



# DER Aggregator Participation Model: Jurisdiction and Interconnection

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## Jurisdiction & Interconnection

1. Interconnection
2. Market participation agreements
3. Opt-in for small utilities

## Registration Process

1. Component DER registration
2. Forming a DERA
3. PJM/EDC Review process
4. Establishing a market unit
5. Modifying a DERA

## Market Operations

1. Locational requirements
2. Requirements for underlying resource types (homogenous / heterogeneous)
3. Market participation model
4. Bidding parameters
5. Cost-based Offers

## Real-Time Operations

1. Telemetry
2. EDC override procedures
3. Outage reporting

## Settlements

1. Meter data submission process
2. Settling load reductions vs. injections for an Aggregation Resource

## Jurisdiction & Interconnection

DER Interconnection	<ul style="list-style-type: none"> <li>• PJM does not have jurisdiction of the interconnection of DER resources</li> <li>• DER owners will utilize the applicable state/local interconnection process without entering the PJM queue, if solely participating in a DERA</li> </ul>
Transmission system impacts	<ul style="list-style-type: none"> <li>• Data collected during the registration process will be used by PJM to ensure transmission planning models and studies accurately reflect DER</li> </ul>
DER Aggregator Participation Service Agreement (“DAPSA”)	<ul style="list-style-type: none"> <li>• Attestation that a DER Aggregator is compliant with tariffs/operating procedures/rules of distribution utility and RERRA</li> <li>• Reviewing parties to Market Participation Agreement</li> </ul>
Jurisdiction	<ul style="list-style-type: none"> <li>• DER Aggregator must be PJM Member, execute the DAPSA, and have Market-Based Rate Authority.</li> </ul>
Opt-in for Small Utilities	<ul style="list-style-type: none"> <li>• Small EDCs (&lt; 4 million MWh) must opt-in to permit their customers to participate in the DER model. EDC to provide opt-in evidence &amp; PJM to post publicly.</li> </ul>
DR Opt-Out	<ul style="list-style-type: none"> <li>• Existing rules for DR opt-out to apply to DER Aggregations containing DR</li> </ul>

## Interconnection Process

- PJM does not have jurisdiction over the interconnection of resources in the DER Model. DER owners will utilize the applicable state interconnection process without entering the PJM queue.
- If a DER does not satisfy the requirements of the DER Model (e.g., it is >5 MW), it will need to enter the PJM queue to participate in the wholesale market.
  - Resources that go through the queue will not participate in PJM Markets under the Order 2222 DER Model, but rather under the rules and requirements of the technology type.

## Capacity Interconnection Rights

- DER Capacity Aggregation Resources will not receive CIRs from PJM. They may still participate in the capacity market by following the rules and requirements of the DER Model as outlined in [Manual 18](#).

## Status Quo Accounting for BTM DERs

- DER activity on distribution is currently represented as a reduction to load in the transmission models (DER activity is netted against load).
- Netting may be sufficient for low levels of DER but will be inadequate if DERA spurs growth as intended by Order 2222.
- Netted generation and loads are not visible to PJM's Planning analyses
  - Generation and load have different characteristics;
  - Differences impact load flow analyses;
- Netting introduces reliability risks in scenarios where PJM must serve load
- NERC has issued several recent recommendations against netting

## Accounting for Component DERs in the DER Model

- Component DER in the DER Model will be explicitly modeled in RTEP, rather than simply netted against load.
- To do so, PJM will use the information provided for each Component DER during the registration process, including:
  - Address
  - Technology (solar, battery, landfill gas, wind, hybrid, etc.)
  - Maximum AC output (gross nameplate capability)
  - PJM Planning Model Bus ID
  - Ride through capability enabled? Y/N
  - Voltage control enabled? Y/N
- Both Aggregator and EDC will verify data annually

## Market-Based Rate Authority

- DER Aggregators intending to sell energy, capacity, or ancillary services at market-based rates will likely need Market-Based Rate Authority. (DER Aggregators should consult with their respective FERC counsel.)
- Order 2222 will not require individual DERs within an aggregation to have Market-Based Rate Authority.

