

DR/DER Aggregation Workshop

Kick-Off Meeting

January 23, 2024

Workgroup Instructions

1. This meeting is being recorded.
2. Please be sure to keep microphones muted when you are not speaking.
3. Please type questions into the chat or use the “raise hand” button.
4. We will be requesting written feedback after the meeting. Comments should be emailed to dohertyr1@michigan.gov.
5. The slides and meeting recording will be posted on the Demand Response Aggregation webpage (<https://www.michigan.gov/mpsc/commission/workgroups/demand-response-aggregation>).

Agenda

Time	Topic	Speaker
10:00 AM	Kick-Off	Chair Dan Scripps (MPSC) Roger Doherty (MPSC Staff)
10:15 AM	FERC/MISO/PJM Update	Erik Hanser (MPSC Staff)
10:30 AM	Michigan Background/Update	Jesse Harlow (MPSC Staff)
10:45 AM	Addressing Barriers - Customer Protection & Licensing	Roger Doherty (MPSC Staff)
12:00 PM	Adjourn	

Why are we here?

- [FERC 2222](#)
- [December 21, 2022 Order in Case No. U-21099](#)
- [December 1, 2023 Order in Case No. U-21297](#)

Update on Order 2222

nth round of compliance;
Implementation status

Erik Hanser

Manager-Energy Markets

1/23/2024

PJM: Implementation approved for 2026 but uncertainty mounts

- Last year, FERC approved PJM's plan to implement Order 2222 for the 2026/27 Delivery Year
 - Subject to additional compliance filings, the 4th of which was filed in December 2023
- PJM is planning to have all necessary Tariff language in place and effective by July 1, 2024
 - In order to be ready for the 2026/27 auction that is supposed to be held in December 2024 (pre-auction activities start in July)

PJM Implementation: the caveat

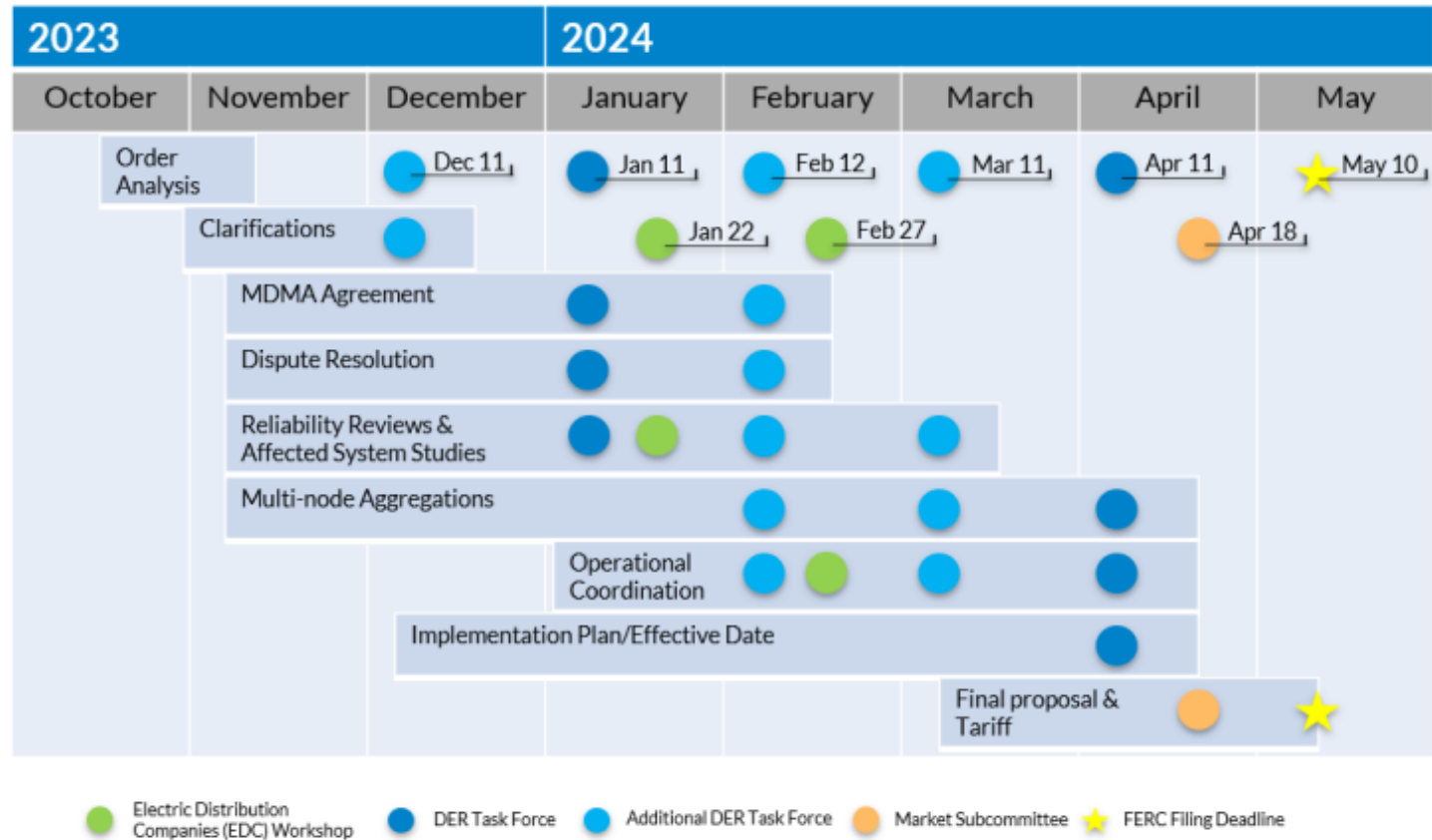
- However, this plan hinges on PJM's latest capacity market overhaul being accepted by FERC in a timely manner.
 - PJM's auctions have been delayed for years (as a result of previous attempts at capacity market reform)
- PJM's 2025/2026 auction is currently scheduled to be held in June 2024... under the new rules that are still pending before FERC.
 - Quite possible that auction schedule will have to reassessed and pushed further back.
- However, this gives Michigan a July 2024 deadline to discuss any necessary changes to MPSC jurisdictional rules/processes before Order 2222 goes live in PJM

