



FERC ORDER 2222 & DER POLICY AND IMPLEMENTATION REPORT

September 2025

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

FERC and several states took action 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 listed below.

RTO/ISO Order Implementation:

- On July 10, 2025, FERC issued an order denying rehearing of its January 2025 order on MISO's second FERC Order 2222 compliance filing. Specifically, FERC rejected the arguments of Voltus that FERC erred in rejecting changes to MISO's DRR Type-1 as an interim step in the implementation of FERC Order 2222. [[LINK](#)]
- On August 13, 2025, NYISO filed an amendment to its December 2024 compliance filing that would permit heterogeneous aggregations of DERs. Since the December 2024 filing, NYISO determined that several proposed tariff changes were not required, and thus proposes in this filing to remove certain proposed revisions to its Services Tariff. [[LINK](#)]
- On July 22, 2025, by letter order, FERC approved PJM's revised implementation date of February 2029 for FERC Order 2222. [[LINK](#)]

State FERC Order 2222 Implementation:

- Following its May 29, 2025 stakeholder meeting regarding rules that may be needed for a registration and study process of DER aggregations participating in wholesale markets via distribution systems in Indiana, URC staff invited comments to be filed. [[LINK](#)]

Other DER Policy Developments:

- Utilities in Maryland filed their DRIVE Act proposals on July 1. Stakeholders were invited to comment on the plans, with an in-person hearing to be held on Sept 3. [[LINK](#)]
- The Staff of the Public Utility Commission of Texas requested comments and reply comments on a “discussion draft” package relating to Technical Requirements and Interconnection of DERs in Project No. 54233. The documents included separate draft interconnection rules for DERs larger than 250kW and DERs smaller than or equal to 250kW, a draft rule with technical and operational requirements, plus interconnection agreements and application forms. Comments were due June 27 and replies August 8. The PUCT is not expected to take any further action until 2026 at the soonest. [[LINK](#)]
- In New York’s Grid of the Future proceeding (Case 24-E-0165), Stakeholder comments were filed in July regarding the first iteration of the Grid of the Future Plan. [[LINK](#)]
- On July 16th in the Commonwealth of Virginia, Commission Staff filed its recommendations regarding Proposed Rules relating to interconnection for small electrical generators and storage. [[LINK](#)]
- In Order 41866, the Hawaii Public Utilities Commission closed Docket No. 2019-0323, declaring that it had addressed the objectives of the docket through creation of various DER policies and programs, oversight of its Advanced Rate Design time-of-use study, and resolution of other technical matters pertaining to DERs. The Commission is considering developing a VPP or other dispatchable DER program, which would be taken up in a different docket. [[LINK](#)]
- In Docket 5-EI-163, the Wisconsin PSC acted on August 13, 2025, in its investigation of Aggregations of Retail Customers (ARCs). The PSC decided it would not direct NSPW, WEPCO, WP&L, or WPSC to submit new or updated demand response tariffs regarding how they plan to work with ARCs but would require that any future filing address: 1) costs and benefits associated and proposed measures to protect non-participating customers; 2) proposed communication practices including double-counting checks; and 3) proposed practices to safeguard sharing of customer data. [[LINK](#)]

KEY ISSUES ANALYSIS

Coordination

The integration of DERs into the electric power system necessitates increased coordination between all actors.¹ The need for coordination is especially crucial with the implementation of FERC Order 2222. FERC Order 2222 requires new interactions between electric distribution companies (EDCs), DER Aggregators (DERAs) and RTOs/ISOs. New procedures, tools, and requirements will need to be developed, and existing tools may need to be adapted. In particular, new sets of procedures and communications for coordination between DERs, DERAs, EDCs, and RTOs/ISOs will be required.

The key areas where coordination is critical are:

- **DER and DERA registration.** Coordination between RERRAs, DERAs, EDCs and RTOs/ISOs will be needed during all parts of DERA registration. See the March 2025 Tracking Report for more information about the registration and review process. [[LINK](#)]
- **Dispatch and operation of DERs with EDCs.** To maintain safety and reliability, the dispatch and operation of DERs and DERAs ability to provide wholesale and retail market services will need to be coordinated with EDCs. Coordination will be especially needed before and after the RTO/ISO day-ahead market clears, and during real-time operation.

