

Distributed Energy Resource Initiative

Pew's State Policy Explorer and DER Policy Playbook

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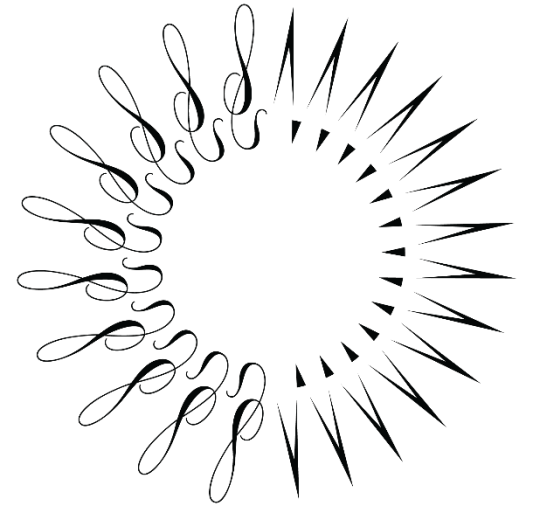
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Agenda

- Introduction
- Policy Explorer
- Pew DER Policy Playbook Overview
 - Goal 1: Integrate DERs into utility planning and procurement
 - Goal 2: Reduce barriers to DER permitting and grid access
 - Goal 3: Strengthen community resilience with DER solutions
- Questions

The Pew Charitable Trusts

Founded in 1948, Pew addresses the challenges of a changing world by illuminating issues, creating common ground, and advancing ambitious projects that lead to tangible progress.



The Energy Modernization Project



Modernize the
transmission system

Expand large-scale clean
energy generation

Accelerate the adoption of
distributed energy resources

What are DERs?

Technologies that are close to homes and businesses

1. Generate (rooftop solar)
2. Store (battery/energy storage technologies)
3. Manage electricity (smart thermostats)

Configured into a small-scale electricity network

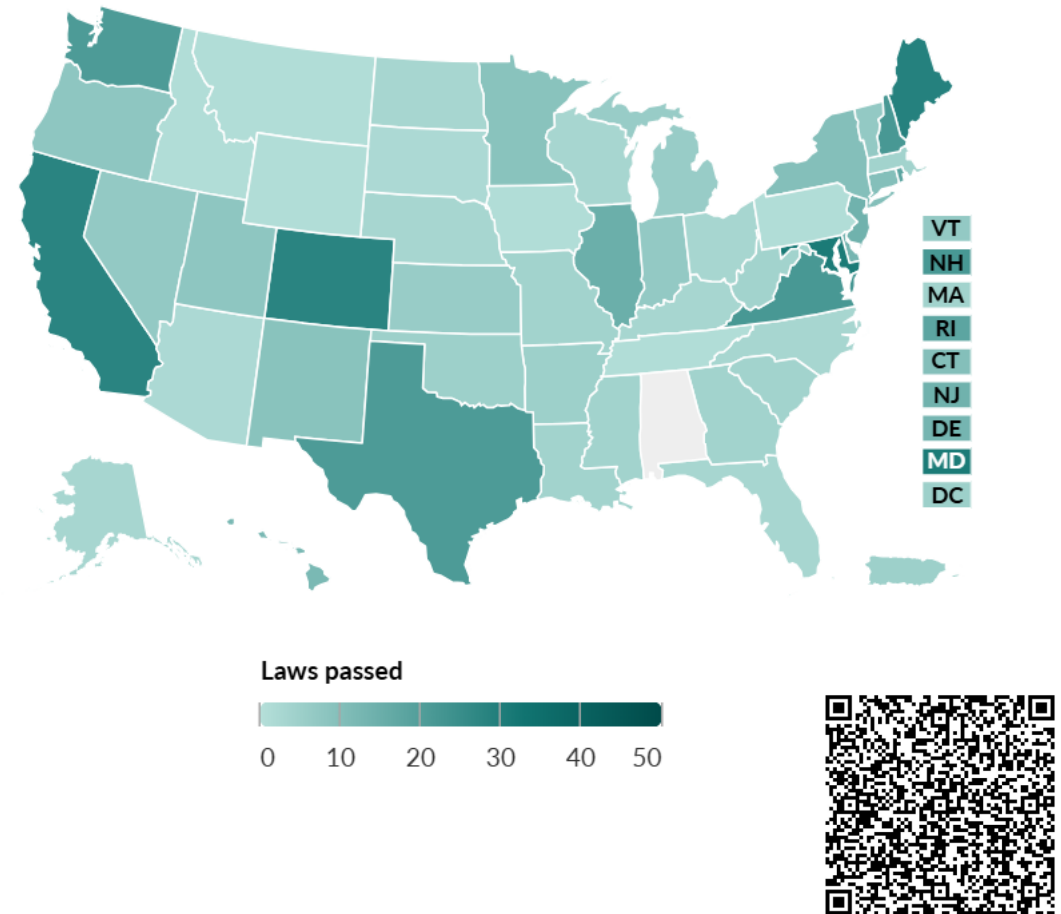
Aggregated to form a virtual power plant (VPP)



