

## ELIMINATING “FIRST USE” FOR INTERCONNECTIONS TO DISTRIBUTION FACILITIES IN PJM

### PROBLEM / OPPORTUNITY STATEMENT

- In Order Nos. 2003 and 2006, the Commission established the “first use” test, under which the *first* interconnection to a distribution facility for the purpose of making wholesale sales is not subject to Commission jurisdiction, but any *subsequent* interconnections to that same distribution facility for purposes of making wholesale sales become Commission-jurisdictional.<sup>1</sup>
- In PJM, this means that when a generator intending to participate in PJM markets physically interconnects to a distribution facility for the *first* time, it does so pursuant to state/local rules, and receives a PJM Wholesale Market Participation Agreement (“WMPA”) for purposes of effectuating wholesale transactions in PJM markets. However, any *subsequent* interconnections to the same distribution facility by generators intending to participate in PJM markets are subject to FERC-jurisdictional interconnection rules (i.e. go through the PJM interconnection process resulting in a Generation Interconnection Agreement (“GIA”)).
- Because PJM staff spend significantly more time processing GIA interconnection requests, as opposed to WMPA interconnection requests, the first use test creates a situation where PJM staff must divert time and resources to processing GIA requests on *distribution facilities*, as opposed to transmission facilities.
  - PJM does not operate, control, monitor, or model distribution facilities.
- Recent developments at FERC indicate that the Commission may be receptive to elimination of the “first use” test in PJM at this time.
  - In Order No. 2222, the Commission disclaimed jurisdiction over resources connecting to distribution facilities for purposes of participating in a Distributed Energy Resource (“DER”) Aggregation, and by extension expressly declined to apply the first use test to such interconnections.<sup>2</sup>

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<sup>1</sup> See, e.g., *Standardization of Generator Interconnection Agreements & Procedures*, Order No. 2003, 104 FERC ¶ 61,103 at P 804 (2003).

<sup>2</sup> See, e.g., *Participation of Distributed Energy Resource Aggregations in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Order No. 2222, 172 FERC ¶ 61,247 at P 96-97 (2020) (“Because we decline here to exercise our jurisdiction over the interconnection of a distributed energy resource to a distribution facility for the purpose of participating in RTO/ISO markets exclusively through a distributed energy resource aggregation, the interconnection of such a resource for the purpose of participating in a distributed energy resource aggregation would not constitute a first interconnection for the purpose of making wholesale sales under the “first use” test. As such, only a distributed energy resource requesting interconnection to the distribution facility for the purpose of directly engaging in wholesale transactions (i.e., not through a distributed energy resource aggregation) would create a “first use” and any subsequent distributed energy resource interconnecting for the purpose of directly engaging in wholesale transactions would be considered a Commission-jurisdictional interconnection. We believe that this approach will minimize any increase in the number of distribution-level interconnections subject to the Commission’s jurisdiction that this final rule may cause.”).



# Problem/Opportunity Statement

- In 2022 the Commission approved a filing by ISO-NE that extended the disclamation of interconnection jurisdiction in Order No. 2222 to all resources interconnecting at the distribution level in ISO-NE, thereby eliminating the “first use” test in ISO-NE. (Docket No. ER22-2226)