Detailed coordination is especially crucial closer to the operating day. Real-time visibility into the deliverability of capacity, energy and other services at the interchange points between transmission and distribution networks will be needed. Information on the availability of DERs between transmission and distribution networks and the respective grid state information would be beneficial. In addition, RTOs/ISOs, Transmission System Operators (TSOs) and Distribution System Operators (DSOs) need to receive or develop day-ahead forecasts and schedules for DER services to anticipate their impact on the distribution grid and bulk power system. This includes identifying potential distribution-level constraints, or other conflicts in the day-ahead phase that could affect operations.

Figure 1² illustrates the interactions among Aggregators, RTOs/ISOs TSOs, and DSOs to ensure both market and operational coordination.

¹ While this discussion focuses on the coordination needs associated with the implementation of FERC Order 2222, the operation of virtual power plants (VPPs), especially when operated by non-utilities, will also require many of the same tools and procedures.

² EPRI, DER Aggregation Participation in Electricity Markets, March 2022.

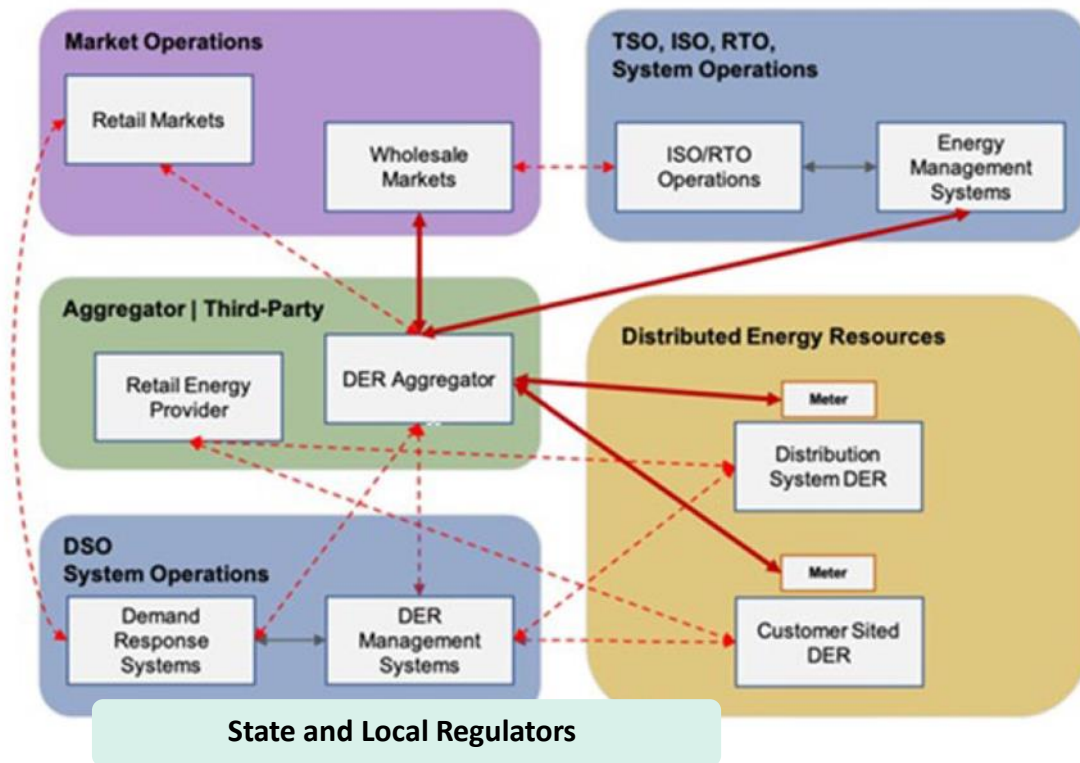


Figure 1 - DER Aggregation Interactions

FERC Order 2222 Coordination Requirements

FERC Order 2222 emphasizes the importance of coordination in the participation of DERs via DERAs in wholesale electric markets and the need for coordination between parties. 60 of the nearly 400 paragraphs in the order focus on coordination. Specific FERC Order 2222 coordination compliance requirements for RTOs/ISOs, EDCs, and DERAs include:

- Revising RTO/ISO tariffs to establish market rules that address coordination between the RTO/ISO, DERAs, EDCs, and RERRAs.³
- Incorporating a comprehensive and non-discriminatory process for timely review (set at no more than 60 days) by EDCs of the individual DERs that comprise a DER aggregation and the DERA. Key aspects of this review include whether individual DERs are capable of participating in an aggregation and whether participation would create negative safety or reliability impacts.⁴
- Requiring DERAs to report to the RTO/ISO on an ongoing basis any changes to their offered quantity (e.g., kilowatts) due to DER asset outages/curtailments.⁵

³ FERC Order 2222, P 278.

⁴ FERC Order 2222, P 292.

⁵ FERC Order 2222, P 310.

- Establishing a process for ongoing coordination, including operational coordination, that addresses data flows and communication among RTOs/ISOs, DERAs, and EDCs. The order requires coordination protocols and processes for the operating day that allow EDCs to override RTO/ISO dispatch of a DER aggregation under circumstances where the override is needed to maintain reliable and safe operation of the distribution system.⁶
- Identifying how to accommodate and incorporate voluntary state and local regulator involvement in coordinating the participation of aggregated DERs in RTO/ISO markets.⁷

All six RTOs/ISOs complied with these coordination requirements, albeit with significant variations, and FERC has fully approved five of these compliance proposals.⁸ The key areas where FERC made specific changes and revisions to RTO/ISO proposals were on the scope of the EDC review, the length of EDC review, and the level of detail on coordination processes contained in tariffs. With regard to scope, FERC emphasized in its compliance orders that the review of DER participation must be limited to the incremental impacts that DER participation may produce.

EDC review of DER participation was the focus of more scrutiny and review by FERC. The primary differences focused on the timing of the EDC DER review process. While three of the RTOs/ISOs (CAISO, ISO New England, and NYISO) followed the 60-day review process and timing specified in the Order, MISO, PJM and SPP proposed versions that either added steps or essentially lengthened the review timing. FERC required revisions to these processes to ensure that the 60-day review timing met the requirements in FERC Order 2222. For example, PJM proposed an initial capability review by EDCs that did not have a time limit. FERC rejected the original proposal, and the final order approved a process that includes (a) a 15-day EDC capability review period (e.g., to determine whether DERs are already participating in other DER aggregations or retail DER programs), and (b) a 45-day reliability review.⁹ FERC also directed the RTOs and ISOs to provide more clarity on the criteria used to determine a DER's capability to participate and impacts on safety and reliability.¹⁰

The level of specificity and detail on coordination protocols and processes, particularly how ongoing coordination will be conducted, is another key area of review in the RTO/ISO proposals and FERC

⁶ FERC Order 2222, P 310.

⁷ FERC Order 2222, P 322.

⁸ FERC's order on SPP's second compliance order is still outstanding.

