

United States Senate

WASHINGTON, DC 20510

May 23, 2018

Mr. Kevin McIntyre
Chairman
Federal Energy Regulatory Commission
888 First Street NE
Washington, DC 20426

Re: Docket No. RM18-9-000

Dear Chairman McIntyre:

In February, the Federal Energy Regulatory Commission (FERC) made significant progress to improve energy market competition and innovation by finalizing a multi-year rulemaking process on energy storage. Simultaneously, FERC began a process to remove barriers and allow for distributed energy resources (DERs) and renewable aggregators to integrate into capacity and energy markets. FERC proceeded with a technical conference to further discuss reforms in this area. Now that FERC's DER technical conference is complete, we write today to urge you to move forward and finalize guidance to Regional Transmission Organizations (RTOs) and Independent System Operators (ISOs) on DER grid integration.

DER adoption and renewable energy aggregation continue to grow in the United States, driven by state and federal policies as well as consumers choosing cost-competitive innovative technologies such as smart thermostats, electric vehicles, and customer-sited energy generation and storage. The Energy Information Administration estimated in 2016 that DERs accounted for about two percent of the installed generation capacity in the U.S. Distributed solar growth made up nearly 12 percent of new capacity additions¹. FERC recently found that increasing DER usage could increase security and resiliency of the grid. As usage of DERs increases, utilities, state public utility commissions, federal regulators, and stakeholders should work together to integrate consumer-supplied DERs into the grid. This will enable consumers to play a central role in strengthening reliability and avoiding unnecessary costs by supplying localized energy services. Technology-neutral wholesale markets that account for DER can complement grid modernization while lowering costs for consumers and improving grid reliability and resilience.

As you know, FERC held a technical conference on April 10-11, 2018, and opened Docket No. RM18-9-000 to gather feedback from stakeholders. At this meeting, there was consensus from utilities and grid operators that without better real-time data of where DERs are located on the grid, consumers could see higher prices because generation could run when it is not needed. There was also agreement that a unified national framework accounting for these resources would be more effective than having each RTO/ISO to develop its own solution. We encourage

¹ Distributed Energy Resources: Technical Considerations for the Bulk Power System, FERC Staff Report, February 2018. Found online at: <https://www.ferc.gov/legal/staff-reports/2018/der-report.pdf>

FERC to build on these areas of agreement in the implementation of FERC's recently finalized energy storage rulemaking, and work with stakeholders to finalize a rule for DERs to participate in wholesale markets.

Continued action by FERC to remove market barriers for advanced energy technologies can contribute to grid resilience and versatility, and lower prices for consumers. We commend your work on finalizing the energy storage rulemaking, and urge you to move forward on developing a DER guidance.

We would appreciate an update on your efforts no later than June 15, 2018.

Sincerely,



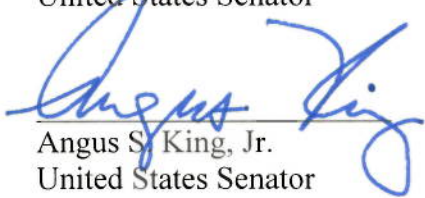
Sheldon Whitehouse
United States Senator



Martin Heinrich
United States Senator



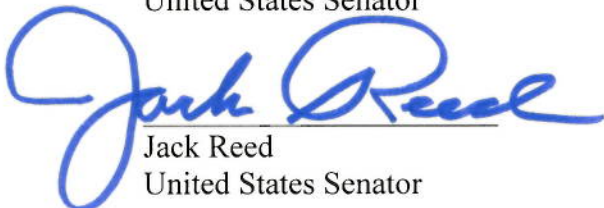
Richard Blumenthal
United States Senator



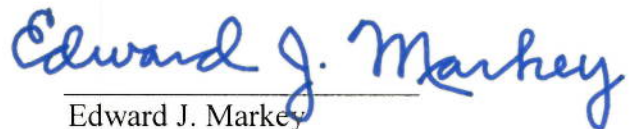
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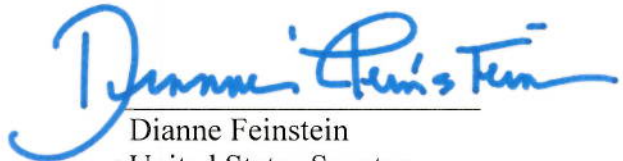
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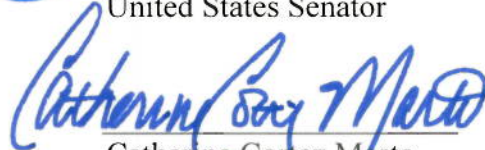
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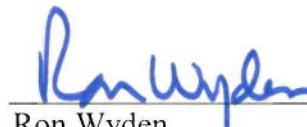
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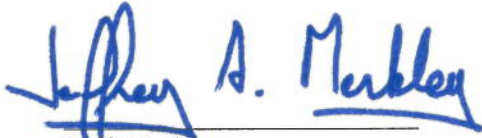
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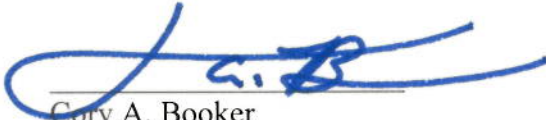
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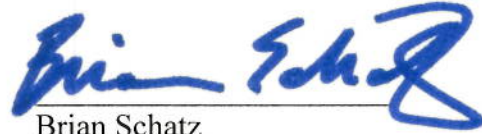
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