



FERC ORDER 2222 & DER POLICY AND IMPLEMENTATION REPORT

January 2026

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CURRENT NEWS AND NEW DEVELOPMENTS

Summary of the latest developments in FERC Order 2222 and DER policy implementation

FERC and several states acted on distributed energy resource (DER) policy, the implementation of virtual power plants (VPPs), and FERC Order 2222 in the last several months. A summary of the actions is provided below.

RTO/ISO Order 2222 Implementation:

- On October 28, 2025, in Docket ER26-284, PJM filed a series of changes associated with FERC Order 2222 to its Tariff and Reliability Agreement. These changes are largely ministerial and reflect changes in the Reliability Agreement due to how the RTO calculates Electric Load Carrying Capacity (ELCC), and the timing of capacity auctions prior to the 2028 FERC Order 2222 implementation. These changes were approved by FERC letter order on November 25, 2025. [[LINK](#) and [LINK](#)]
- On October 31, 2025, FERC accepted several NYISO informational filings and approved two outstanding NYISO compliance filings. The ER21-2460-009 proposed tariff revisions allowed technically capable DER to provide Operating Reserves and Regulation Service. The ER21-2460-010 filing was largely contained ministerial, cleanup and errata resolutions. [[LINK](#)]

- On Nov. 14, 2025, SPP filed its third FERC Order Compliance filing. This filing complies with FERC direction in the following areas: eligibility to participate in RTO/ISO through a DER aggregation; double counting; distribution factors and bidding parameters; coordination; ongoing operational coordination; role of RERRA; and market participation agreements. [[LINK](#)]

State FERC Order 2222 Implementation:

- On Nov. 5, 2025, the Public Utilities Commission of Ohio (PUCO) adopted amendments to its interconnection rules in Ohio Administrative Code (OAC) Chapter 4901:1-22 to better align with FERC 2222 wholesale market processes. This action includes adopting IEEE 1547-2018 standards. [[LINK](#)]
- On Dec. 18, 2025, the Pennsylvania Public Utility Commission (PAPUC) voted to advance the development of a Notice of Proposed Rulemaking (NOPR) aimed at modernizing the Commission's electric interconnection regulations. The rulemaking will include a review of interconnection regulations, including how new electric load, upgrades to existing load, and distributed energy resources are connected to the distribution system. This rulemaking is separate from and does not replace the PUC's active proceeding addressing FERC Order 2222, but instead is intended to ensure that Pennsylvania's broader interconnection framework reflects current technologies, customer needs, and grid conditions. [[LINK](#)]

Other DER Policy Developments:

- On Oct. 24, 2025, the Oregon Public Utility Commission opened a rulemaking to develop a regulatory framework for the ownership, deployment, and use of microgrids and community microgrids for Oregon's electric companies. Oregon's House Bill 2066 directs the PUC to establish a microgrid regulatory framework by March 26, 2027. [[LINK](#)]
- On Nov. 19, 2025, the Staff of New York's Department of Public Service was granted an extension until June 30, 2026, for filing its updated Grid of the Future Plan (which had been due Dec. 31, 2025). [[LINK](#)]
- On Dec. 15, 2025, the Colorado Public Utilities Commission granted, with modifications, Public Service of Colorado (Xcel's) applications for a distribution system plan and VPP program and tariff. [[LINK](#)]
- On Dec. 18, 2025, the Illinois Commerce Commission (ICC) opened a proceeding to update its Renewable Energy Access Plan (REAP) as required by state law. A portion of the Staff's draft plan focuses on distributed energy resources (DERs), demand response, energy efficiency, and virtual power plants to offer localized relief and defer larger upgrades. [[LINK](#)]

KEY ISSUES ANALYSIS

Communications Between DERAs and EDCs

As discussed in prior tracking reports (especially the September 2025 report on coordination), the reliable operation of the electric system when large numbers of DER aggregators (DERAs) are operating

will require effective communications between DERs and electric distribution companies (EDCs). DERs operate on the distribution system and the participation of DERs in organized markets depends on the ability of DERs to operate when needed and dispatched. Communications between EDCs, DERAs, and RTOs/ISOs will be crucial in effective and reliable FERC Order 2222 implementation. However, since FERC does not have direct jurisdiction over DERA/EDC interaction or communication, specific direction and rules governing DERA/EDC communications must be developed by states.

