

Elimination of “First Use” for Distribution-Level Interconnections in PJM

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Markets & Reliability Committee
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Require PJM resources interconnecting at the distribution level to get a state/local-jurisdictional Interconnection Agreement (*i.e.*, go through the PJM WMPA process), as opposed to a FERC-jurisdictional interconnection agreement (*i.e.*, go through the full PJM GIA process).

FERC Regulation

State/Local Regulation

Transmission
PJM

Distribution

After “first use,” local distribution facility becomes a “dual-use” facility.

State/local regulation of local distribution facilities

First interconnection
to make wholesale sales/
transmit in interstate commerce
(State or local IA/PJM WMPA)

All subsequent
interconnections to
“dual-use” facility to
make wholesale sales/
transmit in interstate commerce
(FERC, PJM GIA)

Tariff, Attachment K-Appendix, Section 1.4B(o)

(o) Component DER interconnecting to distribution facilities for purposes of participating in the energy, capacity, and/or ancillary services markets of PJM exclusively through the DER Aggregator Participation Model shall not be subject to the Part IV of the Tariff relating to interconnections with the Transmission System, and shall exclusively interconnect to distribution facilities pursuant to applicable state or local law.

March 1, 2023 Order No. 2222 PJM Compliance Order (Docket No. ER22-962; 182 FERC ¶ 61,143)

“We find that PJM’s proposal complies with Order No. 2222 with respect to interconnection. PJM’s proposal is consistent with the Commission’s decision to decline to exercise jurisdiction over the interconnections of distributed energy resources to distribution facilities for the purpose of participating in RTO/ISO markets exclusively as part of a distributed energy resource aggregation.”

**June 29, 2022
(ER22-2226):**

ISO-NE makes a 205 filing to eliminate “first use” – require ***all*** new individual DER interconnect through the applicable state/local interconnection process.

Aligns with FERC’s reasons for disclaiming jurisdiction over all DER interconnections in Order No. 2222:

Dramatic increase in the number of “dual use” facilities	Difficulty for TOs in tracking all “dual use” facilities	Confusion among DER developers regarding which rules (ISO-NE or state/local) apply	Concern with overwhelming ISOs/RTOs with DER interconnection requests	State and local authorities are better situated to set the rules for DER interconnection to local distribution facilities
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ISO-NE will continue to conduct the analyses to determine if DER could have an adverse impact on the reliability or operating characteristics of the ISO-administered system or any other affected system [Proposed Plan Application (“PPA”) process].

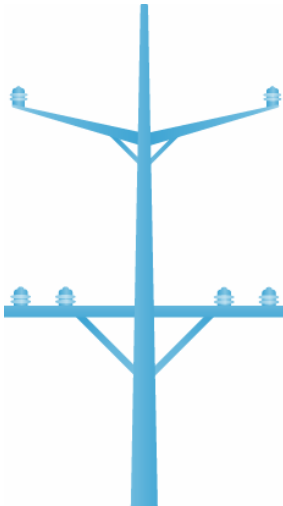
Aug. 26, 2022:

FERC approves (no dissents).

- Promotes certainty, reduces burden on ISO-NE.
- Advances the objectives of Order Nos. 2003 and 2006 by increasing energy supply and lowering wholesale prices via increasing variety of new generation, while ensuring reliability.

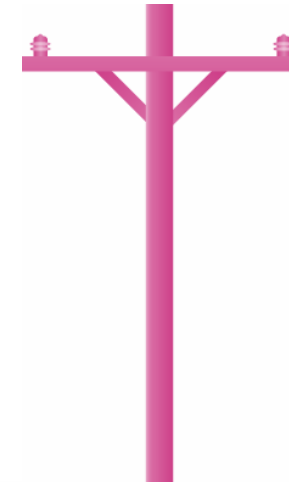
“Bright-Line” Test

≥69 KV



69kV and above is presumed FERC-jurisdictional transmission (PJM GIA process)

<69 KV



below 69kV is presumed state/local jurisdictional distribution (State/local IA + PJM WMPA)

