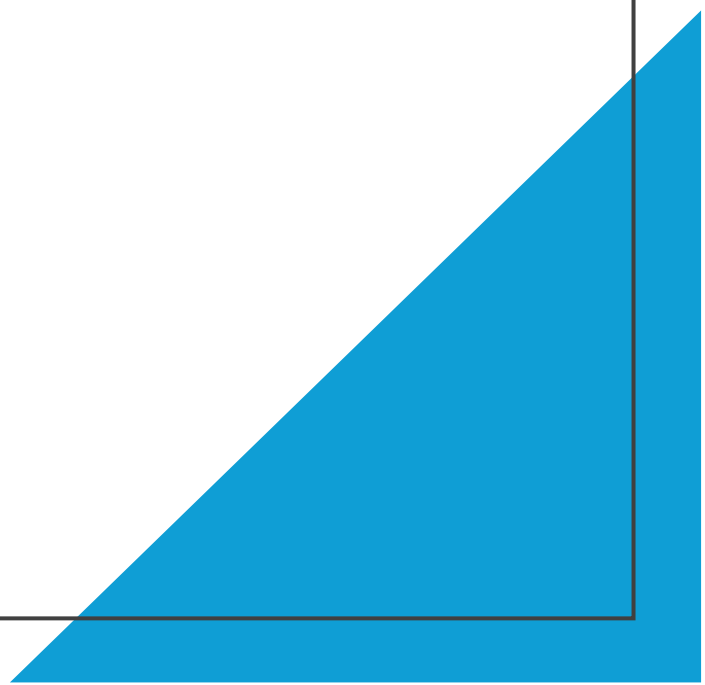




Intelligent Generation

NEM tariffs

January 13, 2025



Historically retail NEM was limited to BTM generation, particularly solar.

- Retail net energy metering (NEM) has existed for years for behind-the-meter (BTM) solar for PJM member states.
- Historically, BTM energy storage did not receive the same treatment as solar.
- The ComEd tariff that allowed solar NEM was Rider POGNM (parallel operation of retail customer generating facilities with net metering),

ComEd changed POGNM to allow NEM from ESS solely for the regulation market.

2022 POGNM

- For a retail customer to be considered for service hereunder, the retail customer must own, host or operate, including any third-party owned systems, solar, wind, or other electric generating facilities powered by solar electric energy, wind, dedicated crops grown for electricity generation, agricultural residues, untreated and unadulterated wood waste, livestock manure, anaerobic digestion of livestock or food processing waste, fuel cells or microturbines powered by renewable fuels, or hydroelectric energy, provided such generating facilities (a) have a total rated capacity that does not exceed 5,000 kW, (b) are located on the retail customer's premises or retail customer's side of the Company-provided meter-related facilities for billing purposes, and (c) are intended to offset the retail customer's current or future electric power and energy requirements.
- **Energy storage not included**

Amended 2023 POGNM

- [A] retail customer taking service under the provisions of this rider with an NM Classification other than NM1, NM2, NM3, or NM4, as described in the Service Classifications Section of this tariff, with a co-located Energy Storage System that is installed on the same premises and is used to participate in the frequency regulation market operated by PJM Interconnection L.L.C. (PJM) may utilize the electric distribution system to power the Energy Storage System so long as the Energy Storage System maintains active participation in the PJM frequency regulation market. Furthermore, a retail customer taking service under the terms of this tariff whose Distributed Electric Generating Facility includes a co-located Energy Storage System that utilizes the electric distribution system to charge must agree to provide the Company, upon request, proof of active participation in the PJM frequency regulation market by the Energy Storage System.
- **Energy storage eligible with strict limitations**

This created a gap based on FERC's guidance for Order 841 in 2019.

“In response to Tesla’s comment that the current PJM rules do not allow a behind-the-meter Energy Storage Resource to inject energy onto the grid during the provision of Frequency Regulation Service, we note that PJM clarifies in its answer that Energy Storage Resources that are co-located with load and share a single grid connection may provide Frequency Regulation between load reduction and injection, provided that they have an **Interconnection Service Agreement** or a **Wholesale Market Participation Agreement**.”

Order on Compliance Filing, 169 FERC ¶ 61,049 at 39.

- WMPA allowed injected energy to be settled at wholesale.
- NEM tariffs like ComEd’s now settled injected energy at retail.
- Because energy is settled at retail with an NEM tariff, WMPAs and ISAs no longer apply.

Questions?

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