DER State Policy Explorer

- Central location to showcases 400+ policies from 2021-2025
- Explore the breadth of state DER policies
- Understand policy trends

Nearly every state passed
DER policies



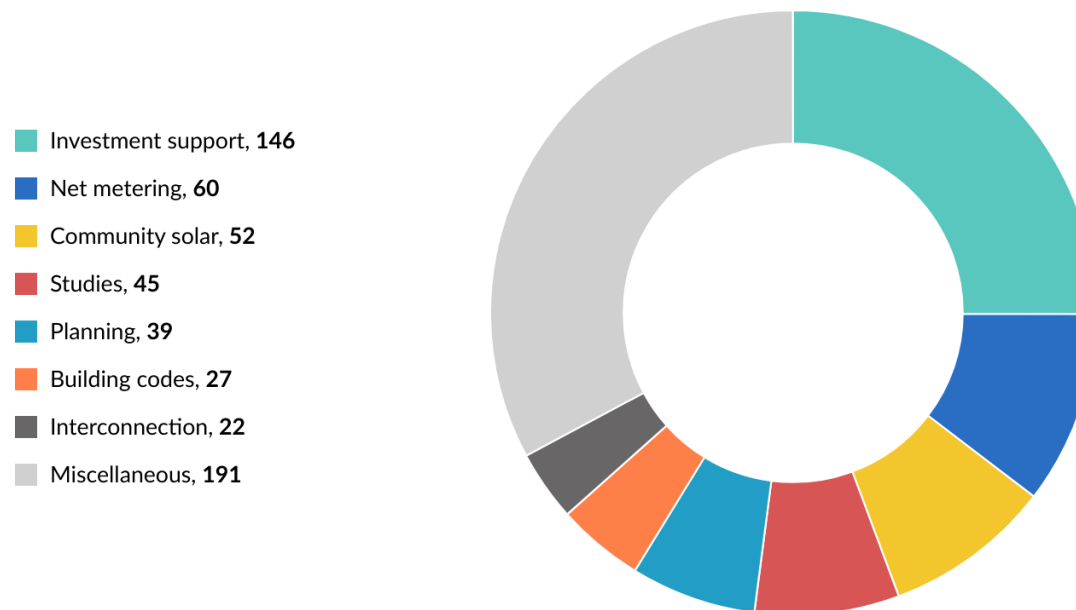
Wide Range in Types of Policies Enacted

DER State Policy Explorer

Figure 1

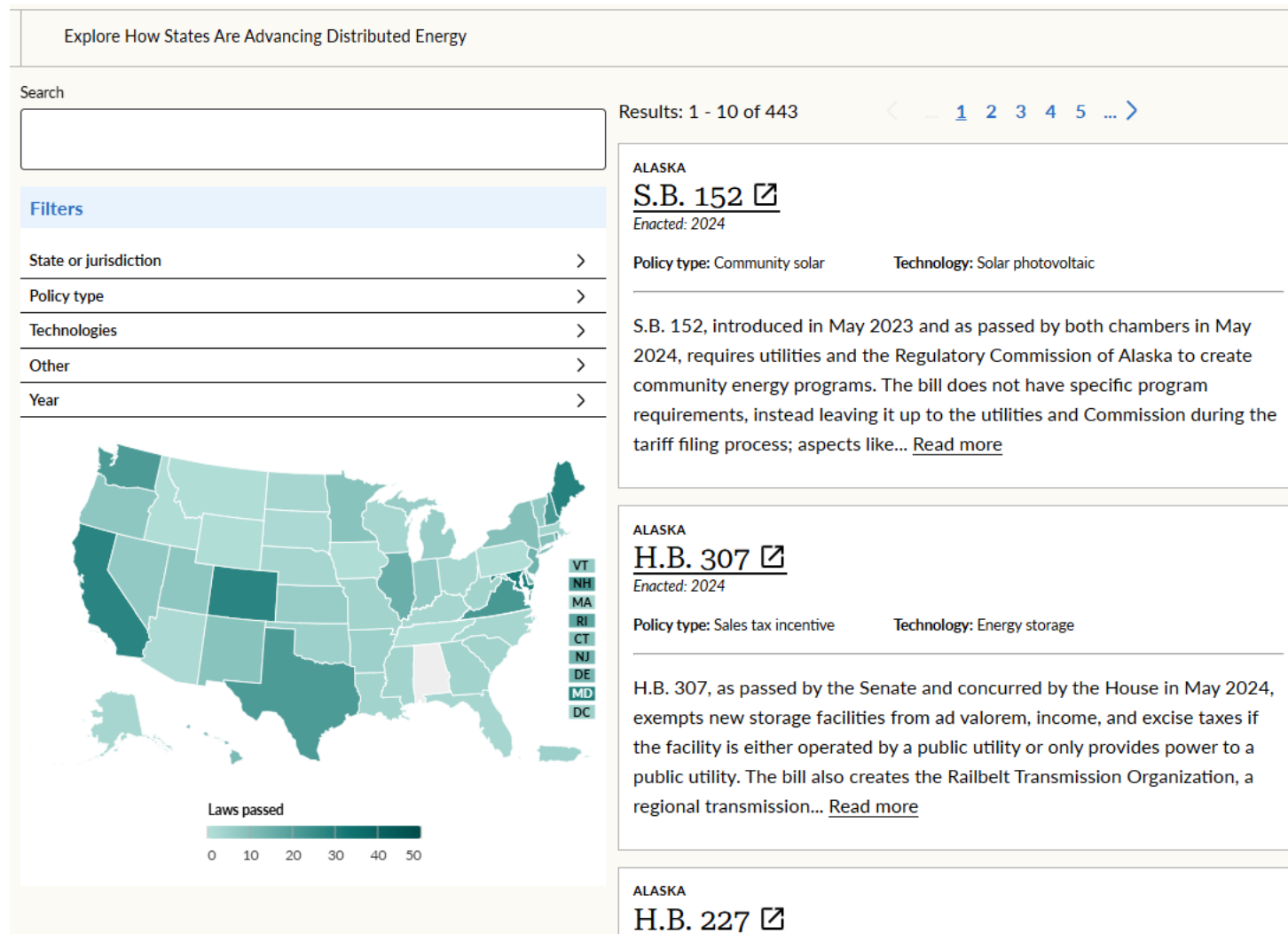
DERs Are Coming Into Focus for State Legislatures

Lawmakers have promoted local energy through wide-ranging policy solutions



Note: This chart shows the frequency of each policy type addressed in the 443 state legislative actions included in the State Policy Explorer. The total number of policies represented in the chart exceeds 443 because a single action may address multiple policy types. "Miscellaneous" includes demand response, distributed generation valuation, homeowners association rules, market development, rate design, and "other."

Source: Pew analysis of data from the North Carolina Clean Energy Technology Center



Developing a DER Policy Playbook

- Convene a bipartisan group of experts to inform the Playbook, anchored by two seasoned energy experts – Audrey Zibelman and Pat Wood III.
- Engage the Council to identify barriers to widespread adoption of DERs.
- Work with the Council to develop policy recommendations to advance DERs at the state and local levels.