EDC and DERA Communications

Specific communications needed between EDCs and DERAs include (a) the transfer of information about DERs and usage, and (b) information about DER operation and possible EDC overrides. To be able to identify and assess potential DERs for participation in a DERA, a DER aggregator will need information on the characteristics of a DER, past operation, and/or customer usage information. This information can be provided through a data portal such as the DER Registry or direct transfers between EDCs and DERAs. As discussed in previous report, the most effective tool would be the use of a DER Registry.

The second category of critical information that needs to be communicated between EDCs and DERAs is associated with operational coordination before and during the operating day. This information is particularly needed to maintain reliability, especially in the event of EDC DER overrides. Specific communication pathways related to this category include:

- **Prior to day-ahead market** – Prior to the day-ahead market, DERAs need to inform EDCs of their intentions to operate DERs to support bids and schedules in the wholesale markets. This information can either flow directly to the EDCs or be channeled indirectly through RTOs and ISOs. During this period, EDCs will also need to inform DERAs of constraints, maintenance, or outages on their systems that could impact DER operation and affect DERA bids and schedules into the wholesale market. This process could be compared to the existing OASIS for transmission outages being posted publicly for known and forced outages if a “Distribution OASIS” were to be developed by industry.
- **During operating day** – After the day-ahead market closes, DERAs’ bids clear and schedules are created. During this period, if an EDC determines that operation of DERs within a DERA is infeasible, impossible, or could create reliability problems, EDCs will have the capability of overriding DER scheduled operation. Timely communication of these overrides will be necessary to allow DERAs to submit revised schedules or real-time bids to RTOs and ISOs that reflect changes in possible delivery of wholesale services.

Figure 1 (which was also included in the September 2025 tracking report) shows the flow of information between DERAs and EDCs that will be necessary during the day-ahead and real-time periods.

