

Demand Response Aggregation Stakeholder Meeting

Michigan Public Service Commission

February 13, 2019



Meeting Agenda

- Staff Overview of Commission Order U-20348
- Midcontinent Independent System Operator, Inc. (MISO) : Overview of Demand Response Registration Process and Notifications to Utility and Relevant Electric Retail Regulatory Authority
- Michigan Utilities: Aggregated Demand Response Processes and Interaction with the Peak Load Contribution (PLC)
- Voltus: Status of its aggregated DR in MISO
- Advanced Energy Management Alliance: DR opportunities and offerings in Michigan
- Discussion and Next Steps

Background

Case U-16020

- In 2009, several Michigan utilities filed an application requesting for investigation into rules and regulations involving retail customer participation in the regional transmission organization (RTO) wholesale electric market with the Michigan Public Service Commission.
- In 2010, the Commission ordered that Michigan retail customers or aggregators of retail customers (ARCs) shall not participate in any RTO wholesale power markets until further order of the Commission.
- Shortly after the December 2, 2010 order, in 2011, the Commission clarified that existing curtailment service providers (CSPs) may complete any existing contracts, but are not authorized to enter into new or renewed agreements.
- In 2016, a Commission order retained the previous ban, affirmed by the Michigan Court of Appeals, after the 2016 ruling on FERC Order 745.

FERC Order 719: *Wholesale Competition in Regions with Organized Electric Markets*

- Order 719 is a 2008 rule that requires RTOs, including MISO, to allow aggregators of retail customers to bid on DR resources “unless the laws or regulations of the relevant electric retail regulatory authority do not permit a retail customer to participate.”

Background (cont.)

FERC Order 745: *Demand Response Compensation in Organized Wholesale Markets*

- Order 745 is a 2011 rule that established new standards for DR resource compensation in wholesale markets.
- RTOs were ordered to pay DR participants the full locational marginal price during periods when a net benefits test was satisfied. In addition, the FERC's DR compensation method allocated costs to all entities that purchase power in the relevant energy market.
- In 2014, the D.C. Circuit vacated Order 745, believing it to violate the Federal Power Act (FPA). In 2016, the Supreme Court reversed this decision, finding that Order 745 did not regulate retail sales in violation of the FPA.

Case U-18369

- Commission initiated proceeding that establishes a framework for review and approval of utility DR programs
- Affirms that alternative electric suppliers (AESs) may offer DR programs to their customers through a CSP or other third-party aggregator as long as the AES is the load serving entity that bids the DR into the wholesale market.
- An AES can use DR capacity resources from another AES's customers to meet its forward capacity demonstration obligations under certain circumstances

U-20348 – Commission Goals

The Commission seeks to establish a process for DR aggregation customers who are served by AESs that:

1. Aligns with federal requirements and policy directions (on fundamental jurisdictional questions as well as technical specifications for qualifying DR resources under the RTO's tariff);
2. Ensures proper tracking, particularly to avoid double counting in the state's capacity demonstration programs or other gaps that could ultimately affect electric reliability;
3. Identifies any unnecessary barriers to third-party aggregation.

U-20348 - Staff Directives

The Commission Staff should work with third party DR aggregators, AESs, AES customers, regulated utilities, MISO and other stakeholders on issues related to:

1. Whether the ability to aggregate DR for customers of Michigan AESs for bidding into RTO markets should be limited to AESs, or be extended to non-AES third parties such as CSPs;
2. How to adequately track DR resources for capacity demonstration purposes under MCL 460.6w;
3. The treatment of aggregate's DR outside the capacity demonstration framework that may affect capacity requirement allocation to LSEs; and
4. What are appropriate reporting requirements related to DR and aggregation and whether the capacity demonstration requirements need revision.

The Staff shall also examine the status of DR aggregation in Michigan over the 2017-2019 time period with a view to identifying barriers or other issues warranting guidance from the Commission.

The Commission directs the Staff to file a report in this docket detailing its findings and recommendations no later than May 30, 2019.

Capacity Demonstration Process and Requirements

- In addition to the Commission goals and Staff directives, Staff will be using this stakeholder process to consider any potential appropriate changes and/or clarifications to the current capacity demonstration requirements related to aggregated DR to be applicable for the 2023-24 PY.
- U-18197 provides that AESs can use DR capacity resources from another AES's customer to meet their forward capacity demonstration obligations provided that:
 - Affidavits supporting the resource are provided by both AESs involved;
 - The demonstrating AES provides evidence that the customer's distribution utility was notified of the arrangement, and;
 - Customer contracts are made available for the Staff to review.
- The approved capacity demonstration process and requirements in U-20154 contains provisions for existing demand response resources, new demand response resources and ZRC contracts but does not explicitly contain the provisions outlined by the Commission in its order on rehearing in U-18197.

Capacity Demonstration Process and Requirements

Existing demand response or energy efficiency resources (that have not been netted against load)

The minimum acceptable support for existing demand response resources or energy efficiency resources that have not already been netted against load include:

- 1) An affidavit from an officer of the company outlining the resource(s), including a commitment to maintain at least that same level of resources four years forward,
- 2) A copy of the existing ZRC qualification of the resource(s) from the MISO Module E Capacity Tracking Tool, and;
- 3) ***If*** there are retail tariffs or customer contracts associated with the resources, copies should be provided.

