

January 31, 2025

*Submitted electronically*

Sherri L. Golden  
Secretary of the Board  
44 South Clinton Ave., 1st Floor  
PO Box 350  
Trenton, NJ 08625-0350

**Re: In the Matter of New Jersey's Distributed Energy Resource Participation in Regional Wholesale Electricity Markets, Docket No. EO24020116**

Dear Secretary Golden:

Vote Solar respectfully submits the following written comments in relation to the solicitation provided within the announcement for the Technical Conference regarding Docket No. EO24020116 that took place January 17, 2025.

Respectfully submitted,

/s/ Kartik Amarnath

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## **Introduction**

These comments are respectfully submitted by Vote Solar in response to the New Jersey Board of Public Utilities' January 17, 2025 Technical Conference regarding distributed energy resource (DER) participation in wholesale markets (Docket No. EO24020116). Regarding much of what was discussed at the technical conference, we encourage the BPU to revisit Vote Solar's comments on this docket submitted jointly with Energy Efficiency Alliance of New Jersey, Waterspirit, Environment New Jersey, and New Jersey Sustainable Business Council on April 22, 2024. In these comments, among other things, we explained the need for:

- Flexible market design that allows DER aggregators to participate in wholesale markets while preventing double-counting, with EDCs required to support DER aggregator engagement through clear compensation frameworks and market access;
- Using a gradual "crawl, walk, run" approach for monitoring and reporting, working toward a centralized portal with real-time updates while ensuring early implementation data is presented with appropriate context; and
- Requiring pilot programs including specific provisions for low/moderate income participation, emissions reductions in environmental justice areas, and deployment of diverse DER technologies with environmental and economic co-benefits.

Ultimately, addressing barriers to DER participation in wholesale markets must be done swiftly and with an emphasis on transparency and affordability for New Jersey ratepayers.

For additional context, PJM has requested a delay of FERC Order No. 2222 compliance until the year 2028. While PJM attempts to delay its compliance deadline, New Jersey should remain proactive in ensuring a strong DER aggregation market can thrive through state-level policy and regulatory architecture. As part of this, the state should seriously consider inputs from non-utility state-level stakeholders to ensure not only that barriers to wholesale market participation are removed, but that market conditions remain democratic, accessible, and equitable.

The technical conference exposed a number of ongoing uncertainties around the characteristics that would make for a robust and cost-effective DER aggregation market. An overarching concern of numerous participants was how to ensure fair and equitable distribution of costs such that ratepayers are protected from price increases and unjust cost shifts. There is a concern that these costs could be derived partly from Electric Distribution Company (EDC) reforms that need to take place, both in terms of compliance costs and market facilitation costs. These costs could involve, among other things, expanding EDC administrative capabilities and activities. There is a lack of clarity on how much of these costs can or should be passed onto ratepayers versus being financed through other means.

DER aggregation can have systemwide benefits that defray costs for all ratepayers, as well as the overall system, both at distribution and wholesale levels.<sup>1</sup> Therefore, we strongly encourage the BPU to require EDCs to develop cost estimates for aggregation compliance and market facilitation that factor the system benefits of DERs into their overall calculus. The BPU, in consultation with stakeholders across sectors,

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<sup>1</sup>"Aggregated Distributed Energy Resources in 2024: The Fundamentals" Lawrence Berkley National Laboratory, July 2024, [https://connectedcommunities.lbl.gov/sites/default/files/2024-07/NARUC\\_ADER\\_Fundamentals\\_Interactive.pdf](https://connectedcommunities.lbl.gov/sites/default/files/2024-07/NARUC_ADER_Fundamentals_Interactive.pdf).

must develop categories of data as well as their corresponding weights to determine the accurate costs and benefits of maintaining DER aggregations.

These comments will not go into detail as to the specific categories of data that should be incorporated into EDC cost-benefit analyses of aggregation. Rather, these comments emphasize the principles that should guide the BPU's stewardship of what EDCs must be required to report on in terms of costs and benefits, and ensure these principles inform subsequent stakeholder engagement opportunities aimed at further clarifying how EDC-related barriers to DER wholesale market participation can be addressed.