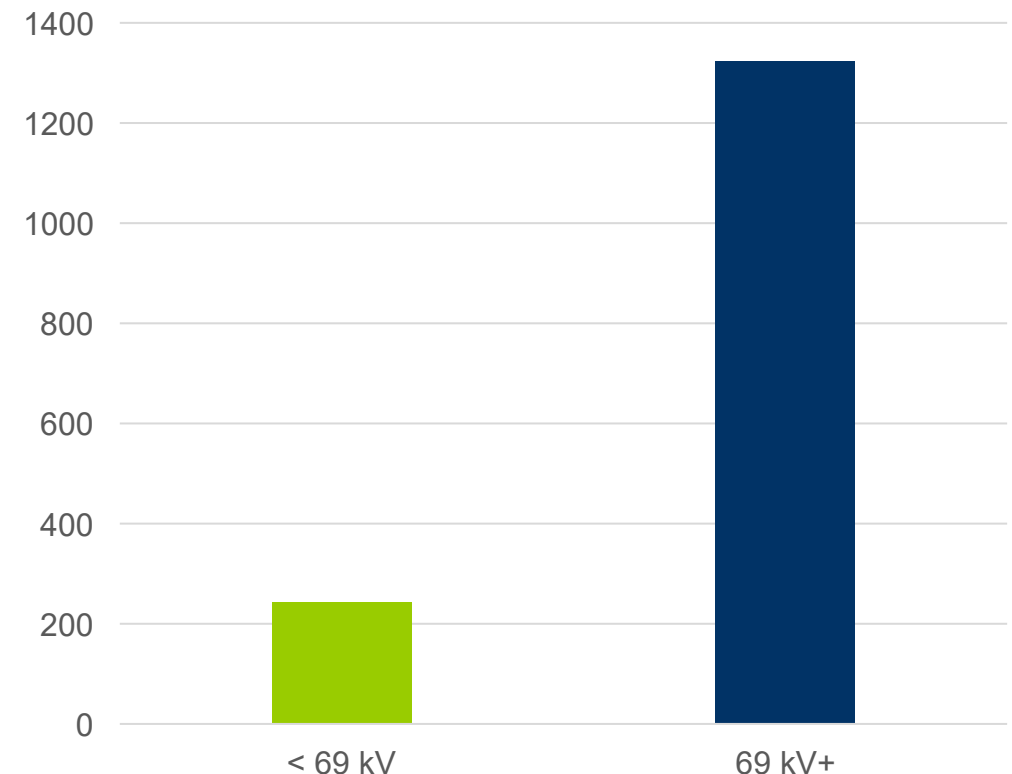
unless the applicable TO and FERC or a RERRA have otherwise jurisdictionally classified the asset as transmission or distribution for cost-recovery purposes.

- Dispute resolution procedures that specify how state/federal issues within disputes should be addressed (consistent with similar Order No. 2222 language)
 - Disputes can be resolved:
 - Bilaterally;
 - In accordance with state/local law; or
 - Using the dispute resolution processes under the PJM Tariff (must be invoked within 5 Business days of the kick off call & Applicant must not waive the kick off call).
 - Any dispute resolution process initiated under either state or local law or the PJM Tariff must be resolved no later than the commencement of Phase I.
- Nothing prevents any party from submitting a complaint to FERC under FPA section 206.
 - Effective Date:
Sometime in 2026
(12/31/9998) - coincident with the announcement of the application deadline for Cycle 1.

- PJM estimates that roughly **12-15%*** of projects, from the time that WMPAs were introduced until now, would have been impacted by the change in first-use concept.
- This was determined using historical projects that executed an ISA/GIA, but would likely have qualified for state/local interconnection procedures and agreement.

***Note: This estimate is conservative, because it only includes projects that completed the interconnection process and signed an ISA/GIA. It does not capture any projects that withdrew *prior* to the execution of an ISA/GIA.**

Historical ISAs/GIAs by POI



Source: [PJM Serial Service Request](#) (as of 5/28/2025)

- **Interconnections of Qualifying Facilities (“QFs”) under PURPA.**
 - Not part of the “first-use” jurisdictional analysis from Order No. 2003.
 - Separate statute & applicable D.C. Circuit precedent implicated.
- **Interconnections of Component DER under PJM Order No. 2222 participation model.**
 - Component DER are entirely processed via state/local law (individual resources do not receive a PJM queue position at all).
 - DER Aggregators sign a DER Aggregator Participation Service Agreement (“DAPSA”), rather than a WMPA.

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Elimination of “First Use”



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