Capacity Demonstration Process and Requirements

New demand response or energy efficiency resources

(that have not been netted against load)

The minimum acceptable support for new demand response resources or energy efficiency resources that have not already been netted against load included in a capacity demonstration include:

- 1) An affidavit from an officer of the company outlining the plans for the resource(s), including a commitment to achieve and/or maintain at least that same level of resources four years forward,
- 2) Evidence that the customer's distribution utility has been notified of specific customers participating in the resource,
- 3) Specific plans to have the resource(s) qualified by the independent system operator, and;
- 4) ***If*** there are retail tariffs or customer contracts associated with the resources, copies should be provided.

Capacity Demonstration Process and Requirements

Forward ZRC contracts

The minimum acceptable support for forward ZRC contracts include an affidavit from an officer of the company including a copy of the contract that specifies the zonal location of the ZRCs. The affidavit should include a commitment to maintain the contracted amount four years forward regardless of any early-out clauses in the contract.

ARC Registrations in MISO

MI PSC Workshop

2/13/2019

Aggregator of Retail Customers (ARC)

- A Market Participant that represents demand response on behalf of one or more eligible retail customers, for which the participant is not such customers' LSE, and intends to offer demand response directly into the Transmission Provider's Energy and Operating Reserve Markets, as a Planning Resource or as an EDR resource.

Products & Resources

Product → Resource ↓	Energy	Regulation Reserve	Spin / Supplemental Reserve	Ramp Capability Product	Module E (PRA)	Emergency Energy
DRR- Type I	√		√		→	←
DRR- Type II	√	√	√	√	→	←
LMR DR					◇	◇
LMR BTMG					◇	◇
EDR						√