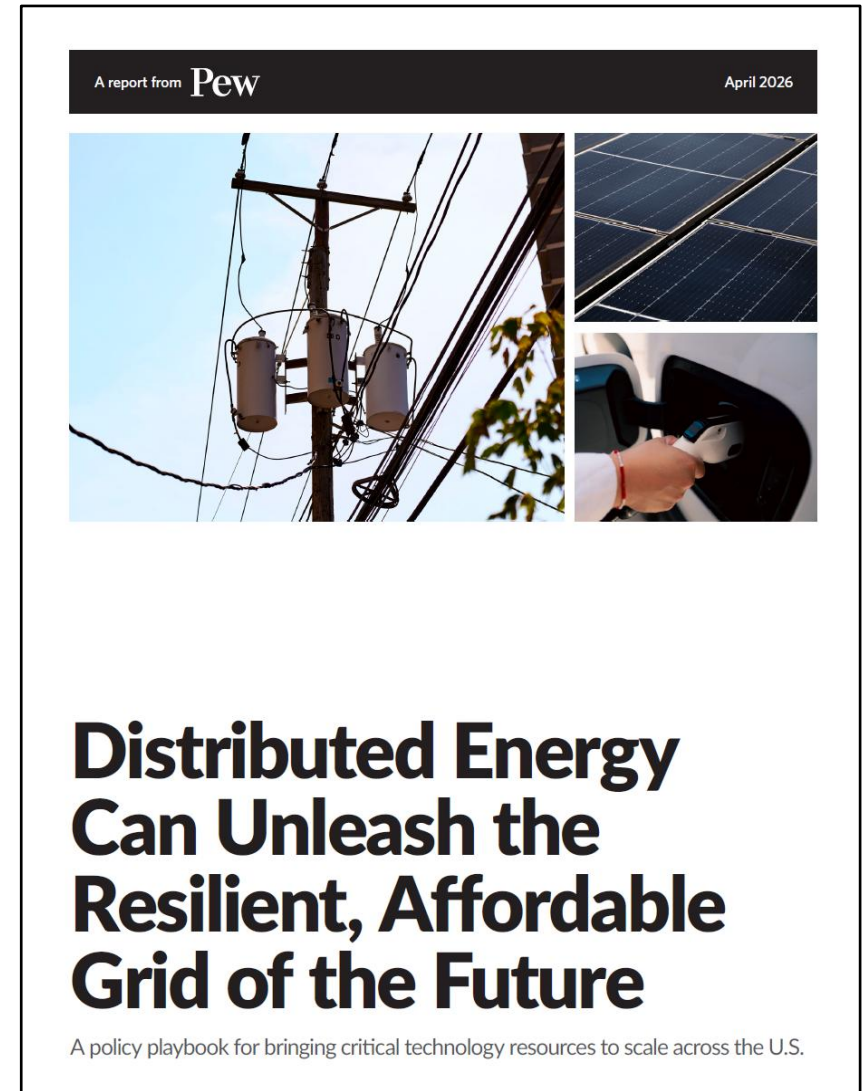


Pew DER Advisory Council

DER Policy Playbook

Provides decision-makers with actionable steps they can take now to bring DERs to scale in the U.S. and address increasing energy demand, costly utility bills, and more extreme weather.

- 3 overarching goals
- 6 specific policy recommendations
- 21 case studies spanning:
 - 14 US states/territories
 - 2 international
- Additional recommended resources



DER Policy Playbook

Rising electricity demand and outdated systems threaten reliability, raise costs.

DERs and VPPs deliver value to customers and the grid.

