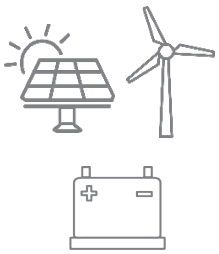
NYISO Expands Electricity Market Participation for **Distributed Energy Resources (DERs)**

The NYISO is proud to be the first market administrator in the country to allow aggregated DERs to fully participate in competitive wholesale energy markets. DERs are typically smaller, behind-the-meter resources that supply electricity directly to consumers. This offsets the amount of electricity required from the bulk power grid. Small-scale solar, wind, battery storage, and fuel cells are examples of DERs.

Groundbreaking market design

- ✓ Our first-in-the-nation comprehensive market design compensates aggregations of DERs to help support grid reliability while balancing supply and demand.
- ✓ Aggregated DERs can play a significant role in the transition of our electric system which is increasingly dependent on variable, intermittent resources.



What is a DER Aggregation?

- ✓ A collection of DERs like small-scale solar, wind, battery storage facilities, and fuel cells that can be dispatched as a single resource.
- ✓ Each individual DER must be a minimum of 10 kilowatts (kW) and each aggregation a minimum of 100 kW to participate.
- ✓ As an example of the flexibility of aggregations, battery storage resources can be combined to offer grid operators different capacity or energy duration options. Three two-hour, two megawatt (MW) batteries, for example, could be aggregated to offer:
  - A two-hour, 6 MW resource
  - A six-hour, 2 MW resource
  - Or other combination that best matches system and business needs by location

FERC Approval

In April 2024, the Federal Energy Regulatory Commission approved enhancements to market rules for aggregated DER participation in the NYISO markets. This advancement builds on rules the NYISO developed with stakeholders in 2019.

"To date, the NYISO has been at the forefront of developing a participation model for DERs and seeking to implement that model expeditiously."

FERC order comments from Chairman Willie Phillips & former Commissioner Allison Clements

NYISO Expands Electricity Market Participation for DERs

A more efficient and flexible grid

Our DER market rules expand competition to the benefit of consumers and allow flexible demand and smaller scale resources to participate in a similar manner as conventional, large-scale generators.

Integrating DER aggregations into competitive markets provides greater visibility into their performance so they can be used to reduce or increase load depending on system needs. Storage resources that can absorb excess renewable energy can provide supply when demand is higher. Adjusting Electric Vehicle (EV) charging times for large fleets may provide additional opportunities to balance supply and demand.

Benefits of aggregated DERs in electricity markets…

- Improved electric system efficiency, resiliency, and fuel diversity
- Expanded tools that make consumer demand more dynamic and responsive to market price signals
- Flexible response to changing system needs by either reducing demand, or increasing supply
- Expanded competition for energy, capacity, and ancillary services to support grid reliability

The grid of the future will require a variety of resources to support reliability across a wide range of conditions. We continue to innovate and evolve electricity markets to meet policy mandates, attract needed investments, and support the needs of the electric system.

"Distributed Energy Resource aggregation is the most recent example of the innovative work we are doing in electricity market design to deliver a more flexible, dynamic, and reliable grid of the future."

Emilie Nelson, EVP & Chief Operating Officer

2024 DER FACT SHEET – V1 – 08.09.24

Get our policy brief

"How Electricity Markets Power New York State Clean Energy Goals"

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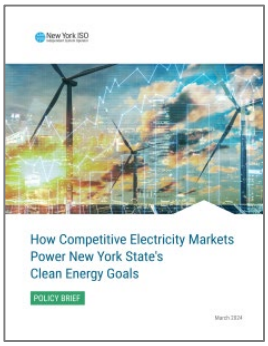

Learn More

about competitive, wholesale electricity markets visit

www.nyiso.com/power-of-markets

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