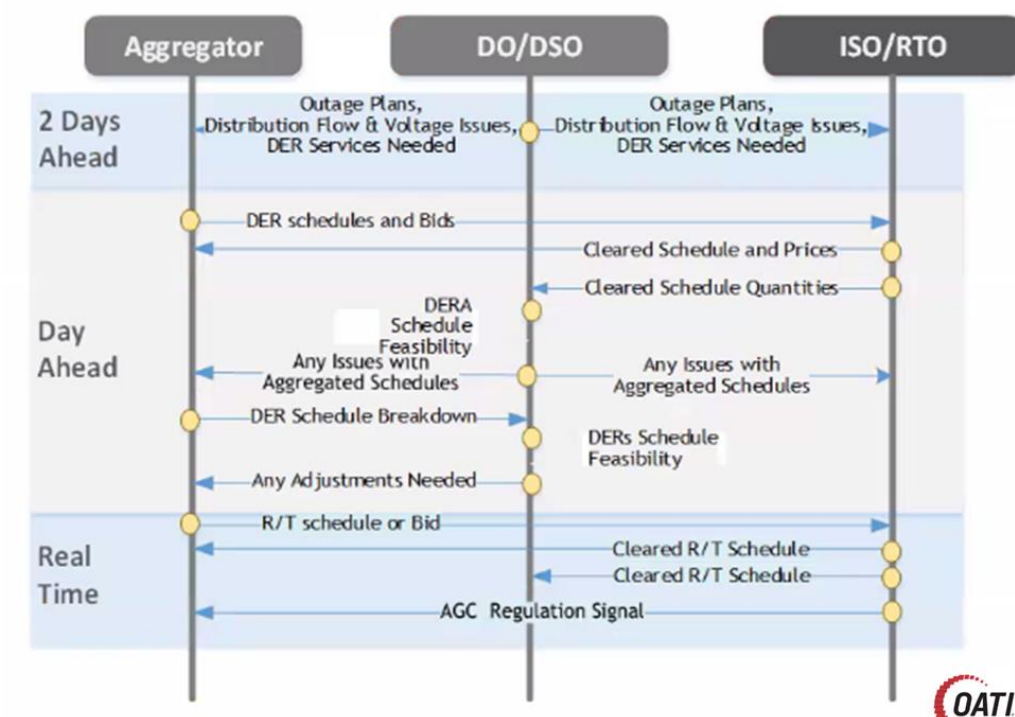
⁹ FERC Order on Compliance Filing, 188 FERC ¶ 61,076 (July 25, 2025), P 124.

¹⁰ See, for example, FERC's direction to NYISO in its first compliance order to file: a further compliance filing that revises its Distribution Utility review process to include in its tariff all or a subset of the capability criteria that NYISO discusses in its Data Request Response, or, if applicable, explain which tariff provisions specifically address such criteria." FERC Order on Compliance Filing, 179 FERC ¶ 61,198 (June 17, 2022), P 266 (NYISO Compliance Order). FERC also directed NYISO to develop guidance documents on how safety and reliability impacts will be assessed, and develop a transparent process. NYISO Compliance Order, P 267.

compliance orders. Ultimately, FERC agreed with the RTO/ISOs that the details of coordination protocol and processes do not belong in RTO/ISO tariffs, and the tariffs must focus on high-level processes. Nevertheless, FERC did encourage RTOs and ISOs to work on these processes prior to implementation. For example, NYISO was encouraged to work with stakeholders as it develops tariff language that identifies the data and information sharing and the process under which this information will be shared.¹¹ Details about how RTOs and ISOs will conduct coordination are generally still under development and will be contained in Business Practice Manuals.

EDC Coordination Requirements

Participation of DERs and DERAs in wholesale markets will also entail the development and implementation of EDC coordination processes. Since FERC's jurisdiction is limited to wholesale transactions, FERC Order 2222 does not contain any requirements about active coordination between



EDCs and DERAs. EDCs need to work with their appropriate RERRAs and DERAs to determine the coordination strategies needed at different stages (i.e., day-ahead, real-time) of DERA market participation that meet RTO/ISO plans and do not negatively impact EDC operation. Figure 2¹² identifies key interactions between DERAs, EDCs (listed as distribution operators (DO) and DSOs), and RTOs/ISOs.

Figure 2 - Illustrative Example of Market and Operational Coordination Interaction

¹¹ Ibid, P 294.

¹² U.S. Department of Energy, Office of Electricity, *TSO-DSO-Aggregator Market and Operational Coordination Requirements*, April 2024, p. 13 (USDOE).

Coordination needs for EDCs in each timeframe include:

- **Day-Ahead.** For the day-ahead timeframe, EDCs will need transparent access to planned dispatch schedules during operational timeframes, ideally at the same time that DERAs receive these schedules from RTOs and ISOs. These dispatch schedules will cover aggregation level dispatch, as well as device level dispatch instructions issued by DER aggregators to individual DERs. Without information on the planned behavior of resources in the day-ahead and day-of timeframes, EDCs cannot identify potential constraints to safety and reliability and will instead have to rely on prior studies and more conservative approaches to DER management. For example, NYISO, in its day-ahead information sharing requirement, plans to publish a DER day-ahead operating plan for EDCs to be able to perform reliability analyses prior to proposed DERA dispatch.¹³
- **Intra-Day.** For the intra-day timeframe, EDCs will need to provide information to DERAs about unplanned outages or constraints that may impact deliverability of DER aggregations to ISO/RTO market.
- **Real-Time.** During real-time operations, distribution overrides necessitated by unplanned outages or local distribution system issues must be addressed by EDCs, especially how these overrides will be communicated to DERAs and ISOs/RTOs. Moreover, the speed of the communications of these overrides must be quick so DERAs can inform RTOs/ISOs that they cannot fulfill their schedules or allow DERAs to revise their schedules. EDCs need to consider a communication framework for situations where distribution override is imminent. Therefore, ongoing and structured open communication surrounding the dispatch of DER aggregations will be key to fully realizing the potential of DERs to participate in aggregations.

As discussed above, it is imperative for EDCs to engage with DERAs to ensure the reliability of the distribution network and complying with the rules for set for this coordination with their respective RERRAs. As coordination between EDCs and DER aggregators grows, there should be clear rules governing interactions and communications for different scenarios. These collaborations may include operational coordination, data sharing for the grid and DER management, market settlements, and other critical activities that support market or retail participation. These rules should account for the different

¹³ Joint Utilities of New York, *NYISO DER Participation Model: Utility Visibility to DER Day-ahead Operating Plan*, November 8, 2022. “The analysis will help to secure the system for safety and reliability, adjust proposed DER dispatch, and proactively optimize the system to minimize real time challenges on the system. Utilities may utilize the DDAOP as input to its ADMS/Load Flow models to evaluate the safety and reliability impacts for the proposed operating schedule for the next 24-hours or the analysis may check to ensure that the proposed DER operation schedule does not conflict with scheduled outages or distribution maintenance that may result in abnormal distribution system operation.”

local regulatory obligations for retail and market participation requirements which govern EDCs and DERAs.

“As coordination between EDCs and DER aggregators grows, there should be clear rules governing interactions and communications for different scenarios.”

Role of State and Local Regulators

Since coordination involves interaction between parties (especially retail entities like EDCs), including rapid transfer of information during the operating day, the role of state and local regulators is to set rules and perform oversight as needed. Rules and regulations guiding these activities have the potential to be very detailed and technical. Consequently, Commissions will need to decide the level of detail and involvement in coordination that they are comfortable with. At one end of the spectrum, states could develop detailed staff expertise on the subject and conduct in-depth stakeholder discussions to develop detailed rules. Conversely, they may choose to set broader guidelines that EDCs and DERAs will use to guide their interaction.

In setting rules for coordination, state and local regulators will need to consider the following issues and considerations:

- **Coordination.** Rules guiding coordination should not be overly prescriptive, but instead set timelines, roles and responsibilities of parties, and penalties if rules are not followed. This need is especially required if, after the close of the day-ahead RTO/ISO market, events transpire that limit the ability of specific DERs to operate. State and local regulators must set sufficiently short timelines for EDC-DERA communications in their rules and regulations to ensure that this communication occurs. In addition, state and local regulators will need to establish guidelines about the conditions that could trigger overrides of ISO/RTO market instructions to DER aggregations. Additionally, it is the responsibility of the state energy regulator to adjudicate override disputes, primarily between DER aggregators and distribution utilities, to determine if overrides were appropriate.
- **Communications.** As noted above, communications between DERs, DERAs, EDCs and RTOs/ISOs will be the backbone of FERC Order 2222 implementation and DERA participation in RTO/ISO markets. As part of their compliance with FERC Order 2222, RTOs and ISOs will have to set rules for DERA communications with RTOs and ISOs about DERA registration, bids, schedules,

and real-time adjustments. It is up to the RERRA to set acceptable forms of communications, rules, and expectations for the level of communication that occurs between DERAs and EDCs, and potentially individual DERs and EDCs. In addition, any communications between EDCs and RTOs/ISOs concerning their review of DERAs (and from RTOs/ISOs about dispatch) should also be guided by state and local direction.