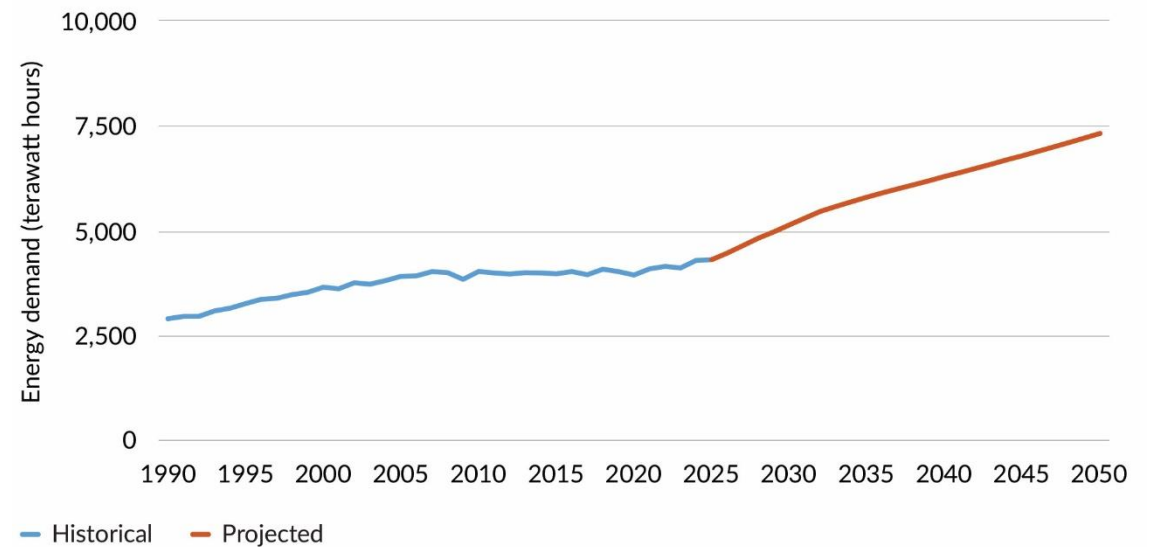
- DERs are readily available, low cost, and underused
- DERs can be better leveraged to provide grid services

Bringing DERs and VPPs to scale requires new policy approaches.

Figure 1

After Decades of Stagnation, U.S. Power Demand Is Projected to Nearly Double in 25 Years

Real and forecast electricity usage, 1990-2050



Source: Lalit Batra et al., *Rising Current: America's Growing Electricity Demand*, 2025

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DER Policy Playbook: Goals and Recommended Actions

At-a-Glance Policy Recommendations to Bring DERs to Scale

3 key DER goals and strategies to meet them

Integrate DERs into utility planning and procurement

- 1 Require DER optimization as part of distribution grid planning.
- 2 Establish targets for VPP capacity and customer participation.
- 3 Align utilities' financial interests with greater DER deployment.

Reduce barriers to DER permitting and grid access

- 4 Automate and streamline permitting processes.
- 5 Automate and streamline interconnection—the process for connecting energy generators and batteries to the grid.

Strengthen community resilience with DER solutions

- 6 Leverage DER capacity to reduce the frequency and duration of outages and to provide homes and communities with backup power during blackouts.

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Policy Recommendations

Recommendation 1: Require DER optimization as part of distribution grid planning

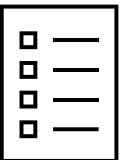
Requires utilities to develop robust, transparent, long-term plans that quantify system needs and proactively consider DERs as an affordable alternative to traditional utility infrastructure.

Objectives

- Utilities, regulators, and other stakeholders evaluate how DERs can be used to meet electric grid system requirements. Coordinate distribution planning and IRP processes to leverage DERs, where cost-effective, as a supply-side option.
- Regulators use transparent analytical methods and stakeholder engagement to build public and regulator confidence in infrastructure plans.

Case study: Australia implements integrated planning for DER optimization

“DER deployment will be more effective if the utility has a regulator-approved plan that treats DERs commensurately with utility-scale projects.”



Integrate DERs into utility planning and procurement

Recommendation 2: Establish targets for VPP capacity and customer participation

At the direction of the state legislature, state commissions can set specific VPP capacity targets for utilities to lower electricity costs for all customers and can authorize the use of a range of mechanisms to facilitate the deployment of VPPs at scale.