## PJM Membership

- DER Aggregators will need to be a PJM member to operate in PJM Markets.
  - DER physical owners will not need PJM membership.
- DER Aggregators will be subject to credit requirements, based on the markets in which they are participating

## DERs NERC Registered?

- Unlikely - does not meet the 75MVA threshold or the 100kV connection threshold (NERC ROP, Appendices 2 & 5B).
  - Questions should be referred to DER Aggregator's FERC counsel regarding specific configurations.
- This could change based on specific resources and further NERC advancement in DER activities.

- The DER Aggregator must execute the *pro forma* DER Aggregator Participation Service Agreement (DAPSA) under the Tariff, Attachment N-4.
- PJM and the DER Aggregator are party to the agreement.
- The DAPSA is an attestation that the DER Aggregator is compliant with the PJM Tariff, Operating Agreement, and Manuals as well as the tariffs, agreements, and operating procedures of the applicable electric distribution company, and the rules and regulations of any Relevant Electric Retail Regulatory Authority
- The DAPSA must be executed ahead of the DER Aggregator's participation in PJM Markets (capacity, energy, or ancillary services).
  - Note: In order to execute the DAPSA in the event of a previously existing WMPA, the WMPA needs to be terminated effective with the date of conversion from a generation resource to a Component DER within a DERA.

Dispute	Disputing Party	Adjudicated by FERC	Adjudicated by States
Market Entry for DERA – denied	DER Aggregator	X	X
Market Entry for DERA – approved	Utility	X	
Override for reliability, safety, or other needs by utility, resulting in PJM Market penalty for DERA	DER Aggregator		X
Override, choice of assets to curtail by utility, resulting in Market penalty for DERA	DER Aggregator		X
Compensation to DERs from DER Aggregator	DER Owners		X
Inaccurate Market compensation or data submission discrepancy	DER Aggregator	X	
Retail/Wholesale double counting – denied participation in PJM Market(s)	DER Aggregator	X	X
Retail/Wholesale double counting – approved participation in PJM Market(s)	Utility	X	X
PJM planning upgrades due to DER penetration	Load	X	

## Small Utility Opt-In

- An EDC that opts in to allowing its customers to participate in the DER model should provide evidence of the opt-in decision to PJM.
  - The EDC should email the evidence (or a public link to the evidence) to PJM, which will be posted on [pjm.com](http://pjm.com) and available in DR Hub.
- If the DER Aggregator or EDC do not see the RERRA opt-in evidence posted, they should contact PJM and provide a copy of the communication sent to the EDC.
- PJM will create a process to recognize small utilities that do not opt-in but transition to large utility status (>4 million MWh) over time.

## DR Opt-Out

- PJM will apply the existing DR opt-out process to aggregations of demand response that seek to participate in the DER Model.

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**DER Aggregator Participation Model:**  
Jurisdiction and Interconnection



FERC Order 2222  
Team

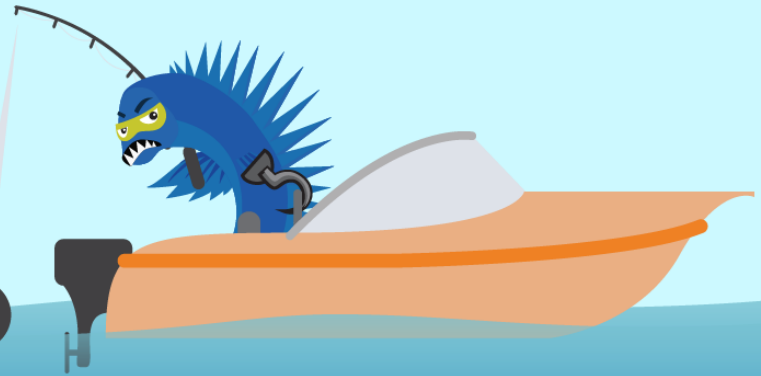
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