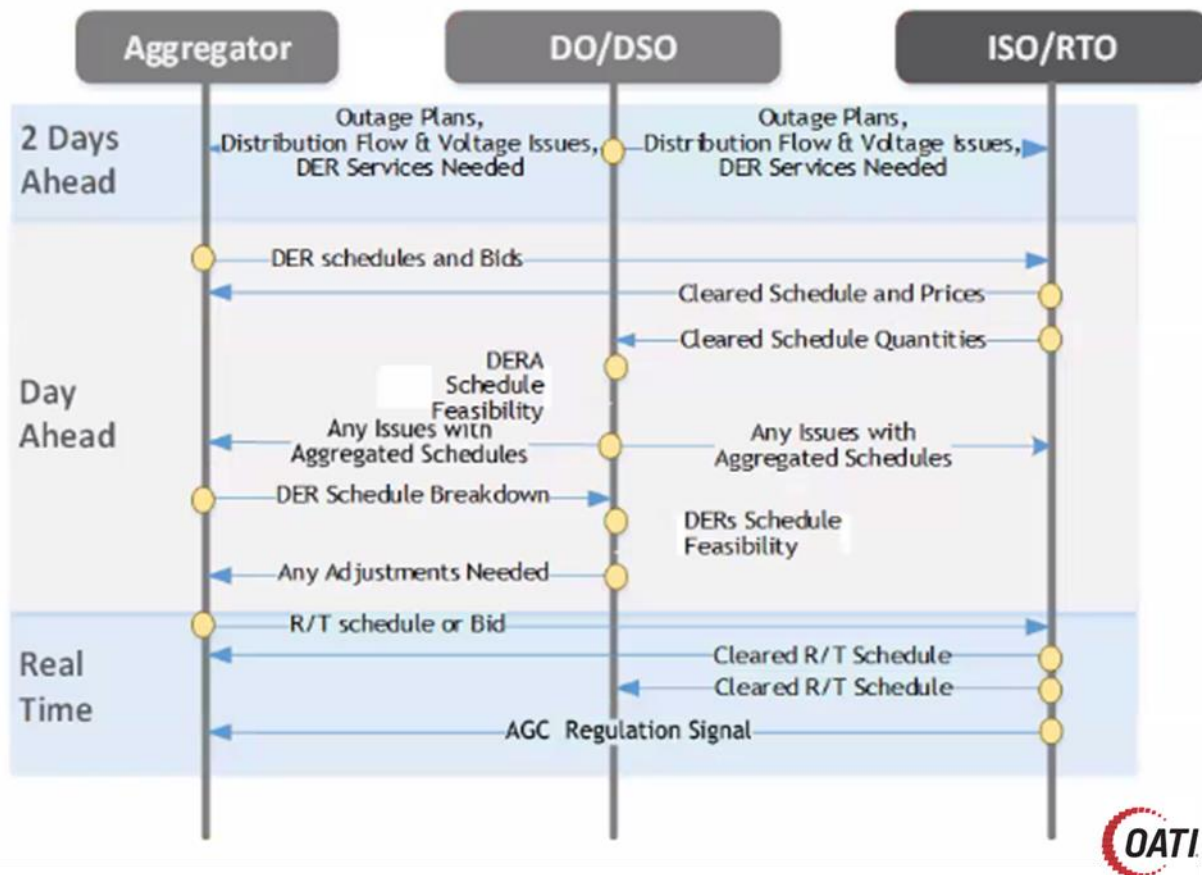


Figure 1: Illustrative Example of Market and Operational Coordination Interaction¹

As noted above, FERC has no jurisdiction over interactions between EDCs and DERAs, and its jurisdiction covers only any interactions between DERAs and RTOs/ISOs and EDCs and RTOs/ISOs. Any requirements placed on EDCs to develop DERA/EDC communications are the purview of RERRAs. As discussed below, this lack of specific direction from FERC may be creating inaction on DERA/EDC communications at the state level.

FERC Order 2222 Requirements

As part of its directions on coordination in FERC Order 2222, FERC established a process for ongoing coordination, including operational coordination, that addresses data flows and communication among itself, DERAs, and EDCs. The Order requires coordination protocols and processes for the operating day that allow EDCs to override RTO/ISO dispatch of DERs within a DER aggregation where the override is needed to maintain reliable and safe operation of the distribution system. In particular, FERC Order 2222 requires each RTO/ISO to revise its tariff to (1) establish a process for ongoing coordination, including

¹ U.S. Department of Energy, Office of Electricity, *TSO-DSO-Aggregator Market and Operational Coordination Requirements*, April 2024, p. 13 (USDoe).

operational coordination, that addresses data flows and communication among itself, the distributed energy resource aggregator, and the distribution utility; and (2) require the distributed energy resource aggregator to report to the RTO/ISO any changes to its offered quantity and related distribution factors that result from distribution line faults or outages. FERC further required the processes that allow distribution utilities to override RTO/ISO dispatch must be contained in the tariff and must be non-discriminatory and transparent but still address distribution utility reliability and safety concerns.² But to account for different regional approaches and to provide flexibility, FERC did not prescribe that RTOs/ISO develop and adopt specific protocols or processes and allowed each RTO/ISO to develop its own approach to ongoing operational coordination in their compliance filings.³

RTO/ISO Compliance

All of the RTOs and ISOs have complied with the ongoing coordination requirements, but they took different approaches to the direction to develop processes for operational coordination on data flows and communication among itself, the distributed energy resource aggregator, and the distribution utility. In general, the RTO/ISO coordination frameworks are not prescriptive on the nature of DERA/EDC communications, and FERC did not require additional detail about these communications.

- **CAISO** – CAISO stated that it already complies with the requirements of FERC Order 2222 regarding ongoing operational coordination. CAISO uses Scheduling Coordinators for all bidding, scheduling, and dispatch. In this model, it is the responsibility Scheduling Coordinators to communicate between CAISO and DERAs to ensure ongoing operational coordination. As part of that role, the Scheduling Coordinators for EDCs can submit planned and forced outages, allowing the Utility Distribution Company to pre-empt or override CAISO dispatch. CAISO did not specify any specific DERA/EDC communications protocols. DERA/EDC communications protocols between DERAs and EDCs would be specified in a schedule 4 of each Distributed Energy Resource Provider Agreement.⁴ FERC approved CAISO’s operational coordination proposal. As of early 2026, there have been no schedule 4s filed.
- **ISO New England** – ISO New England FERC Order 2222 coordination requirements regarding the role of distribution utilities, ongoing operational coordination, and the role of RERRAs in sections III.6.7 and III.6.8 of its Tariff. These sections of the Tariff provide a framework for communications pathways in both day-ahead and real-time for the reliable operation of aggregations. However, the Tariff does not specify the nature of the communication pathways and only states that “the Host

