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April 22, 2024

VIA ELECTRONIC MAIL

Honorable Sherri L. Golden
Secretary
State of New Jersey
Board of Public Utilities
Post Office Box 350
Trenton, New Jersey 08625-0350

Re: I/M/O New Jersey's Distributed Energy Resource Participation in
Regional Wholesale Electricity Markets
BPU Docket No. EO24020116

Dear Secretary Golden:

I attach the responses of Rockland Electric Company ("RECO") to the questions posed by the Board of Public Utilities' ("Board") Request for Information dated March 7, 2024, in the above-referenced Docket.

Please note that RECO is making this filing solely in electronic form pursuant to the Board's directive in its Emergency Order dated March 19, 2020, in BPU Docket No. EO20030254.

Please contact me if you have any questions regarding this filing.

Very truly yours,

/s/ John L. Carley

John L. Carley
Associate General Counsel

**IN THE MATTER OF NEW JERSEY’S DISTRIBUTED ENERGY
RESOURCE PARTICIPATION IN REGIONAL WHOLESALE
ELECTRICITY MARKETS
DOCKET NO. EO24020116**

Rockland Electric Company (“RECO”) submits the following responses to the questions posed by the Board of Public Utilities’ (“Board”) Request for Information dated March 7, 2024, in the above-referenced Docket.

1. How is your EDC preparing for the operation of DERAs within the distribution grid? Please explain any processes already under development and which departments (e.g., Operations, Finance, System Planning) are doing this preparation work.

Rockland Electric Company (“RECO” or the “Company”) will leverage the extensive experience of its parent, Orange and Rockland Utilities (“O&R”), as well as its affiliate Consolidated Edison Company of New York (“CECONY”), in enabling market participation for the New York Independent System Operator (“NYISO”) Distributed Energy Resources (“DER”) Wholesale Market. O&R is working on processes for aggregator enrollment/registration, operational dispatch, and settlement/compensation. The Company’s subject matter experts (“SMEs”) are coordinating internally to develop these processes. RECO welcomes continued collaboration with the other New Jersey electric distribution companies (“EDCs”). It is essential that New Jersey EDCs and PJM work together so that all processes are aligned for PJM participation to allow for a consistent DERA and customer experience across the PJM market.

O&R has already established a DERA enrollment process that includes data validation, utility safety and reliability review, and aggregation confirmation for NYISO FERC Order No. 2222 implementation. For operational dispatch, O&R is developing processes to notify aggregators of real-time and day-ahead system conditions that could limit their dispatch capabilities. RECO prefers the use of tariffs to account for double-compensation consideration, which O&R has developed in New York. RECO’s comments regarding the double compensation risk are discussed further in RECO’s response to Question 6, below. O&R is updating its customer information system with new customer rate profiles so that customers are billed and compensated properly for their participation in the NYISO wholesale market.

2. Are there any concerns about DERAs’ impacts on grid reliability that your EDC believes have not been adequately addressed by PJM or the NJBPU, to this date? Has your company quantified these impacts through risk assessments such as the System Average Interruption Duration Index (“SAIDI”) or the System Average Interruption Frequency Index (“SAIFI”)?

The incorporation of DERs (including those that are a part of aggregations) is considered in RECO’s planning process, which takes system reliability into account. Any

RECO concerns regarding reliability would come to light during that study and planning process. The EDCs should work closely with PJM to establish and align processes for reviewing and approving DERAs. DERs must have an approved interconnection agreement with the corresponding EDC before the DER can participate in an aggregation. To obtain an approved interconnection agreement, the DER must complete RECO's interconnection process.

During the PJM enrollment process and as a condition of approval, there will be specific items (which may include but are not limited to charging and discharging schedules for energy storage, as well as market participation plans) that the EDCs will require from the aggregators to enable the EDC's evaluation of the ongoing reliability impacts of DERAs.

a. Are there any suggested solutions to these concerns that your EDC recommends? Have cost and benefit calculations been run on these proposed solutions?