MISO: additional compliance underway

- Received FERC Order in October 2023 that partially accepted MISO's plan, subject to additional compliance
 - MISO now has until May 2024 to address outstanding compliance issues and propose new effective date
- Key compliance items**
- Implementation date
 - Oct 1., 2029 is 'not timely' and need to propose a new date
 - Multi-node aggregation
 - Better explain why not feasible or propose broader aggregation
 - Establish data/information sharing protocols
 - Various clarification items

MISO Compliance Timeline

DER Compliance Filing Timeline



Contact: Paul Kasper (pkasper@misoenergy.org)

Opportunities to engage in MISO conversations

- Distributed Energy Resources Task Force (DERTF) meetings
 - Jan 11, Feb 12, March 11, April 11
 - All meetings [here](#)
- Electric Distribution Company (EDC) workshops
 - Jan 22- EDC reliability reviews
 - Feb 27- EDC operational coordination
 - possible March/April workshop
 - Intended audience: distribution experts
 - MISO currently taking [feedback](#) from EDCs on what topics they would like to discuss

Current MISO Feedback requests

- 1) Process for sharing information between EDCs and RERRAs
 - Including data privacy, cybersecurity, costs, and burdens
 - Erik's take: important for MISO to understand this is *not* automated today as FERC's intent is to allow an aggregator to designate the EDC as the data management agent
 - How to achieve, automated, secure, streamlined information/data sharing will be a topic for a future MPSC workshop
- 2) Discussion topics for EDC workshops
 - Please do let MISO know your thoughts and concerns
- 3) Feedback on dispute resolution redlines
 - MISO clarified which disputes fall under their authority and which would (presumably) fall under RERRA jurisdiction

Questions?



Erik Hanser
hansere@michigan.gov

Michigan Aggregated Demand Response History

Jesse Harlow

MPSC Staff

January 23, 2024

History of Demand Response Aggregation

- September 29, 2009 Order in Case No. U-16020
 - Opened an investigation into participation of retail customers in RTO wholesale markets
 - On December 2, 2010, the Commission determined that retail customers and ARCs shall not participate in these markets
 - After consideration of FERC Order 745 appeal, the ban was maintained, and the docket was ultimately closed on March 29, 2016
- September 15, 2017 Order in Case No. U-18369
 - Pursuant to Staff's request for consideration, the Commission determined that an AES, as the LSE, may offer DR capacity from its own customers into the market but aggregation by third party ARCs was outside of the scope
 - The aggregation ban remained in effect
- November 21, 2018 Order in Case No. U-18197
 - Stated that AESs may use DR capacity resources from another AES and commenced a collaborative
- August 8, 2019 Order in Case No. U-20348
 - Maintains ban for bundled retail load but lifted the ban on third party ARC aggregation for AES customers

History of Demand Response Aggregation

- March 25, 2022 – Staff filed its Capacity Demonstration Report in U-21099.
 - This report highlighted a tightening of capacity resources in LRZ 7
- June 23, 2022 Order in U-21099 adopted findings in Staff's Report and requested comments on the following:
 - 1. Whether the aggregation ban should be lifted**
 2. Simultaneous participation of Energy Storage Resources in wholesale and retail markets
 3. Whether the commission should set a forward capacity obligation that is higher than MISO's prompt year planning reserve margin requirement
 4. Should the Commission lift the stay in U-18444 on a Michigan specific local clearing requirement
 5. Comment on actions or policies to boost transmission connections
 6. Comment on improvements to better account for and to send market signals in RTO markets
 7. Under what conditions should choice customers automatically be transitioned back to the incumbent utility
 8. Any other additional measures that would enhance reliability and resource adequacy