² FERC Order 2222, P 310

³ Ibid, P 311

⁴ To provide a flexible approach that can accommodate unique communication needs and various interconnection tariffs, the CAISO proposes to include a tariff requirement that “Where the Utility Distribution Company requires its own direct communication with the Distributed Energy Resource Provider for the safety and reliability of the Distribution System, those communication and data protocols will be established in Schedule 4 to the Distributed Energy Resource Provider Agreement.” CAISO second compliance filing, August 15, 2022, p. 11.

Utility shall notify the relevant Distributed Energy Resource Aggregator as soon as practicable.”⁵ FERC approved these provisions.

- **MISO** – MISO proposed revisions to section 38.7.B of its Tariff to establish a process for ongoing coordination that addresses data flows and communication between the distribution utility and the DERA, and between MISO and the distribution utility in both day-ahead and real-time markets. MISO also stated that it provides a process for the DERA to communicate and coordinate with the EDC on an ongoing basis to provide data and information necessary for operational coordination, including distribution system planned outages that may affect DEAR or DRR-Type I operations. Specifically, MISO’s compliance proposal states that the EDC “may communicate” its override decision directly to the DERA. FERC objected to this conditional language and required further clarity in the communications required.

Note that the exact nature of the communications and how it is performed is not addressed in the MISO Tariff. Indeed, MISO explicitly identified communications between DERAs and EDCs as being subject or partially subject to RERRA jurisdiction (See Figure 2). MISO and its stakeholders continue to discuss operational coordination at its DER Task Force meetings.