Objectives

- Lower customers' utility costs by replacing or delaying traditional infrastructure investments using VPP capacity.
- Reduce unnecessary requirements for building and siting large infrastructure.
- Build durable markets for VPPs with certainty for participants and DER providers.

Case study: Virginia enacts VPP pilot legislation



“Setting VPP targets removes financial and institutional barriers to VPP adoption and can spur cost-effective deployment, which helps reduce costs for utilities and consumers.”

Case study: Virginia enacts VPP pilot legislation

- Virginia was facing rising peak demand and in need for more flexible, cost-effective grid management.
- Lawmakers enacted HB 2346 requiring Dominion Energy Virginia to pilot a large-scale VPP program, which will enable up to 450 MW of aggregated DERs while allowing third-party participation.
- The program is a structured pilot running through 2028 with compensation mechanisms built in.



Integrate DERs into utility planning and procurement

Recommendation 3: Align utilities' financial interest with DER deployment

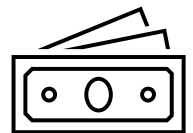
States should work to address structural financial barriers within the regulatory frameworks governing utility earnings that discourage utilities from leveraging DERs and VPPs.

Objectives

- Remove the financial bias toward traditional capital investments to make deployment of DERs and VPPs at scale similarly attractive for utilities.
- Encourage further deployment of DERs through Performance Based Ratemaking (PBR) and Performance Incentive Mechanisms (PIMs).

Case study: New York creates the Reforming the Energy Vision regulatory framework

“State commissions can address the bias against DER investment and deployment by reviewing and adjusting the existing financial frameworks for utilities.”



Reduce barriers to
DER permitting and
grid access

Recommendation 4: Automate and streamline permitting processes

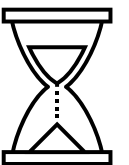
To make DERs more affordable, policymakers must target the “soft costs” of DER deployment, including permitting, interconnection, and associated labor costs. Reducing these soft costs falls on state and local policymakers.

Objectives

- Make permitting timelines and costs more certain and transparent.
- Leverage software tools and third-party providers to lower soft costs for DER installations.
- Improve the customer experience when installing DERs.
- Address inconsistent requirements and delays across local permitting entities.

Case study: Texas adopts third-party inspections and automated permit reviews for residential DERs

“Allowing third-party reviews and inspections with final approval by local authorities will speed up reviews while ensuring that local standards are met efficiently and safely.”



Case study: Texas adopts third-party inspections and automated permit reviews for residential DERs

- Texas faced permitting bottlenecks and administrative inefficiencies that slowed residential DER deployment and increased costs.
- In 2025, lawmakers passed SB 1202 to streamline inspections and permitting by authorizing licensed professionals and third parties to conduct reviews, supported by automated approval platforms.



“S.B. 1202 proves we can streamline permitting, reduce costs, and maintain strong safety standards all at the same time. It’s a commonsense solution to help more Texans access reliable energy.” - Rep. Dean, TX House sponsor of SB 1202

Reduce barriers to
DER permitting and
grid access

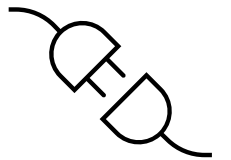
Recommendation 5: Automate and streamline interconnection

Streamlined and transparent interconnection processes are critical to improving customers' experience and integrating DERs at scale. Flexible interconnection allows DERs to interconnect quickly, without waiting for significant grid upgrades.

Objectives

- Create safe, customer-friendly interconnection processes.
- Use regulator-established metrics and advanced technologies to improve interconnection timelines and reliability.

Case study: UK Power Networks achieves timely interconnection of DERs through innovative and supportive regulatory framework



“Streamlining safe interconnection of DERs requires collaboration among utilities, DER developers, and customers to quickly implement advanced technologies and flexible interconnection processes.”

Recommendation 6: Leverage DER backup capacity to reduce the frequency and duration of outages

DERs can strengthen local energy security and keep communities powered through outages and extreme weather. States should prioritize community-based programs that deploy DERs to meet local resilience needs.