√ Can Participate

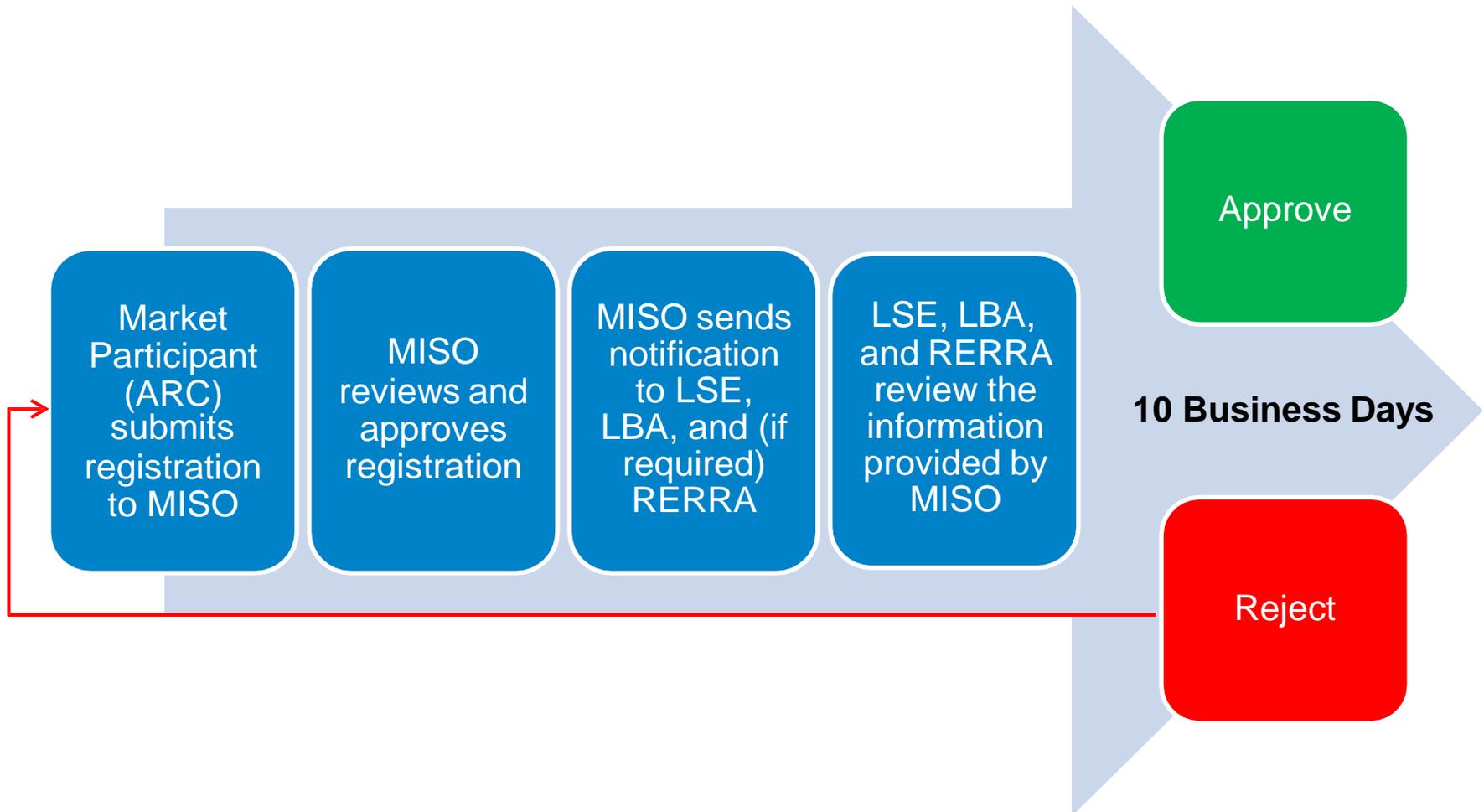
◇ Must Participate

→ ← Participation Linked

Who is Involved?

- **MISO**
- **Market Participant (ARC)**
- **Customer being registered as an LMR**
 - Large Industrials, Walmart, etc.
- **Relevant Electric Retail Rate Authority (RERRA)**
 - Michigan PSC
- **Local Balancing Authority (LBA)**
 - CONS, DECO, MIUP, UPP, etc.
- **Load Serving Entity (LSE)**
 - Any Alternative Energy Supplier (AES)
- **Electric Distribution Company (EDC)**
 - Consumers, Detroit Edison, etc.

ARC Registration Process



ARC submits registration to MISO

Key Requirements

- Accreditation* documentation supporting demand reduction capability at MISO Coincident Peak
 - LMR Only
- Names and Contact Info for RERRA and LSE
- Customer Information including Account Number, Address, City, State, & Zip Code



*Pending FERC filing would change requirements for accreditation

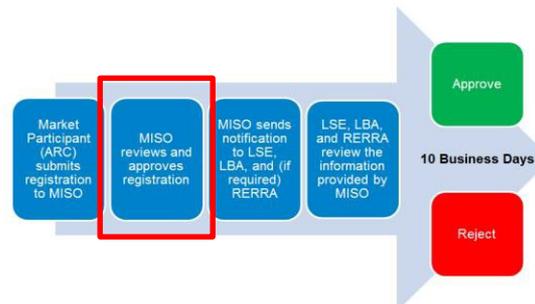
MISO Review of Registration

LMR

- Annual review process
- Accreditation* methodology
 1. State Commission
 2. Third Party Audit
 3. Past Performance Data
 4. Mock Test
- Review required documentation

EDR/DRR

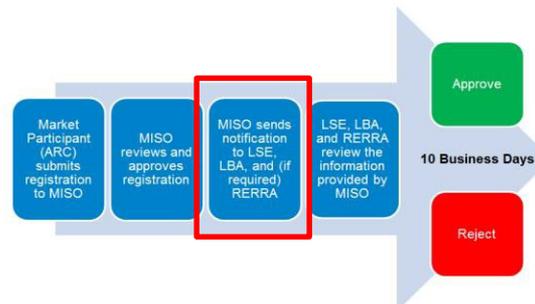
- Review required documentation



*Pending FERC filing would change requirements for accreditation

MISO Approval Notification Info

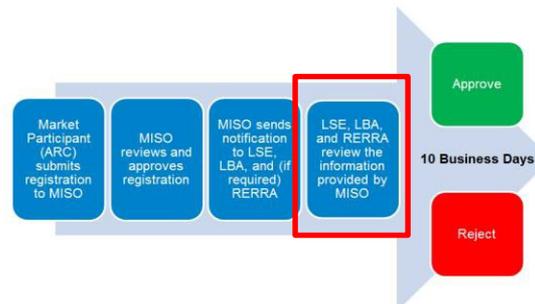
- Customer Name / Registration Name
- Customer Address
- Customer Account Number
- MW registered for reduction
- Load Zone CPNode



RERRA, LBA and LSE* Roles

- **Responsible for verifying the following information for MISO:**
 - RERRA either:
 - (1) does not preclude ARC participation[^], or
 - (2) specifically allows ARC participation[^]
 - Customer exists
 - Account number is correct
 - MW registered is accounted for in the forecast submitted to MISO
 - MW capability registered is true for the customer
 - Load Zone CP Node is appropriate

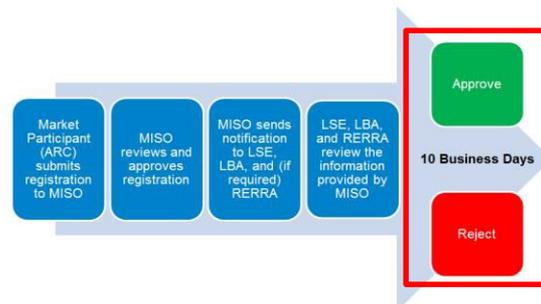
* EDC acts as the LSE for LMR registration since the EDC sets the PLC value for the forecast submitted to MISO



[^] Tariff Reference - Module C Section 38.6

Notification Results

- **If Approved**
 - MISO will approve the registration and calculate the appropriate capacity credit for the registration
 - Note: Auto-approval may occur if MISO does not receive a response within the 10 business day window
- **If Rejected by one of the RERRA, LBA, or LSE**
 - Registration moves back to the ARC for revisions or withdrawal from the registration process



