#####  October 13, 2022

**TO:** All Interested Parties

**FROM:** Caroline Trum, Director, Wholesale Electric Quadrant

**RE: Energy Storage and Distributed Energy Resources Update**

The WEQ Business Practices Subcommittee (BPS) continues to work to address Standards Request R22001, jointly submitted by the U.S. Department of Energy (DoE), Lawrence Berkeley National Laboratory, and Pacific Northwest National Laboratory in furtherance of efforts under the U.S. DoE’s Grid Modernization Laboratory Consortium to modernize the nation’s electric grid. Specifically, the request proposes the creation of common technology-neutral, standardized categories of grid services to benefit both wholesale and retail market interactions as well as advance the interoperability and integration of flexible, grid-edge resources such as energy storage and distributed energy resources. As indicated by the request, such standards will enable wholesale market operators to classify existing market products with common grid services and support more efficient communications between market operators and market participants. Once developed, any wholesale electric standards can provide a foundation for the development of similar retail electric standards that will serve to assist emerging retail markets to integrate, with greater consistency, the flexibilities that can be realized from grid-edge resources. The request has been individually assigned to both the WEQ BPS and the RMQ BPS, with the RMQ BPS expected to hold a kick-off meeting later this year.

Currently, the subcommittee is working to develop initial draft standards that will propose defined terms, definitions, and performance expectations for six potential categories of grid services: energy service, reserve service, regulation service, frequency response service, voltage management service, and emergency service. The subcommittee intends to hold an informal comment period later this year on the draft language and will use any feedback to finalize a recommendation for standards development. The next meeting of the WEQ BPS is scheduled for October 27, 2022.

In addition to addressing Standards Request R22001, the WEQ BPS has also been working to develop standards to support the industry’s implementation of directives in FERC Order Nos. 841 and 2222 regarding the participation of energy storage resources and distributed energy resource aggregations in organized wholesale markets. Much of the subcommittee’s initial focus has been on 2022 WEQ Annual Plan item 6.b – Develop business practices for information and reporting requirements for the qualified energy storage resources and distributed energy resources participating in wholesale markets. As part of standards development on this annual plan item, the WEQ BPS developed a use case identifying the types of information that may need to be exchanged in the registration of a distributed energy resource aggregation and/or an individual resource comprising an aggregation, and is developing standards to define a common set of information requirements. These discussions included the potential need to communicate information regarding the types of market services that a distributed energy resource and/or aggregation could provide. In recognition that any standards developed in response to Standards Request R22001 may provide a better understanding of the information that should be communicated regarding grid services and in an effort to prevent duplicative standards development, the WEQ BPS determined to, in the interim, focus standards development efforts on the new request.