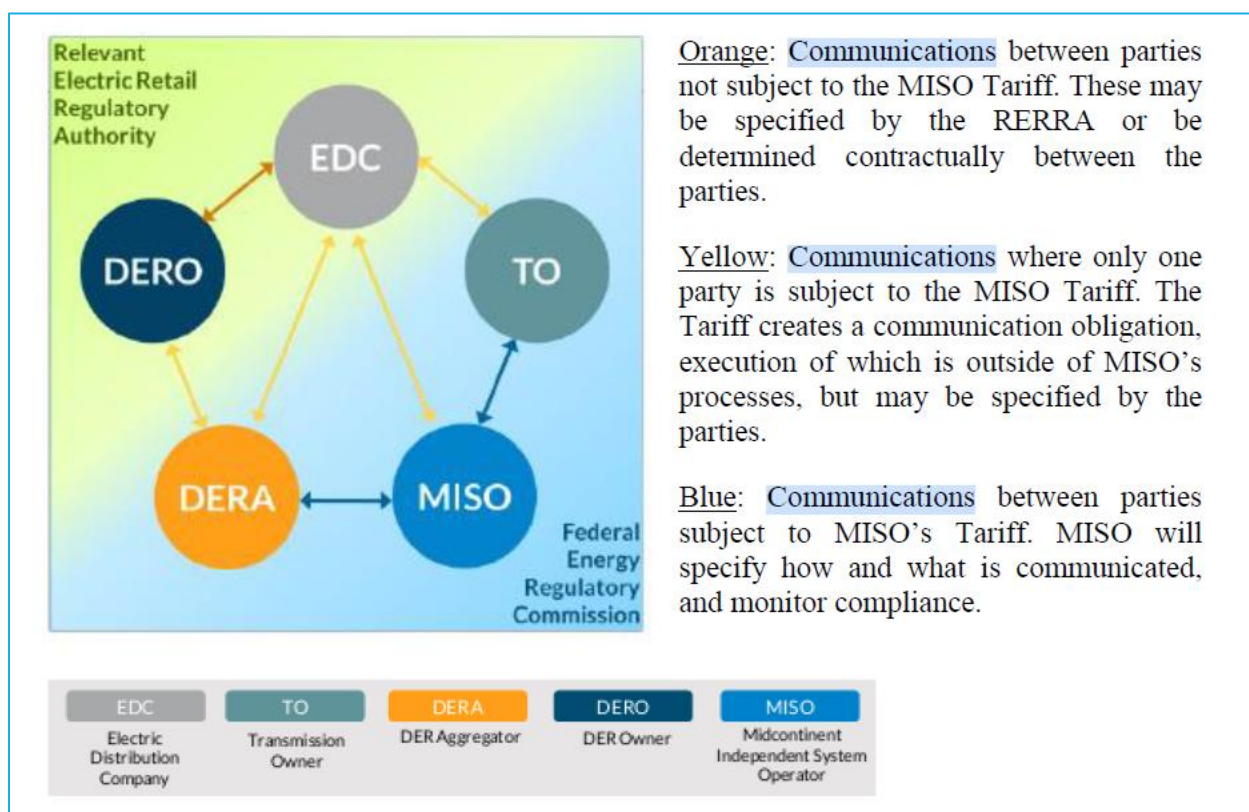


Figure 2: MISO Communications Framework Jurisdictional Categorization ⁶

⁵ ISONE filing, Proposed Tariff Section III.6.8.

⁶ MISO FERC Order 2222 Compliance Filing, April 2022, p. 13.

- **NYISO** – In its initial compliance order, NYISO proposed a new Services Tariff Section 4.1.10.7 that includes new requirements for NYISO/EDC operational coordination. NYISO stated that “the Distribution Utility will be responsible for advising the aggregator of any distribution system conditions affecting the Aggregation (e.g., line outages, limitations, or disruptions), evaluating the resource mix provided by the aggregator, and identifying any individual resources that cannot be dispatched due to distribution system conditions, and communicating any derates (or no-operation orders) to the aggregator.”⁷ FERC objected to the lack of precision of this requirement and found that NYISO’s tariff did not sufficiently address data flows and communication between NYISO, the Aggregator, and the Distribution Utility, and directed further compliance. NYISO submitted additional compliance on this issue and FERC approved the new language. However, similar to the other RTOs and ISOs, details and requirements about communications and communications protocols between DERAs and EDCs were not included in the revised Tariff or Business Practice Manual.⁸
- **PJM** – PJM proposed to revise its tariff to establish a process for ongoing coordination, including operational coordination, that addresses data flows and communication between PJM and the EDC. PJM states that distribution utilities will communicate with the DER Aggregator or the DER Aggregation Resource dispatch agent to inform them of any distribution activities that may require Component DERs to modify their operations. While FERC did require further compliance on the nature of PJM/EDC communications, it did not require any additional detail on the nature of DERA/EDC communications.
- **SPP** – SPP complied with FERC Order 2222 on operational coordination by submitting tariff revisions to allow EDCs to override DER dispatch. SPP did not propose any specific communications requirements for EDCs to communicate with DERAs, and FERC did not require any further detail on communications in its compliance orders.

The major takeaway from a review of RTO/ISO compliance filings and FERC approvals is that specifics and requirements on DERA/EDC communications were not included in Tariffs and Manuals. The nearest the RTOs/ISOs came is to state that communications need to occur as “soon as practical.”

State and Local Action Needed

Given the lack of specificity and direction on DERA/EDC communications and jurisdiction, particularly concerning EDC overrides of DERs within a DERA, state and local regulators will need to take a careful examination of EDC communication plans and potentially develop policies guiding these

⁷ NYISO FERC Order ER21-2460, P 278.

⁸ For example, in NYISO’s Aggregation Business Practice Manual, Manual 38, the specificity of communications about overrides is left vague – “as soon as practical.” “EDCs are directed to “If the Distribution Utility determines an Aggregator’s planned dispatch is inconsistent with distribution system conditions, the Distribution Utility shall advise the Aggregator as soon as practical.”, p. 56.

communications. A lack of specific direction in FERC Order 2222 or RTO/ISO compliance filings should not be taken as a rationale for inaction.