Please see RECO's response to Question 2 above for RECO's suggestions on addressing reliability impacts.

There are several grid modernization projects that O&R is in the process of implementing, such as Advanced Distribution Management System ("ADMS") and Distributed Energy Resources Management System ("DERMS"), that will maintain system reliability. With full FERC Order No. 2222 participation not anticipated to begin until December 31, 2026, the final role of the NYISO and PJM markets in DER compensation remains a work in progress. This evolution in market services will require an increased ability to use grid modernization technologies and may necessitate further investments in ADMS, Advanced Metering Infrastructure ("AMI"), and grid automation.

ADMS implementation helps prepare O&R for increased DER integration on the electric grid, as anticipated with the opening of the NYISO market in 2024 and full implementation of FERC Order No. 2222 in 2026. O&R is incorporating DER participation in wholesale markets in its planning trajectory and building the architecture to support DER aggregation.

b. Have probabilities of occurrence been considered and factored into the risk assessments?

Yes. To identify risks and establish system need, the Company develops probabilistic and deterministic forecasts to inform contingency scenario analyses that support operating reviews of its assets.

3. Does your EDC have procedures in place to account for and support the addition of new DER technologies into DERAs that may develop between Order No. 2222's implementation and the earliest market participation by DERAs?

As discussed in RECO's response to Question 1 above, RECO is developing processes for DER enablement into the wholesale market. RECO will develop procedures, as

necessary, to account for new DER technologies. RECO also requests a clarification as to what the NJBPU means by “new DER technologies.”

a. Are there any technological, cyber security, or software updates that are needed prior to implementation?

This remains an open issue as neither FERC, PJM nor the NJBPU has finalized how Order No. 2222 will be implemented. Potential updates could include changes to metering configurations, settlement and customer billing updates, and cybersecurity updates, as FERC, PJM and the NJBPU finalize their implementation plans. RECO will coordinate with PJM and the NJBPU to identify specific processes, necessary updates, and market parameters.

b. Are there any retroactive impacts requiring modification to existing interconnection agreements?

RECO is currently unaware of any retroactive impacts requiring such modification. DER data will be validated through the enrollment process. If any required modifications are identified, they would need to be incorporated in RECO’s interconnection process.

4. Are there any costs for facilitating the DER aggregation process that your EDC expects it needs to pay as part of Order No. 2222 implementation work such as software updates and administrative support? Would these costs be for operational process technologies or additional business functions? Do you have an estimated level of costs available at this time? If not, what is your company’s schedule for developing these cost estimates?

RECO acknowledges that it will incur incremental costs in implementing FERC Order No. 2222. RECO and the other New Jersey EDCs will have to develop and implement new processes and workflows to support the participation of DERs in the wholesale market. These activities have and will require utilities to incur incremental costs that may include setup of telemetry and metering, aggregation review, operational dispatch, and safety and reliability review. Schedules for developing cost estimates will be established as rules are implemented by PJM and the NJBPU.

These are just the initial costs. The EDCs may also be additional, and in some cases continuing, costs relating to grid modernization, hosting capacity, customer information systems, and other items that the EDCs will need to recover.

a. What is your envisioned mechanism for cost recovery?

RECO and the other New Jersey EDCs will need to recover on a timely basis the costs they incur to facilitate the DER aggregation process and implement FERC Order No. 2222. As noted above, these will include both their initial costs, as well as their additional, and in some cases continuing, costs. RECO envisions two options for recovery – either by charging a fee to aggregators or recovering those costs through rates or surcharges. Conceivably, the NJBPU could authorize some combination of these

two options. Basic cost causation principles argue for recovering some portion of these costs directly from DERAs.

The EDCs, with NJBPU guidance, should evaluate the appropriateness of mechanisms to collect fees from DERAs to defray costs arising from utility administration and review of DERA enrollment requests. The cost recovery mechanisms for FERC Order No. 2222 implementation should be equitable across all participating EDCs. Absent such an equitable approach, DERAs may be deterred from participating in a particular EDC's territory.

