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Clean Energy States Alliance (CESA) is pleased to submit the following comments on “Unleashing Virtual Power Plants in the District of Columbia: Recommendations for a Regulatory Roadmap June 16, 2026 DRAFT.”

CESA appreciates this opportunity to comment on the draft regulatory roadmap. Generally, CESA agrees that it is important for the District to pave the way, through regulatory revisions, for VPPs to participate in the PJM wholesale markets under FERC 2222. The Kathan Energy Consulting draft roadmap addresses this need well.

CESA’s contribution to this conversation does not directly address the regulatory roadmap, but instead the potential added value VPPs can provide to DC communities and ratepayers beyond their participation in wholesale energy markets. That is, CESA views VPPs not merely as a vehicle for DERs to participate in wholesale markets, but also as a vehicle for DERs to help meet the District’s policy goals. In addition to supporting compliance with FERC orders, regulation adopted by the District should also support, or at minimum refrain from preventing, the development of beneficial virtual power plant programs that serve the District’s policy goals.

A review of VPP programs across the United States reveals that while many VPPs provide wholesale energy market services, such as capacity to help meet peak electric demand, many also provide other benefits and services which are not compensated in wholesale markets (for a summary of VPP programs across the US, see www.cesa.org/projects/energy-storage-policy-for-states/virtual-power-plant-programs-summary-table/). CESA therefore views FERC 2222-enabling regulatory reform as an important step, but urges DOE to further consider how VPP-supporting policies such as performance-based incentives could support District policy goals. It is important to optimize VPPs such that the largest possible number of benefits and services can be provided and compensated, whether in markets or through state or utility compensation mechanisms.

Examples of non-market services VPPs can provide could include:

- Resilience/backup power for individual homes and businesses, or for communities through resilience hubs and critical infrastructure
- GHG and/or air emissions reductions through demand response and power export during peak emissions periods (which may or may not be the same as peak demand periods)
- Locational services such as mitigating distribution grid congestion and addressing hosting capacity limitations
- Ratepayer savings via deferment of distribution investments, such as wires and substations

- Enabling new large load customers such as data centers to interconnect by mitigating large increases in peak demand and lowering interconnection costs
- Supporting flexible interconnection for distributed generation through the addition of distributed energy storage and dispatch controls
- Equity benefits such as energy cost savings for cost-burdened communities
- Improving local energy resource control and ownership
- Enabling peaker plant retirement and supply-side decarbonization
- Enabling building electrification (see www.cleangroup.org/publication/electrification-with-equity-part-1/ and www.cleangroup.org/publication/electrification-with-equity-part-2/)

Although these benefits may not be monetizable in PJM wholesale markets, they have value which can be calculated and included when conducting cost-effectiveness screening and benefit/cost analysis.

VPP services that support District policy goals can be enabled regulatorily (such as via performance-based regulation) and/or through incentive programs administered by the District, by utilities, or by third parties. CESA would be happy to provide more information or to engage in further conversations with DOEE to help identify policy goals a VPP program might support, discuss how to incentivize those goals, and support VPP program design.

More information on VPP program design can be found in our report “Program Design for Battery Based Virtual Power Plants,” available here: www.cesa.org/resource-library/resource/bvpp-program-design.

Additional resources are available at CESA’s Virtual Power Plant Acceleration Initiative: www.cesa.org/projects/vpp.

CESA appreciates this opportunity to participate with DOEE in considering VPP development in the District, and looks forward to continuing the conversation.

Sincerely,



Todd Olinsky-Paul
Senior Project Director
Clean Energy States Alliance

CESA is a leading US coalition of state energy agencies working together to advance the rapid expansion of clean energy technologies and bring the benefits of clean energy to all. Established in 2002, CESA is a national, member-supported nonprofit that works with its members to develop and implement effective clean energy policies and programs. CESA’s members include many of the nation’s most innovative, successful, and influential implementers of clean energy policies. CESA facilitates the expansion of state clean energy policies, programs, and innovation, with an emphasis on renewable energy, energy storage, energy equity, and resiliency. CESA and its members perform an essential role in moving the nation from fossil fuels to affordable clean energy. Learn more at www.cesa.org.