While several states (District of Columbia, Indiana, Maryland, Michigan, Missouri, New Jersey, and Pennsylvania) initiated proceedings in FERC Order 2222 implementation, only two states are actively examining coordination issues as part of their proceedings. In Maryland, the Interconnection Work Group organized by the Maryland Public Service Commission is actively examining these coordination and communication issues. The Work Group is drafting Virtual Power Plant regulations that include requirements guiding FERC Order 2222 DERA and EDC ongoing coordination. The New Jersey Board of Public Utilities examined coordination issues as part of its January 2025 technical conference on Order 2222 implementation. [[LINK](#)]

Next Steps

Coordination is fundamental to the implementation of FERC Order 2222, but the details and mechanics of this coordination are mostly still outstanding. RTOs and ISOs are currently working with their stakeholders on developing processes, protocols and tools to guide this coordination, but they generally are in draft form. State and local regulators are only beginning to review their role in setting rules to guide EDC and DERA coordination.

It is imperative that all parties work diligently on developing effective and equitable coordination processes that will guide DER aggregations as RTOs and ISOs implement FERC Order 2222.

“Coordination is fundamental to the implementation of FERC Order 2222, but the details and mechanics of this coordination are mostly still outstanding.”

For more information about coordination and updates on recent FERC Order 2222 and DER policy developments, please join us for our bi-monthly webinar [[LINK](#)]. These bi-monthly webinar presentations provide an opportunity for discussion on key issues.

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, RTO/ISO, and state or federal regulators.

The following figure shows a search for the keyword “registry.”

 **Maryland Public Service Commission Memorandum from John Borkoski, Staff Workgroup Leader, Re: PC44 Interconnection Workgroup Non-Consensus Issues (January 31, 2025)**
This filing from the MDPSC Staff requests Commission direction on the scope of Workgroup activities ...
[View More](#)

- MI
- MISO
- PJM
- Governance
- DERPolicy
- DoubleCounting

 **Michigan Demand Response Aggregation Workgroup**
As of October 2024, Michigan does not currently have an open docket dedicated to Order 2222, but is ...
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Related

-  [Michigan Case U-20348: In the matter, on the Commission's own motion, to address outstanding issues regarding demand response aggregation for alternative electric supplier load.](#)
-  [Michigan DR/DER Aggregation Workshop – Kickoff Meeting PowerPoint Presentation](#)

- IN
- MISO
- PJM

 **Indiana URC Implementation of FERC Order 2222**
The Indiana Utility Regulatory Commission (IURC or Commission) is working with stakeholders on its i ...
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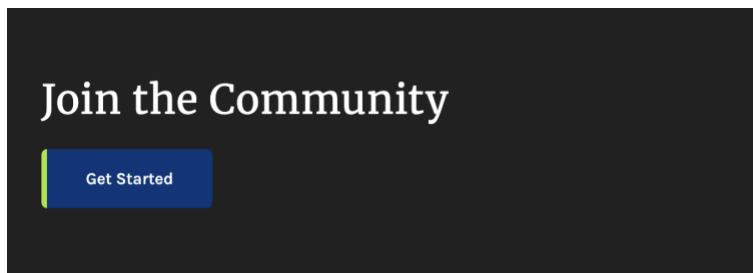
Figure 3: Screen capture of search results from the FERC2222.org Policy Tracker issue filter selection.

Discussion Groups

The DER Policy Discussion Groups provide a secure space for regulatory authorities, their staff, and NARUC to discuss key issues. Participation requires a valid email from an approved regulatory authority, as these groups are not open to the public.

Discussion Groups include:

- Data Access and Privacy
- Governance
- Metering and Telemetry
- Interconnection
- Aggregation Registration and Review
- Dual Registration/Double Counting
- Communication between EDC's, Aggregators and RTOs/ISOs
- Coordination
- Cost and Investment Recovery



To access the Discussion Groups feature, navigate to the Discussion Groups page on FERC2222.org [[LINK](#)] and click on the “Get Started” button (see Figure 3). You will then be prompted to enter your email address. If your email domain is already white-listed, you will be sent an email with a login code to complete

the login process. If your email is not white-listed and you believe it should be, please contact us at 2222website@cusln.org.

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