Planning Resource Auction (PRA)

Capacity Credit

- $UCAP_{DR} = ICAP * (1 + TL) * (1 + PRM)$

ICAP = Registered DR Capability*

UCAP = Unforced Capacity

TL = Transmission Losses

PRM = Planning Reserve Margin

* DR capability is determined by the load at the MISO Coincident Peak

ZRC Options

1. Offer or Self-Schedule into the PRA
2. Sell bilaterally in a ZRC transaction
3. Enter in a Fixed Resource Adequacy Plan (FRAP)^



^ Not applicable to ARCs

MISO Emergency Event Dispatch

- **EDRs are in the EDR tool**
 - ARC is able to enter offer prices and if the prices meets or exceed their offer, then they will be dispatched by MISO
- **LMRs are in the MISO Communication System (MCS)**
 - ARC manages the hourly dispatch and scheduling instructions for all LMRs during MISO issued Emergency events
 - Includes flexibility for LMR owners to enter their own self scheduled events as well

MCS Example	Reg MW	HE 1	HE 2	HE 3	HE 4
Scheduling Instruction MWs		50	100	150	150
Total MW Implemented		50	100	150	150
LMR 1	10				
LMR 2	50		50	50	50
LMR 3	25	25	25	25	25
LMR 4	25	25	25	25	25
LMR 5	50			50	50

Questions?

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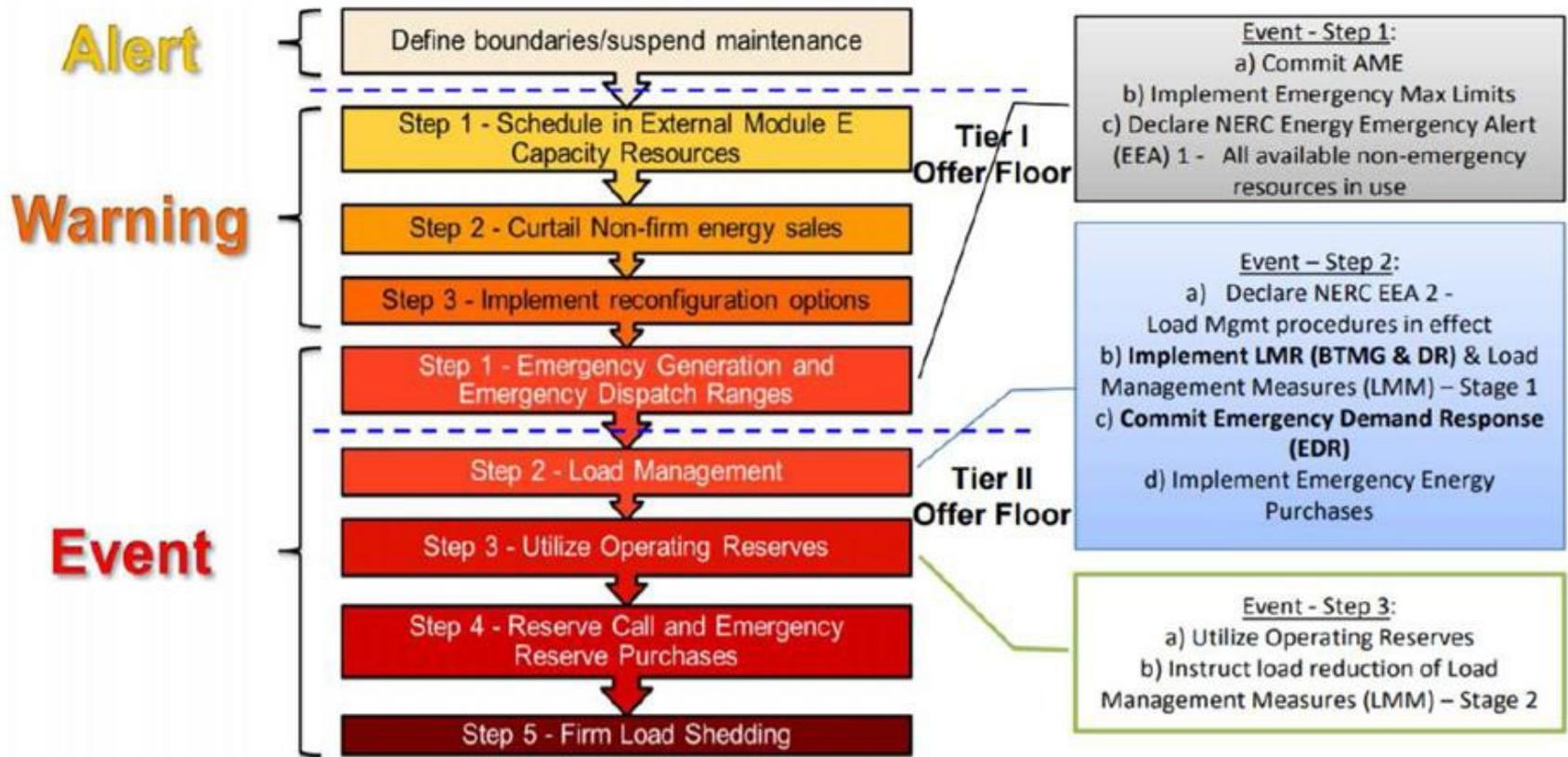