History of Demand Response Aggregation

- December 21, 2022 Order in Case No. U-21099 (Jointly captioned with U-20348, U-21032 and U-21255)
 - U-20348 – Aggregation of DR
 - U-21032 – Comments on FERC Order No. 841
 - U-21225 – Capacity Demonstration Docket
- Lifted the ban on retail electric customers of Commission-jurisdictional utilities (non-choice customers)
 - Limited to 1 MW of enrolled load for C&I customers

U-21099 Page 36-37 - While there has been success to date with the aggregation of choice customer load, the Commission finds that, prior to lifting the ban on DR aggregation for bundled residential and smaller C&I customers that additional work surrounding customer protections is warranted. Specifically, the Staff advocated for the implementation of a licensing process for aggregators similar to the licensing process that the Commission has specific authority to implement for AESs and the Commission finds merit in this recommendation. Prior to lifting the DR aggregation ban for bundled residential and smaller C&I customers, the Commission will endeavor to outline the desired consumer protections to guard against deceptive marketing tactics that have been employed in the past by certain AESs and their third-party marketers.

Questions?

Demand Response Aggregation: Jesse Harlow

HarlowJ@michigan.gov

Addressing Barriers

Customer Protection
& Licensing

Roger Doherty

MPSC Staff

January 23, 2024

Alternative Energy Supplier (AES) Licensing Process

- <https://www.michigan.gov/mpsc/regulatory/electricity/customer-choice>
- Public Act 141 of 2000 requires that prior to selling generation service to retail customers in Michigan, an AES must obtain a license from the Commission.
- Would a similar process work for DER Aggregation?

ARC Licensing Straw Proposal

- Remove the requirement of a physical office located within Michigan.
- Remove the required \$100,000 bond or letter of credit.

ARC Licensing Straw Proposal – Contract and Marketing Material Review

- **Contract and Marketing Material Review.** An Aggregator must allow an opportunity to review and comment on its residential and small commercial contract(s), marketing materials and scripts at least five (5) business days before the aggregator intends to use the contract(s) and/or marketing materials.

ARC Licensing Straw Proposal – Reporting

- **Aggregators of Retail Customers shall file an annual report with the MPSC by March 31st of each year. Reports may be filed confidentially. These report shall include:**
 - a. Number (# of customers and amount of MWs) and resource type for resources participating in the upcoming RTO planning years.
 - b. RTO Registration details for these resources.
 - c. Breakdown of these resources by customer type (residential, small C&I, large C&I, etc.)
 - d. Resource dispatch and performance data for the previous year.
 - e. List and Summary of any complaints received and their resolution.

- **Aggregators shall also submit a report to MPSC Staff within 60 days of an RTO maximum generation event where ARC resources were dispatched. Report should include:**
 - a. Event Summary and Timeline
 - b. Amount of MW's dispatched and amount of MW's delivered
 - c. Applicable RTO and/or customer fines/fees.

Legislation or Bust?

- Is there a way to address the customer protection concerns without legislation? Would a voluntary process be of any value?
- Are we overstating the need for customer protections prior to further lifting of the aggregation ban? Are protections already in place?

Other Issues to Address Before Lifting Ban

- Burdensome Registration Approval Process. How can the resource registration process be streamlined?
- Are we missing any other issues that should be addressed prior to further lifting of the aggregation ban?

Future Meeting Topics

- Revisit customer protection and licensing based on Stakeholder feedback.
- Resource registration. Alignment with RTO activity and improving registration process for ARC, LBA, RERRA, and RTO in Michigan.
- Aggregation Issues from DTE Rate Case (U-21297)
 - Whether tying of retail and wholesale DR programs by the retail electric provider is appropriate.
 - Whether a feed-in-tariff or other tariff mechanism is needed or advantageous.
- Are there any other topics that Stakeholders want the workgroup to discuss?

Feedback Request

- Please send feedback to Roger Doherty (dohertyr1@michigan.gov) by February 2, 2024
 - Specific feedback on ARC licensing. Is a licensing process for ARC's in Michigan a reasonable approach to protecting customers? If not, what do you recommend? Are there AES requirements that should not apply to an ARC? Are there additional requirements that should apply to an ARC that don't apply to an AES? Is there a way to move forward on this issue without legislation?
 - What else (if anything) needs to be addressed prior to further opening the DR aggregation market to smaller C&I customers and/or residential customers.
 - DR/DER Aggregation discussion topics for future meetings.

Next Steps

- Next Meeting Date/Time is still TBD, targeting late February or early March.
- Sign up for Demand Response listserv for updates:
- <https://www.michigan.gov/mpsc/commission/workgroups/demand-response-aggregation>

Sign up for Demand Response updates

To sign up for updates or to access your subscriber preferences, please enter your contact information below.

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Contact Info

<https://www.michigan.gov/mpsc/commission/workgroups/demand-response-aggregation>

Roger Doherty

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