## **Principles**

**Principle One: Recognizing DER aggregation has immense potential to reduce costs for all ratepayers, the costs of aggregation should be appropriately attributed.**

- DER aggregation can reduce the need for EDCs to invest in more costly and risky centralized generation infrastructure. Therefore, when calculating EDC-related cost burdens of aggregation, these burdens must be evaluated in association with the given cost and its associated benefits. In order to manage these costs and identify whether they are being unfairly passed onto ratepayers and/or should be paid for by another entity, the BPU can evaluate whether the costs of a given activity has an associated social or system-related benefit, for which the benefits would reach ratepayers across a given geography. There may not always be consensus over what is considered a direct systemwide benefit, and therefore determining what these kinds of benefits are and the degree to which they translate into reduced costs across ratepayers must be determined in collaboration with diverse stakeholders. If a given aggregation-related cost ends up not having an associated systemwide benefit, then this cost should for the time being fall upon the “cost causer” - in this case the DER aggregating entity. The BPU should also consider this latter condition a solution for a new market, and therefore should be revisited at a later time after a period of adequate market formation.

**Principle Two: Ensure data transparency to facilitate accurate evaluation of costs and benefits.**

- In the past decade, billions of U.S. taxpayer and ratepayer money has been put towards funding advanced metering infrastructure (AMI), which provides operating benefits to EDCs and empowers ratepayers by providing access to real-time energy use and energy management tools. At the technical conference, Atlantic City Electric suggested that they were not able to provide relevant aggregation data to PJM within the 24-hour period that PJM had requested as part of their FERC No. 2222 compliance. However, the EDC has access to AMIs that should make this reporting process feasible with modest adjustments, and yet representatives from Atlantic City Electric were not clear as to the exact reasons why they would not be able to meet PJM's requirements without significant cost burdens. Meanwhile, it has been reported that the majority of the over 15 million AMIs installed nationwide have been unfairly deactivated.<sup>2</sup> These dynamics demonstrate why the BPU must require EDCs to provide accessible real-time data on energy usage for customers and the public at-large, as the technological investments and

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<sup>2</sup> “DEACTIVATED: How Electric Utilities Turned Off the Data-Sharing Features of 14 Million Smart Meters”. MISSION:DATA. [https://static1.squarespace.com/static/52d5c817e4b062861277ea97/t/631253069bdd82629d3ea079/1662145291709/Deactivated\\_white\\_paper.pdf](https://static1.squarespace.com/static/52d5c817e4b062861277ea97/t/631253069bdd82629d3ea079/1662145291709/Deactivated_white_paper.pdf)

installations have already happened largely on the backs of taxpayers and ratepayers alike. When the public has financed a particular distribution grid upgrade (e.g., AMIs), EDCs should not have to demand more ratepayer burden for the EDC to take full advantage of this grid upgrade. Furthermore, data reporting methods must be consistent across EDCs, and the BPU holds a vital role in facilitating and implementing consistent data reporting methods in collaboration with key stakeholders across sectors.

- Additional discussion of opportunities for state regulators to encourage data transparency and technical assistance for market stakeholders, including support for EDCs, can be found in Lawrence Berkeley National Laboratory's January 2025 report [State regulatory opportunities to advance distributed energy resource aggregations in wholesale markets](#).

**Principle Three: Require EDCs to consider DERs and their aggregation on equal footing as other potential grid-related investments to address necessary upgrades.**

- As the DER market evolves, costs associated with DER aggregation are placed in their proper context when there is an assumption that such a technology can be deployed as an infrastructural asset to the wider distribution grid. To this end, the benefits of DER aggregation for ratepayers and EDCs are more likely to be accurately captured when EDCs are required to incorporate aggregation into their suite of grid planning considerations.

## **Conclusion**

Vote Solar appreciates the BPU's consideration of our comments on this vital issue. Amidst unprecedented challenges facing our grid, DER aggregation - when transparently evaluated for its costs and benefits – has the potential to play a vital role in mitigating resource adequacy, resiliency, and reliability stressors to the grid and cost burdens to ratepayers.<sup>3</sup> We strongly believe that New Jersey can play a vital role in nurturing this nascent market, thus becoming a national leader in grid innovation. To achieve this, however, will require the BPU champion thorough and lucid methodologies for capturing the role DER aggregation plays in facilitating grid activities, thus honestly capturing aggregation's breadth of benefits without overdetermining its costs.

Vote Solar welcomes the opportunity for further collaboration with the BPU and other stakeholders on this important topic. We look forward to ongoing engagement as the market for DER aggregation continues to form and progress.

Thank you for your consideration,

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Mid-Atlantic Regulatory Director  
Vote Solar

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<sup>3</sup> 1. Patrick Cooley, "VPPs Provide Same Resource Adequacy as Gas Peakers, Large Batteries, at up to 60% Less Cost: Study," Utility Dive, May 5, 2023, <https://www.utilitydive.com/news/vpps-provide-same-resource-adequacy-as-gas-peakers-large-batteries-at-up-to-649570/>.