Specific DERA/EDC communications items that need examination include:

- **What is communicated?** – A core issue when developing state policy to identify what information is required to be transferred and for what purposes. For example, when an EDC overrides a DER, it will need to identify the affected specific DER or the customer/feeder and send this information, hopefully electronically, to DERAs. EDCs also need to be provided lists of DERs that DERAs propose to include in their aggregations during DERA registration.
- **How is it communicated?** – Historically, information about DERs and other resources has been transferred between parties by more manual means or by sharing electronic files, such as spreadsheets. States should consider requiring standard formats and the use of communications protocols like IEEE 2303.5 to facilitate accurate and timely communications. Again, the potential for a “Distribution Oasis” could be an effective path to resolve these issues.
- **Timeliness of communications?** – The speed and timeliness of the information exchange will be critical during operational coordination. If distribution problems require DER overrides after the close of the day-ahead market, DERAs need to know almost immediately that they cannot meet their dispatch schedule and will need to change their real-time bids/schedules, especially closer to the operating hour. Communication of these overrides will require very short latency, and states may need to consider setting maximum latency requirements.
- **Implications of non-performance?** – States will need to develop rules/guidelines on the expectations of effective communications between DERAs and EDC, and potentially the use of penalties for non-performance. Within this framework, it should be recognized that a significant number of DERs in these aggregations will not be “back-feeding” a substation. As such, they are serving to reduce the net load on the system. In the event a distribution feeder is off-line, the actual net effect to the system is likely a larger net load reduction. Therefore, the reliability implications represented by non-performance are not material. Each state in coordination with their RTO/ISO will need to determine effective policy to manage the effects of non-performance due to EDC overrides.
- **Cost Recovery?** – The development of communications pathways and systems will require EDC investment, effort, and expense. States will need to develop policies to assess prudent costs and cost recovery.

Unfortunately, as of early 2026, no state has fully developed rules for ongoing coordination. Due to this "gap" in specific instructions for the development of communications processes and protocols of EDCs and lack of any direction to RERRAs from FERC Order 2222, EDCs are not required to take any specific action, and they likely will not take action until directed, especially since development of these

communications capabilities will require expenditures and investment. Consequently, RERRAs should include rules governing DERA/EDC communications in their implementation of FERC Order 2222.

TRACKER TIPS AND HIGHLIGHTS

The Policy Tracker is available to the public at FERC2222.org. [\[LINK\]](#) If you would like to recommend content for the Tracker or provide feedback, please [contact us](#).

The Policy Tracker allows users to filter and search for content within a database of content pertaining to DER Policy, with emphasis on the implementation of FERC Order 2222. The keyword search functionality includes review of the source documents within the database, while the filters allow users to narrow their searches based on issue topic, organization, and state.

For tips on how to use the Policy Tracker search and filter function, see the Tips and Tricks section of the November Report [\[LINK\]](#) . This month, we are highlighting the Library page [\[LINK\]](#) of the FERC2222.org website. The Library is a great resource for important information regarding DER Policy, standards, and background information relevant to FERC Order 2222.