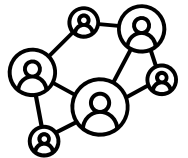
Objectives

- Prioritize, coordinate, and fund installation of DERs via microgrids, VPPs, and community resilience hubs that can deliver critical power when outages occur, supporting community resilience and safety.

Case study: In storm's aftermath, Puerto Rico launches program to bolster energy security

“Investments should target high-risk locations to increase the number of facilities that are able to serve communities during extreme events; ensure continued operation of critical facilities, such as hospitals or water utilities; and minimize the impact of grid stress events on residents.”

Strengthen
community
resilience with DER
solutions



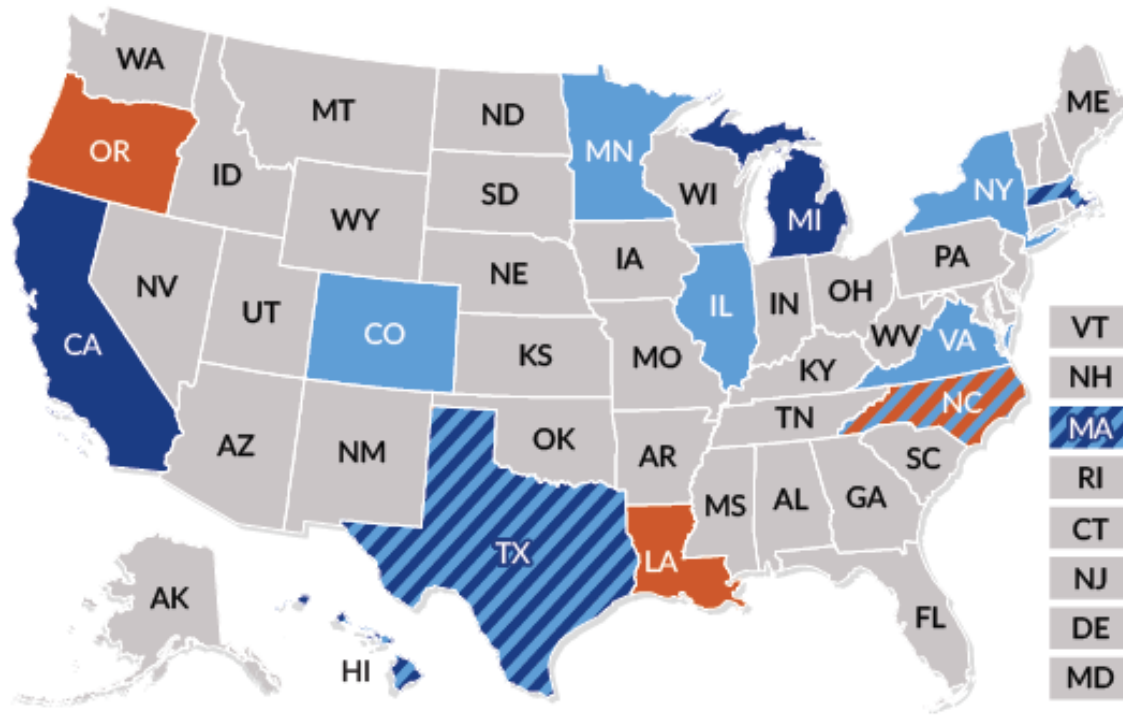
Case study: Louisiana builds community resilience through microgrids and VPPs

- Extreme weather and frequent power outages spur Together New Orleans & Together Louisiana to deploy solar and energy storage hubs throughout the state and utilized existing infrastructure like houses of worship to create a network of “Community Lighthouses.”
- State and local government programs for microgrids, distributed solar and energy storage.
- New Orleans City Council approved \$28M Virtual Power Plant program administered through Entergy New Orleans.



Image Credit: Carlos M. Silva

DER Policy Playbook Case Studies



- Reducing barriers to DER permitting and grid access
- Integrating DERs into utility planning and procurement
- Strengthening community resilience with DER solutions

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- 21 case studies spanning:
 - 13 US states + Puerto Rico
 - Australia and UK

Thank you!

Questions?

Energy Modernization Project
<https://www.pew.org/en/projects/energy-modernization>



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