5. Have you evaluated how combining current and planned generation projects will fit into existing projects and plans, and where limitations may exist?

RECO evaluates all new generation projects so that they can safely and reliably interconnect into our system. When evaluation is complete, and the project moves forward, a generation project is then included in RECO's peak load forecast. All projects are then grouped based on load modifier type and are considered as part of the annual integrated planning process so that all of RECO's equipment is operating within the design standard guidelines. Additionally, aggregators should be strictly responsible for requiring individual DER projects to comply with the terms and conditions of their EDC interconnection agreements.

6. How will your EDC ensure that provisions in PJM's rules pertaining to the double compensation risk for net energy metered DERs are enforced for resources within your company's service territory that will also participate in the wholesale energy markets?

Due to current market conditions, a participating resource could be double compensated by both net energy metering (NEM) and FERC Order No. 2222. RECO recommends that participating resources are given the option to participate either in net metering or the wholesale energy market, but not both. This would prevent participants from receiving double compensation.

With current PJM compliance, a "Component DER" could participate in net energy metering retail program and PJM wholesale market if approved by the EDC. The participant would not violate the restrictions on duplicative compensation. This determination by the EDC would need to occur during the market registration and enrollment period where the EDC reviews the DER data and programs the appropriate rate into the DER's billing profile.

RECO understands that it is the EDC's responsibility to prevent DERs from being double compensated by both NEM and FERC Order No. 2222 participation. RECO strongly recommends that the BPU clarify that participants need to make a choice as to whether they participate in either net metering or the wholesale energy market.

7. Are there any misalignments in telemetry, metering, and settlement requirements required for DERAs at PJM and that of resources within your service territory? If so, please explain whether this creates technological limitations for existing resources' ability to participate. Please detail, if applicable, how your telemetry, metering and settlement requirements differ from PJM's.

This remains an open issue as neither FERC, PJM nor the NJBPU has finalized how Order No. 2222 will be implemented. RECO is still in the process of developing telemetry and metering requirements. RECO will identify any potential misalignments as this effort progresses. The EDCs and other stakeholders will require clear direction from PJM as to their communication requirements, particularly those that address cyber security. In particular, these requirements should allow for the continued telemetry operation during cyber events.

a. Does your EDC have comments on the advanced metering infrastructure (AMI) data interval requirements as it relates to the requirements for authorized communication networks in the wholesale market?

RECO currently has AMI deployed throughout its service territory and does not have any additional comments on the AMI data interval requirements at this time.

b. Specifically, how would any modifications be implemented to interval metering devices to bring them into compliance for DERA operation?

RECO's AMI-enabled meters have the capability to be programed as necessary.

8. Please specify any unique needs or concerns your EDC has in regard to PJM's demand response opt-out provisions. Are there existing limitations that may restrict demand response from joining a DERA within your service territory?

RECO is not aware of any limitations regarding PJM's demand response opt-out provisions at this time. As more information is received, RECO will address any identified limitations appropriately.

9. Are there any aspects of the cybersecurity standards that govern DERAs that your EDC has questions or concerns about? How does your EDC intend to enforce cybersecurity for DERAs that fall within your service territory?

RECO will require all DERAs to go through a vendor risk assessment in order to comply with RECO's cybersecurity standards. Further action will be taken as necessary as rules are developed.

a. Please clarify any details on who in your organization will be responsible for coordinating DERA cybersecurity issues and what procedures you will enact to enforce cybersecurity processes among DER components?

RECO is still working on developing these details and procedures.

10. With New Jersey adopting the Institute of Electrical and Electronics Engineers (IEEE) Standard 1547, specifically 1547-2018, to govern the interconnection and interoperability between inverter based DERs and utility electric power systems, do you anticipate any difficulty in managing aggregations and the individual DER Components that are interconnected? Are there processes or limitations existing today on a DERA's ability to use 1547's capabilities or for allowing individual DERs or microgrids that are disconnected in emergencies to still fulfill their obligations to other resources in the aggregation?

