VPP PROGRAM DEVELOPMENT

MSSIA QUARTERLY MEMBERS MEETING

Oct 29th, 2026

VPP Goals

EO 2 requires the BPU to establish a VPP program that reduces peak demand.

> Reducing peak demand is not only about reduced energy use it is a key driver in capturing long term savings for all ratepayers by reducing capacity needs at auction, providing grid services that avoid the need for traditional wires solutions and reducing the need to build or utilize peaker plants.

The Straw aims to establish a framework for a new grid infrastructure that is more flexible, and best utilizes all its resources. This future will require continued coordination between workstreams.

Two Phased Approach

- Short Term
  - An EDC run program that utilizes existing Demand Response and VPP Pilot Programs as a backbone to achieve peak demand reduction goals outlined in the Straw
- Long Term
  - A compensation tariff that will support a robust open market.



Grid Flex

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- **Existing assets –**
- Smart thermostats, EV chargers, smart water, heaters, battery storage that are not receiving compensation for curtailment or injection already
- Similar to a BYOD set up, but assumes that many of these will be hardware that received EE or EV incentives during install.
- Emerging technologies such as balcony solar, bidirectional EVSE, and smart panels offer expanded DER participation.





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Interim VPP Program

Board Approval:
Aug 2027
Program Active:
Oct 2027

NOTE: Planned dates are subject to change

Minimum Filing Requirements include:

- Program description
  - Eligibility and enrollment descriptions, event dispatch protocols, timelines, narratives explaining how the program meets the objectives of the straw, implementation timeline
- Forecast table
- Budget worksheets and cost-effectiveness measures
- Enabling Infrastructure details
  - Communication protocols, estimates on the number of devices, etc
- Planning and Operations Integration
  - How will the EDCs incorporate VPP provided services into distribution planning and operations during the program
- Performance Measurement and EM&V Plan
  - Baseline methodology, proposed metrics

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Interim VPP Program

Interim Report:
Nov 2028
Program Ends:
Nov 2029

NOTE: Planned dates are subject to change

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Minimum Filing Requirements cont.

- Peak Demand Reduction Target - 3% for life of program
- Cost Savings Target
- Aggregator Solicitation Plan
  - Evaluation criteria, fees, anticipated number of aggregators by resource type or customer segment, how Triennium contractors will transition
- EDC Aggregator Contract Disclosures
  - EDCs must disclose total contracted value consistent with requirements including customer pass through
- Transition Strategy
  - A plan to migrate customers in the Interim plan to migrate to the long term tariff without re-enrollment
- Reporting
  - Quarterly, Annual, post season and event level

Long term solution – VPP Tariff and other coordinated workstreams

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Long-term VPP

The long-term VPP will focus on creating a compensation-based tariff that is resource neutral:

- Support an open market that provides performance-based compensation
- Has appropriate DERMs architecture to support robust system
  - Grid DERMs
  - Edge DERMs
- Allows for revenue stacking (i.e. distribution-level services, PJM wholesale) but prevents double payment for identical grid service

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EDC Ownership & Administration

The Straw contemplates a role for EDC ownership and/or administration of storage for specific use cases.

The Straw also notes that there are open questions on the impact EDECA may have on EDC ownership for transmission scale storage.

The Straw suggests the clearest use case for EDC ownership and/or administration would be constrained circuits, which would be identified in the **PSUP****.

The Straw prioritizes customer/ aggregator ownerships over EDC ownership.

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** developed through first Grid Mod Forum (IDDER) workgroup

Long-term VPP-related workstreams

Grid Mod – Grid Flexibility Services

The BPU has established a *second* GMF Workgroup: **Grid Flexibility Services**. The primary goal of this workgroup is to create a **service architecture** that standardizes the integration, interoperability, aggregation and orchestration of interconnected and aggregated DER, such that a broad range of flexibility services can be called upon from these assets.

The Workgroup will focus on **a)** Characterizing needed grid service elements **b)** Identifying interoperability barriers for heterogeneous DER service delivery **c)** Determining appropriate service value and compensation amounts and methods and **d)** Initiating data collection pilots that will support the development of a commercial scale VPP program built upon this service architecture.

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Grid Flexibility Services

Creation of a platform for DERs to provide **compensated services** to EDCs to reduce distribution infrastructure costs, increase hosting capacity.

- Establishes **interoperability standards** (configuration) for heterogeneous DER/DR
- Establishes **participation rules** (orchestration) for service calls
- Defines location-based, temporal compensation mechanisms
- Minimizes Ratepayer Cost and Risk
  - Opens paths for 3rd Party Aggregators to amplify traditional infrastructure solutions
  - Designed for enabling efficient evolution from Triennium 3 DR investments
  - Systematic approach to data/information collection for informed Rulemaking
  - Assures that documented EDC PSUP strategies are fully realized

Grid Flex Workgroup Collaboration

SEIA Solar Energy Industries Association
Smart Electric Power Alliance
NEMA
octopus energy
pjm
MSSIA Mid-Atlantic Solar & Storage Industries Association
Berkeley Lab
Lawrence Berkeley National Laboratory
Rutgers
IREC
EPDI
nrg
Advanced Energy United
uplight
State of New Jersey Division of the Rate Counsel
New Jersey Department of Environmental Protection
Jersey Central Power & Light A FirstEnergy Company
atlantic city electric An Exelon Company
Rockland Electric Company
PSE&G

Long-term VPP-related workstreams

Storage

- Garden State Energy Storage Program Phase 1
  - Transmission level storage that will bid into the existing wholesale markets, two tranches have been initiated
- Garden State Energy Storage Program Phase 2
  - Support rapid adoption of smaller, decentralized energy storage resources that may participate in future VPP aggregations
  - Initial program rollout will complement VPP efforts to enable deployment of new BTM distributed storage resources and support nascent storage market while the long- term tariff is established
  - Straw expected mid-August

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Thank You!

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