Appendix

Demand Reduction During MISO Peak

- The Electric Distribution Company (EDC) has an obligation to provide MISO with gross Demand values, which includes any load that was reduced during MISO Peak
 - Module E Section 69A.1.1. and 69A.1.2
- EDC should receive any reductions from all LSEs prior to providing a load forecast to MISO

MISO Emergency Operation Steps



MISO Resource Adequacy Overview

- Annual Obligation for LSE's
 - Planning Year period is from June 1st to May 31st
 - Multiple methods of achieving and demonstrating resource adequacy, including self-supply, bilateral contracting and market-based acquisition via the Planning Resource Auction.
- Overview of Planning Resource Auction
 - Occurs two months ahead of Planning Year
 - Residual Auction - allows buyers and sellers to balance resource portfolio prior to Planning Year
 - Includes a locational requirement indicating the amount of capacity that must be secured from resources within each zone to meet reliability standards
 - If there are insufficient resources to meet demand in the auction, Resource Adequacy may not be achieved.



Helpful Links

- **MISO Resource Adequacy Overview**
https://www.michigan.gov/documents/mpsc/6-8-2017_MI_Resource_Adequacy_Overview_573222_7.pdf
- **ARC FAQ Document**
[https://cdn.misoenergy.org/Aggregator%20of%20Retail%20Customers%20\(ARC\)%20FAQ315124.pdf](https://cdn.misoenergy.org/Aggregator%20of%20Retail%20Customers%20(ARC)%20FAQ315124.pdf)

Tariff and BPM References

- **Module A – Common Tariff Provisions**
<https://www.misoenergy.org/legal/tariff/>
- **Module C – Energy and Operating Reserve Markets**
<https://www.misoenergy.org/legal/tariff/>
- **Module E-1 – Resource Adequacy**
<https://www.misoenergy.org/legal/tariff/>
- **BPM-026 – Demand Response**
<https://www.misoenergy.org/legal/business-practice-manuals/>

Demand Response Aggregation

Michigan Utility Experience and Perspectives

DTE Energy Company
Consumers Energy Company

Aggregated DR in Michigan

Voltus Opens Michigan Demand Response Market for Large Commercial and Industrial Customers

Offers Lowest Cost Electric Capacity to 2,000 MWs of Competitive Choice

LANSING, Mich., Aug. 2, 2018 /PRNewswire/ -- Voltus, Inc., the leading provider of demand response to the commercial and industrial market, announced today that it is the first aggregator of retail customers to bring Michigan-based customers into the Midcontinent Independent System Operator (MISO) demand response market through Alternative Electric Suppliers (AES).

"We worked very closely with Michigan PSC staff to bring wholesale market demand response to any Michigan customer on competitive choice. Voltus was able to secure nearly 50 MWs of demand response for the 2018 program year while developing a backlog of more than 200 MWs of additional load for 2019," said Gregg Dixon, CEO of Voltus. "Competitive choice customers alone can bring more than 400 MWs of Michigan-based, clean capacity to market in MISO once fully enabled."

Source: <https://www.prnewswire.com/news-releases/voltus-opens-michigan-demand-response-market-for-large-commercial-and-industrial-customers-300690921.html>

Peak Load Contribution (PLC)

MISO
FERC Electric Tariff
MODULES

69A.1.2.1
Preferred and Daily Peak Load Default Methods
31.0.0

Preferred and Daily Peak Load Default Methods

- a. The method submitted by an EDC must describe in detail the procedures and data used to determine the assignment of the EDC's forecast Coincident Peak Demand to its retail customers, including those served by LSEs providing service within the EDC's area.
- b. The preferred default method should assign a peak load contribution ("PLC") value to each retail customer, based on the PLC values derived from each retail customer's Demand at the time of the Transmission Provider's peak Demand during the Summer prior to the Planning Year for which such values will be used (*i.e.*, the Prior Summer Retail Customer Coincident Peak ("PSRCCP")). Retail customer peak demands should be increased to reflect any load reductions achieved and for which capacity credits are earned, either through retail programs or participation in wholesale markets (*e.g.* LMRs). In the aggregate, the PLCs determined by the



DR in MI as an ARC

Making Sense Out of Alphabet Soup

February 13, 2019

Contents

 What is an ARC and Why Do They Exist

 How Does an ARC Participate in MISO

 ARC in Illinois vs. Michigan

 MISO January 30 Michigan Dispatch

 Unlocking DR Potential in Michigan

What is an ARC and Why Do They Exist



- 🎯 Deliver “negawatts” to grid operators
- 🎯 Expertise “behind the meter”
- 🎯 Expertise in energy markets
- 🎯 Monetize operational flexibility
- 🎯 Simplify the complex
- 🎯 Technology and services to unlock resource
- 🎯 Commercial flexibility



