

NEM & Double Counting

Area	FERC Directive	DISRS Discussion
NEM	Do not allow A/S by default and allow co-located NEM resources to participate, without the same exclusions as NEM DER.	June
Double Counting	Change the tariff provision for “product credited” to “product provided”.	June

NEM & Double Counting

136. We agree with PJM that the proposal is narrowly designed because it does not broadly limit or restrict the participation of a Component DER that participates in a retail program from participation in PJM’s markets.²⁴¹ However, PJM’s proposed tariff requires ***an assessment of whether the “same product is not also credited”*** rather than whether, as the Commission discussed in Order No. 2222, the *same service is being provided* by the Component DER

... the Pennsylvania Commission explains that a generator that provides energy as part of a net metering program is compensated through a fully bundled retail rate, which includes compensation for services other than energy, such as capacity and ancillary services.

... the PAPUC determined that ‘full retail value’ is the fully bundled retail rate, which includes generation, transmission, capacity, ancillary services and distribution PJM’s proposed tariff fully complies with this requirement. Accordingly, we direct PJM to file, within 60 days of the date of the issuance of this order, a further compliance filing ***to clarify why Tariff, Attachment K-Appendix, section 1.4B(h) and Operating Agreement, Schedule 1, section 1.4B(h) assesses whether the “same product is not also credited as part of a retail program”***

138. However, we find that PJM’s double counting proposal is unclear with respect to Component DER that wish to provide ancillary services in PJM’s markets. PJM states that ancillary services would not be provided by Component DER participating in a net energy metering retail program, and that such Component DER could provide ancillary services in PJM without constituting a double counting concern. (246) We note, however, certain state net metering tariffs currently include compensation for ancillary services. (247)

So we recognize Indicated Utilities’ concern that resources participating in a net energy metering retail program may have “opportunities to receive an energy credit or payment equivalent to full retail rates that fully compensates them for all services that they offer for energy, capacity, and ancillary services....”²⁴⁸

...Therefore, we agree with Indicated Utilities that PJM’s proposal is ambiguous as to whether Component DER can be precluded from providing ancillary services in PJM markets and being compensated for doing so on the basis of double counting concerns.

250. Accordingly, we direct PJM to file, within 60 days of the date of the issuance of this order, a further compliance filing that ***explains whether, pursuant to Tariff, Attachment K-Appendix, section 1.4B(h) and Operating Agreement, Schedule 1, section 1.4B(h), and consistent with PJM’s further compliance filing discussed above,²⁵¹ Component DER can be precluded by either PJM or an electric distribution company from providing ancillary services in PJM markets due to double counting***

concerns. Further, we direct PJM to ***clarify whether, pursuant to Tariff, Attachment K-Appendix, section 1.4B(b)(iv) and Operating Agreement, Schedule 1, section 1.4B(b)(iv), an electric distribution company during its review may raise concerns about whether Component DER should be precluded from providing ancillary services in PJM markets to avoid double counting.***

141. Accordingly, we direct PJM to file, within 60 days of the date of issuance of this order, a further compliance filing ***to explain how its proposed general exclusion from the energy and capacity market of Component DER that are not participating in net energy metering retail programs but are located at sites where at least one resource is participating in a net energy metering retail program is narrowly designed, and if necessary, to revise its restriction.***

EDC Comments & Position:

- Double counting of NEM and other DER resource type program participation decisions should remain within the jurisdiction of the RERRAs via the EDCs and LSEs administering the validation process. NEM tariffs; while RERRA jurisdictional, are state mandated requirements with NEM tariffs being unique by state, however with some common elements such as retail rate credits for all wholesale market charges which when implemented allow customers to obtain market revenues while not being able to access wholesale markets directly.
- EDC position is the customer is either NEM or wholesale (not both initially) and that the NEM tariffs would need to be modified to address PJM market participation and other requirements needed for additional co-located DER types including battery storage.
 - If a NEM elects to participate in the wholesale market with other non-NEM resources, it should be afforded the opportunity to be removed from the retail NEM and will require discussions with the NEM, EDC/LSE and DER Aggregators.
- Many EDC DER type programs (including EE, DR, Battery Storage) currently offered to retail customers have RERRA requirements for wholesale market participation via the EDC. A Double Counting review of each Component DER type will be required by the EDC and/or LSE.
- The EDC respectfully submits we believe it is bad policy for PJM to ignore the risks associated with Planned DER resource submissions being offered by DER Aggregators for PJM market participation before a double counting review in conjunction with RERRA guidance and or participation approval by the EDC/LSE is completed.
- “Product credited” versus “product provided” - EDCs like PAPUC prefer the original language in PJM’s 5.25.2023 presentation, slide 5 (section 1.4) regarding “Product credited” versus “product provided”. The change made in the latest revision further supports and allows double-counting for service in PJM. Under the FERC Order, distributed energy resources receiving compensation for the same services as part of another program cannot participate in the wholesale market via a DER Aggregation. EDCs prefer uses of “credit” such that it aligns with existing State laws that requires full credits to be provided. The NEM tariff credits were designed to allow customers to obtain full wholesale market benefits for their exported energy without having to participate in markets directly, and which were not available at the time NEM tariffs were implemented.