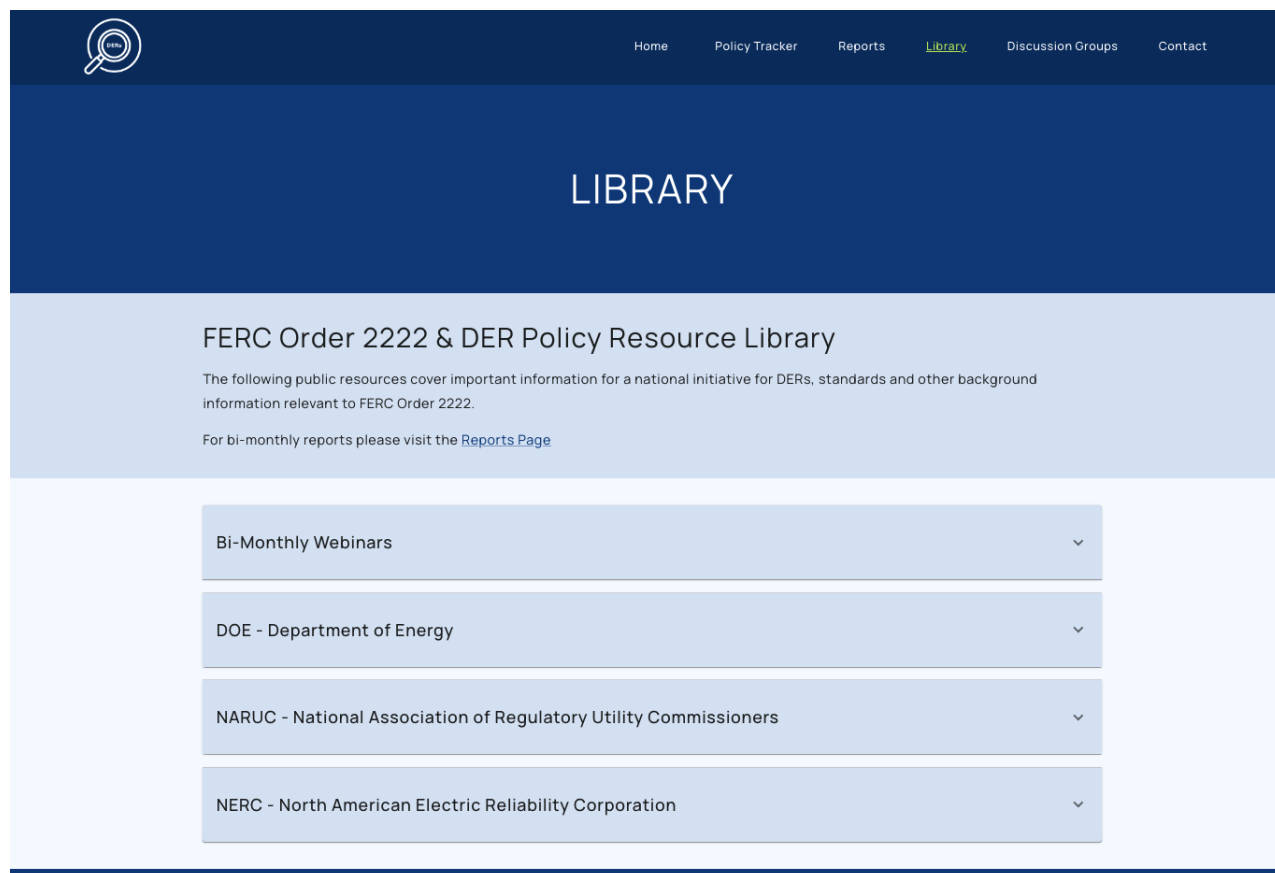


Figure 3: Screenshot of FERC2222.org Library Page

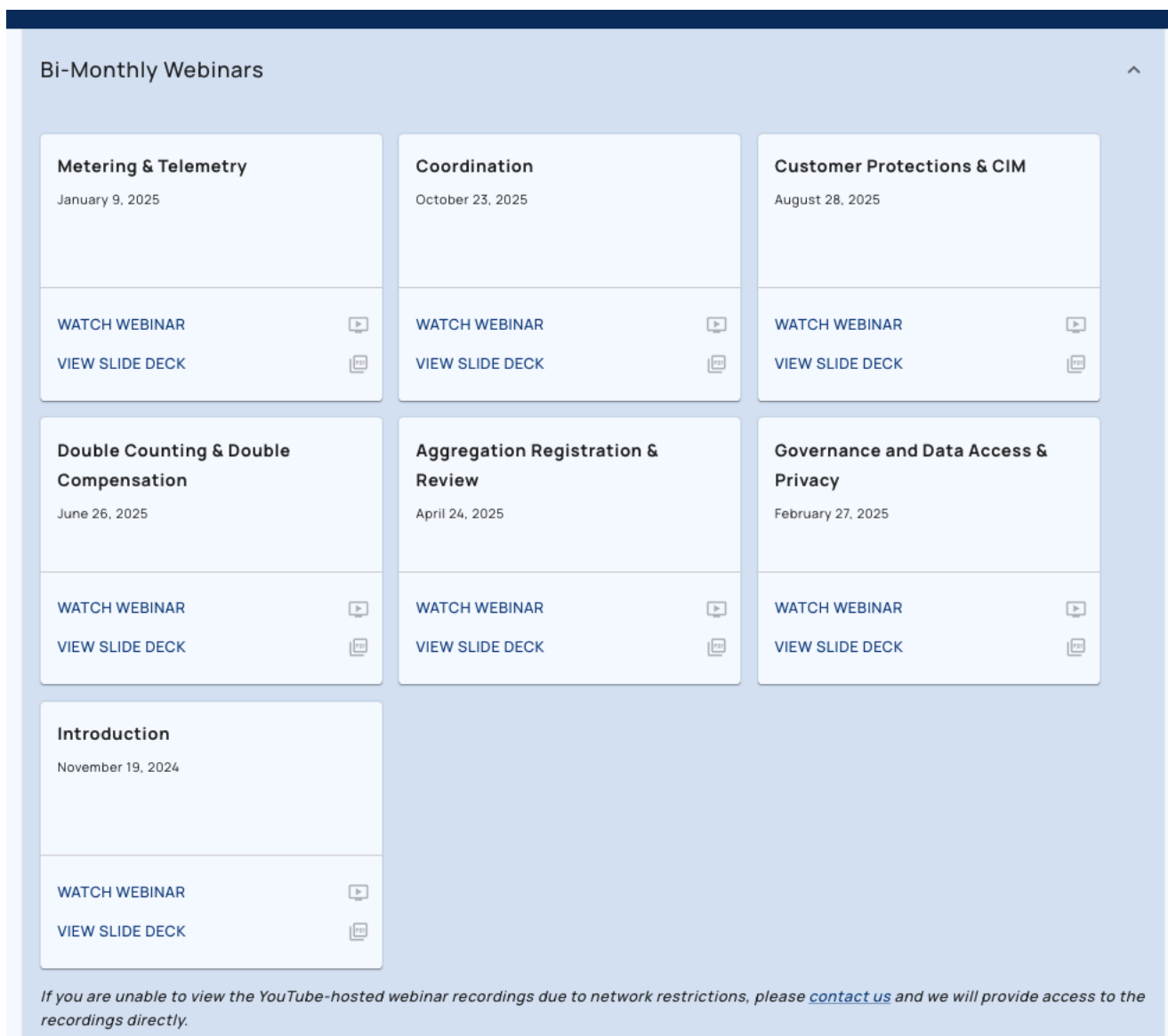


Figure 4: Screenshot of FERC2222.org Library page – Bi-Monthly Webinars section

The Library is also where you can find recordings and slide decks from all previous bi-monthly webinars (see Figure 4). If you are unable to view a webinar recording due to network restrictions please [contact us](#) and we will provide access to the recordings directly.

Previous bi-monthly reports, webinar recordings, registration links for upcoming events, and FERC Order 2222 related resources can also be found on ferc2222.org.

Discussion Groups are currently unavailable as we make some improvements to this feature.

REPORTS

FERC Order 2222 & DER Policy Implementation Bi-Monthly Reports

These bi-monthly reports are a series designed to track and deep dive into DER policy implementation at the state and regional level. A new report will be released every other month. [Subscribe](#) to our list serve to be notified of reports when they are released.

Quick Links

[September, 2025](#)

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Coordination

September, 2025

This report outlines recent developments in the implementation of FERC Order 2222 and DER policy. Key actions include FERC's denial of rehearing on MISO's compliance filing, NYISO's amendment to allow heterogeneous DER aggregations, and PJM's revised implementation timeline. State-level initiatives include Indiana's stakeholder process, Maryland's DRIVE Act proposals, and coordination rulemaking in Virginia and Wisconsin. The report emphasizes the growing importance of coordination among RTOs/ISOs, EDCs, DER aggregators, and regulators, detailing compliance requirements and review processes. It also highlights the evolving role of state and local regulators in setting communication protocols and adjudicating override disputes.

[READ REPORT >](#)

Figure 5: Screen capture of Reports page (ferc2222.org/reports)

Upcoming Webinar

Join our upcoming webinar on Friday, February 27th [[LINK](#)] . We'll dive into the Key Issues Analysis from this report, focusing on **EDC and DERA Communications**. Have questions or insights on this topic – or on broader developments related to FERC Order 2222? We'd love for you to join the discussion and share your perspective!

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