What is an ARC and Why Do They Exist



How Does an ARC Participate in MISO

-  ARC registers DR with MISO through a web portal (if LMR), over email (if EDR), or through a different web portal (if OR). Registration includes a curtailment plan and kW commitment.
-  MISO emails registration data (customer account number, meter number, address, and MW enrollment level), to the customer's LSE for approval. If ARC registering for LMR or EDR, the transmission/distribution utility counts as the LSE; if ARC registering for OR, the electricity provider counts as the LSE.
-  The LSE gets 10 days to approve the registration or send any objections to MISO. There are narrow bounds around when/why the LSE can object.
-  In Michigan specifically, customers have to be in Choice to be eligible and so could be rejected if they're not.
-  In Michigan, only a registered ARES or utility can bring LMR into MISO auction. So ARC can only sell Michigan-based LMR ZRCs to 3rd party supplier in MISO market place so the 3rd party supplier can bring it to market.

ARC in Illinois vs. Michigan

 Nearly identical state peak demands ~ 21,000 MWs

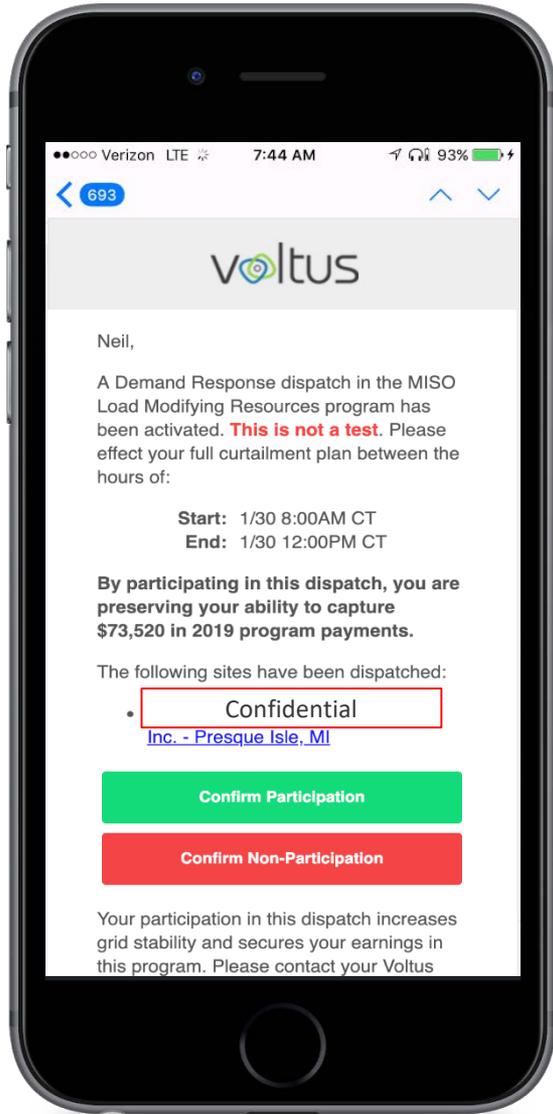
Illinois

- 1,342 MWs of wholesale C&I DR in MISO and PJM
- ~550 MWs of wholesale C&I DR in MISO through ARCs
- 6.2% of peak represented by wholesale C&I DR
- >90% of all Illinois C&I DR comes from an ARC

Michigan

- 676 MWs of wholesale C&I DR in MISO and PJM
- 40 MWs of wholesale C&I DR in MISO through ARCs
- 3.1% of peak represented by wholesale C&I DR
- <6% of all Michigan C&I DR comes from an ARC

MISO January 30 Michigan Dispatch



-  EEA 2 Alert
-  Thousands of MWs of wind forecast error

-  -50 F windchills in MISO north
-  >2,000 MWs of LMR activated in MISO north and central



Unlocking DR Potential in Michigan

-  2,000 MWs of C&I DR potential exists in Michigan
-  Eliminate need for an ARC to work through an ARES
-  Allow ARCs to serve choice and non-choice customers
-  ARCs are eager to be certified by Michigan
-  Encourage utilities to make use of wholesale DR for distribution purposes

 Questions?

Advanced Energy Management Alliance

Michigan Demand Response

February 13, 2019

Michigan PSC Staff Stakeholder Meeting

Advanced Energy Management Alliance

Empowering consumers through distributed energy resources, including demand response and advanced energy management.

We are providers and consumers united to overcome barriers to nationwide use of distributed energy resources. We advocate for and educate on policies that empower and compensate consumers to have cost-effective, efficient, resilient, reliable, and environmentally-sustainable choices.

Agenda/Topics

- AES customers and Successful Demand Response Aggregation
- Resource Tracking, reporting, and aggregation
- Capacity Demonstration changes
- What about non-AES customers?

