



# Order No. 2222-B

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# 719/719-A Opt-Out for DR Participating in DERAs

- In Order No. 2222, the Commission found that the participation of DR in DERAs was subject to the opt-out and opt-in requirements of Order Nos. 719 and 719-A. Accordingly, if the RERRA for a DR resource had either chosen to opt out or had not opted in, then the DR resource would not be able to participate in a DERA.
- In Order No. 2222-A, the Commission reversed itself, and declined to extend this opt-out to DR resources that participate in *heterogeneous* DERAs, but found that the 719/719-A opt-out would continue to apply to *homogenous* aggregations of DR.
- In Order No. 2222-B, the Commission reversed itself again, and stated that it was setting aside its prior decision in Order No. 2222-A not to extend the 719/719-A opt-out to DR resources that participate in heterogeneous DERAs. The Commission found that this issue is better addressed in the Notice of Inquiry Docket (RM21-14) regarding DR aggregations.
  - As a result, the Commission’s ruling in Order No. 2222 is functionally resurrected (for now), and if the RERRA for a DR resource has either chosen to opt out or has not opted in, then the DR resource may not participate in a DERA, irrespective of whether or not it is a *heterogeneous or homogenous* DERA. (P 29)

- In Order No. 2222-B, the Commission clarified that:
  - A behind-the-meter resource that is solely used to facilitate DR, i.e., deployed solely to reduce customer load from expected consumption, would itself be considered a DR resource. (P 36)
  - Payment of full LMP in the energy market to behind-the-meter DERs participating as DR resources in DERAs does not constitute double counting, so long as the requirements of Order No. 745, including the net benefits test, are satisfied. (P 43)
    - The Commission will evaluate on compliance any proposed DERA compensation rules regarding DR for consistency with the requirements of Order No. 745. However, with respect to compensation issues beyond the scope of Order No. 745, such as if a behind-the-meter resource participates as another type of DER, the Commission “will not prejudge RTO/ISO proposals but rather evaluate them on compliance.” (P 43)
  - If an individual DER is a behind-the-meter generator, it may participate within a DERA as a DR resource or as a different type of DER. If the DER participates as DR, the requirements in Order No. 745 would apply, and the RTOs/ISOs are required to allow that DER to aggregate with other types of DERs in a heterogeneous DERA. If the behind-the-meter resource participates as another type of DER (i.e., not as a DR resource), the requirements in Order No. 745 would not apply. (P 44)

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