RECO requests clarification on this question. How does IEEE Standard 1547's capabilities allow individual DERs or microgrids, that are disconnected from the electric grid, to still fulfill their obligations to other resources in the aggregation?

11. Does your EDC have any plans to prepare for Order No. 2222's implementation by means of launching pilot DERA program(s)? If so, please provide details on the pilot program, such as timelines and potential planned phases, and how the pilot will support subsequent DERAs. Please provide justification for why a pilot program is needed prior to full deployment and explain what the anticipated benefits of such a pilot program are.

No. RECO is not planning on instituting a pilot program for PJM participation. However, RECO's parent company, Orange and Rockland Utilities, Inc., is working alongside the other New York Joint Utilities to develop processes for participation in NYISO's DER wholesale market. RECO will leverage this information and lessons learned to assist and inform PJM in their process development.

12. Does your EDC have procedures in place in the event that a DERA or a Component DER's Registration review period goes past 60 days and is granted additional time for the review?

RECO is developing enrollment/registration processes to review aggregations which will track and monitor the 60-day review. Additional review time will be considered within this process.

Questions for All New Jersey Stakeholders

13. Do you have any comments or concerns about the classification of certain resources and their operating profiles as eligible for DERAs? Please state any associated control and/or compensation concerns.

As noted in RECO's response to Question 5 above, aggregators should be strictly responsible for requiring individual DER projects to comply with the terms and conditions of their interconnection agreements.

14. Do you believe that it is technically feasible to implement Order No. 2222 requirements by PJM's originally proposed 2026 implementation deadline? If not, please explain in detail why not. Are there any actions that PJM or NJBPU could take to make the implementation more efficient and timely?

In order to meet this deadline, it is incumbent upon PJM and the NJBPU to provide expeditious direction on the various issues described within this RFI.

15. Do you have any comments or questions about dispute resolution processes between DERAs and utilities?

RECO has no comments at this time.

16. How should DER Aggregator performance be monitored/tracked/reported to the public?

RECO recommends that DER Aggregator performance be monitored, tracked, and only reported internally for EDC use and not reported publicly. This performance information is confidential. Restricting access to this performance information will foster competition among aggregators and the competitive market generally.

17. Should each EDC be required to formally establish pilot programs demonstrating their procedures and performance for DERA integration? Should these pilots be identical/consistent/unique across EDCs?

No. However, to the extent that an EDC may wish to establish a pilot program, PJM should work very closely with that EDC so that the entire process works smoothly.

18. As part of NJBPU's efforts to help implement Order No. 2222 how much technical support from the NJBPU, separate from NJBPU's current Grid Modernization Forum working groups, is desired? Would a statewide stakeholder engagement process, working group, technical conference, or public platform for stakeholder engagement be beneficial?

The EDCs should work very closely together and with PJM to implement FERC Order No. 2222 in an efficient and consistent basis. The EDCs can then engage with other stakeholders and working groups to solicit feedback and foster an open and transparent process. RECO can also leverage lessons learned from O&Rs participation in enabling the NYISO wholesale market. RECO expects that both Atlantic City Electric Company and Jersey Central Power & Light Company also will be able to leverage the experience of their out of state affiliates.

19. Are there any specific questions that you have for NJBPU that has not been addressed yet in the FERC Order, PJM's Compliance Filings, or NJBPU's Order No. 2222 outreach efforts?

RECO has no additional questions at this time.

20. Which of the following categories best describes the stakeholder perspective your comments provide?

RECO is an EDC.

- a. DER Aggregator
- b. Government Agency
- c. Concerned Citizen/Building Owner
- d. Academic Institution
- e. Commercial DER Developer
- f. Energy Asset Investor/Owner