Successful Demand Response

- Foundations for Demand Response:
 - Stable, reliable pricing – Capacity Commitment
 - Adequate pricing – MISO PRA is too low and doesn't reflect market value, reliability value or utility costs.
 - Customer revenue – not customer discounts.
 - Forward qualification processes for DR resources that facilitate customer recruitment while ensuring capacity commitments will be met
- Other services – energy, ancillary services, etc. can be added if Capacity foundational criteria are available.

Success in Michigan

- Minimize administrative burden
 - Certification may be necessary for some circumstances
 - Ensure resource tracking – when needed
- Enable choices for customers
- Consider “phase in” mechanism

AES Customers

AES customers are responsible for procuring their own capacity commitment.

- As a practical matter the AES's are providing the Capacity Commitment for each customer at a market price for capacity.
 - AES's can offer at prices lower than the utility penalty rate.
- A key issue for 3rd party aggregators is compensation
 - Successful aggregation models allow for the aggregator to be compensated directly by the reliability entity – in Michigan this can be MISO, the utility or the AES. The aggregator then pays the customer – in effect buying the customer's curtailment capacity.
 - With the current MI Capacity demonstration rules, aggregator compensation is likely to derive directly from the end use customer
 - The customer will pay the provider for Demand Response support services.
 - An alternative approach would be for the AES provider to contract with the aggregator to provide services.

Aggregation – limited to AES or not?

A 3 way contract option is the only option if Aggregators are not permitted to aggregate for the MISO market.

- Aggregators would need to partner with AESs at least through contracts.

Allowing Aggregators to bid DR into the MISO market would provide customers with greater flexibility to select an aggregator.

Allowing Aggregators to control DR would allow customers additional options for participation in economic dispatch and ancillary service markets.

Key Recommendations

Allow Aggregators to bid AES customer derived DR into MISO markets.

Qualifications:

- We are aware of only one state that requires licensing of DR aggregators (MD). Most rely on FERC/RTO oversight.
- However, since MI itself has established a forward obligation, MI PSC oversight via qualification may be appropriate.
 - Consider – Financial assurance for unspecified supplies, shortfall penalties, periodic status updates, “phase in”.

Resource Tracking

For MI forward Capacity Commitment

- Utility tracking is probably the best option
 - Account number, name, etc.
 - Eligible quantity/PLC

Treatment of Aggregations Outside of Capacity Demonstration

- Capacity – no action necessary. MISO processes capture the impact of capacity resources and properly addresses them in allocation of capacity obligations.
- Energy and Ancillary Services
 - We believe that MISO processes properly capture aggregation activity as related to capacity obligations.

Reporting Requirements

Reporting requirements can be *de minimus*

- Notification to the utility of customer details:
 - Name
 - Account number
 - Address
 - PLC
 - Transmission and distribution Losses
- Utility review should be limited to verification of data and duplicate registrations.
- Utility review should take no more than 10 days.

Capacity Demonstration Filing

- For the purposes of Capacity demonstration there should be no requirement that a Demand Resource be currently registered with MISO.
- Instead, Aggregators or their customers should be allowed to commit to curtailment going forward. This will facilitate more robust use of DR as a tool for Michigan businesses.

Other Recommendations

Other recommendations

- Remove requirement to list individual customers in the Capacity Commitment plan
 - Allow unspecified DR with adequate financial assurance
- Eliminate need for AES permission for a qualified aggregator to offer DR resources to a customer.
- Allow qualified aggregators to deliver capacity to competitive suppliers.

Non-AES Customers

- Demand Response participation by Michigan businesses will reduce business costs and encourage growth.
- AEMA encourages the Michigan Commission to consider allowing aggregation of **non-AES customers** through approval of an “Indiana Model” tariff for each Michigan utility or via bilateral contracts with aggregators.

