and nuclear energy resources' ability to compete in capacity markets run by PJM Interconnection LLC, the nation's largest grid operator.

While the commission's Republican majority argued that the changes were needed to ensure that competitive markets were not suppressed by any individual state's policy goals, the move prompted many states to weigh a market exit ([Energywire](#), June 8).

Tolling orders

In a separate move yesterday, FERC announced how it intends to comply with a recent court order, which mandated a new approach for addressing complaints from landowners in the paths of pipelines.

Last June, the U.S. Court of Appeals for the District of Columbia Circuit ruled that FERC could no longer use "tolling orders" to delay legal challenges to projects like natural gas pipelines, restoring a 30-day deadline for the agency to respond to landowners who object to its decisions ([Greenwire](#), June 30).

Tolling orders allowed FERC to put off responding to requests for rehearing and blocked challengers from bringing their concerns to court, while simultaneously allowing project construction to move forward. The court held that FERC had to stick to a statutorily mandated 30-day time frame to decide whether to accept a rehearing request.

Chatterjee and Glick have said 30 days is not enough to respond to requests for rehearing and have asked Congress to amend the Natural Gas Act to grant more time ([Energywire](#), July 6). FERC's amended [procedure](#), announced yesterday, effectively allows challengers to take their claims to court after 30 days if FERC has not given a definitive ruling. But it also allows FERC to maintain some control over the process beyond the 30-day deadline.

"Whether this is legal is up for debate," said Gillian Giannetti, an attorney for the Sustainable FERC Project. "The bottom line here is that FERC is making it very clear it doesn't think 30 days is enough time for it to do a substantive review on rehearing and that there's going to be more ink spilled about this, either in the courts, in Congress or both."