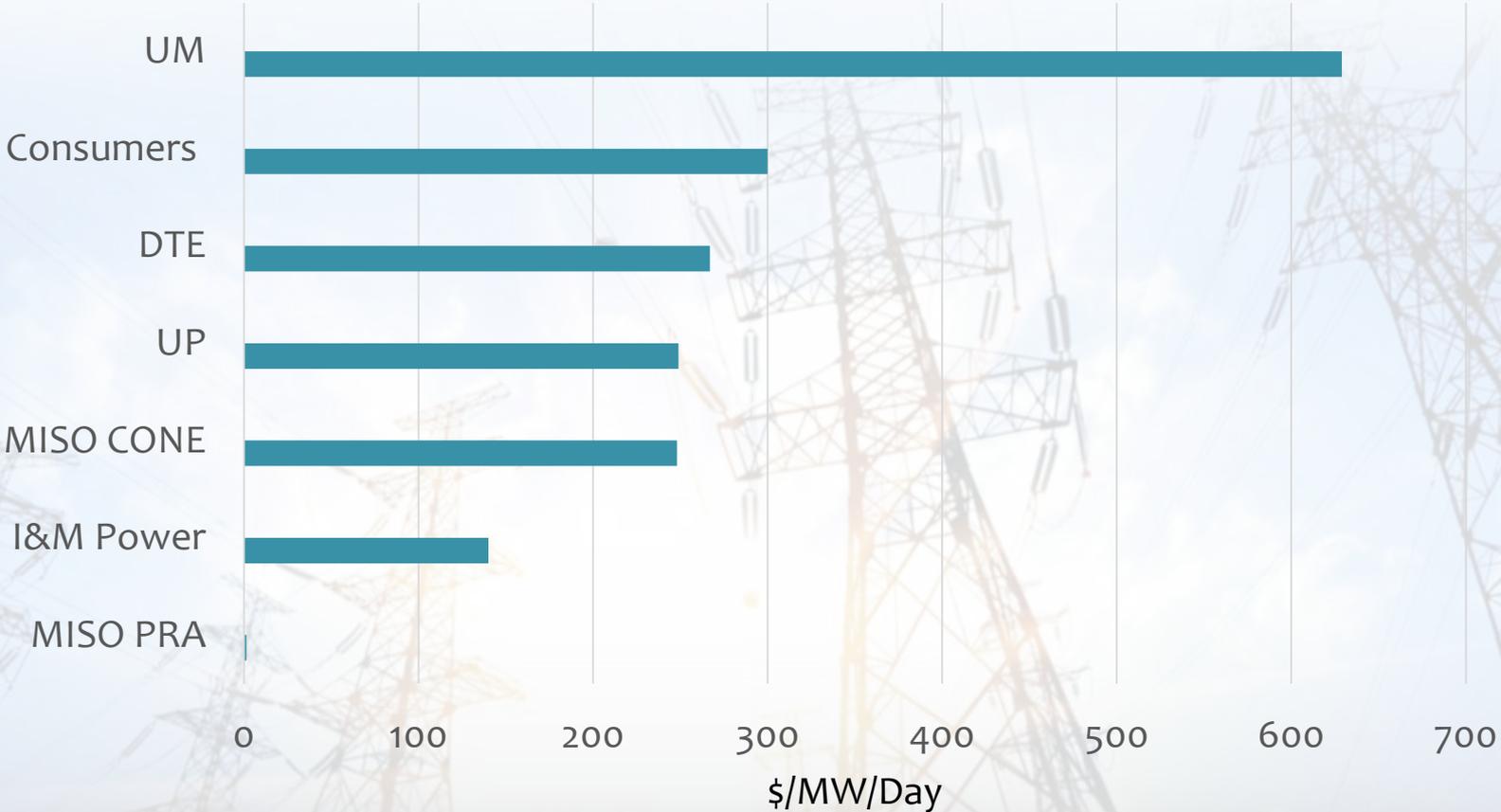
Indiana Model

- Key Elements of the Indiana Model
 - DR resources are registered with MISO by the utility, allowing preservation of current State “Opt Out” provisions per FERC Order 719 and direct utility observation of participating customers.
 - Customers are recruited by and compensated by Aggregators of Retail Customers (ARCs).
 - ARCs are paid by the utility based on Capacity Demonstration default rates, avoided generation costs or similar rate.
 - ARCs manage dispatch communications with customers.
- Details can be found at <http://aem-alliance.org/download/121043/>

Capacity Costs

- SRM Charges
 - DTE – \$267/MW/Day
 - CME – \$300/MW/Day
 - Upper Peninsula - \$249/MW/Day
 - Upper Michigan - \$629/MW/Day
- I&M Power – (PJM RTO price) - \$140/MW/Day (2021-22)
- MISO Cost of New Entry (CONE) - \$248/MW/Day (MI)
- MISO PRA - \$1.50/MW/Day

Capacity Costs



Questions?

To learn more about Advanced Energy Management Alliance, visit our website.

www.aem-alliance.org

Questions, Discussion, and Next Steps

Erik Hanser
Energy Markets
MPSC

State vs. federal jurisdictional questions

- Per FERC Order 719, It is clear that the Relevant Electric Retail Regulatory Authority (RERRA) may prohibit 3rd party Demand Response (DR) aggregation in their jurisdiction. However, it is unclear whether the MPSC can partially permit aggregation and also place restrictions on multiple Alternative Electric Supplier (AES) aggregation and who is able to register the aggregated DR at MISO.
 - Do the MPSC's Orders in Case Nos. U-16020, U-18369 or U-20348 raise any jurisdictional questions in your mind?
- Example: Does the MPSC have the authority to prohibit aggregation across multiple AESs?
 - Aggregators would be able to operate within an individual AES's customer base (all customers in AES₁).
 - Aggregators would not be able to aggregate some customers from AES₁ and some from AES₂ and comingle the use of the demand response resources.
 - Example: Would the MPSC be able to permit the aggregation of AES customers, with only this strict condition that the AES is the entity that registers the aggregated DR with MISO?

Tracking aggregated DR

- Per MISO's Business Practice Manual (BPM) 1 Sec. 9.5, MISO will notify the MPSC of every new aggregated customer and provide who is the market participant, the MW amount, the load balancing area (LBA), and Commercial Pricing (CP) Node information.
- Is this information sufficient to allow the MPSC to track demand response resources and ensure that cross-subsidization and double counting are not occurring?
- How would the MPSC be able to track DR that has been procured out of state for use in Michigan?

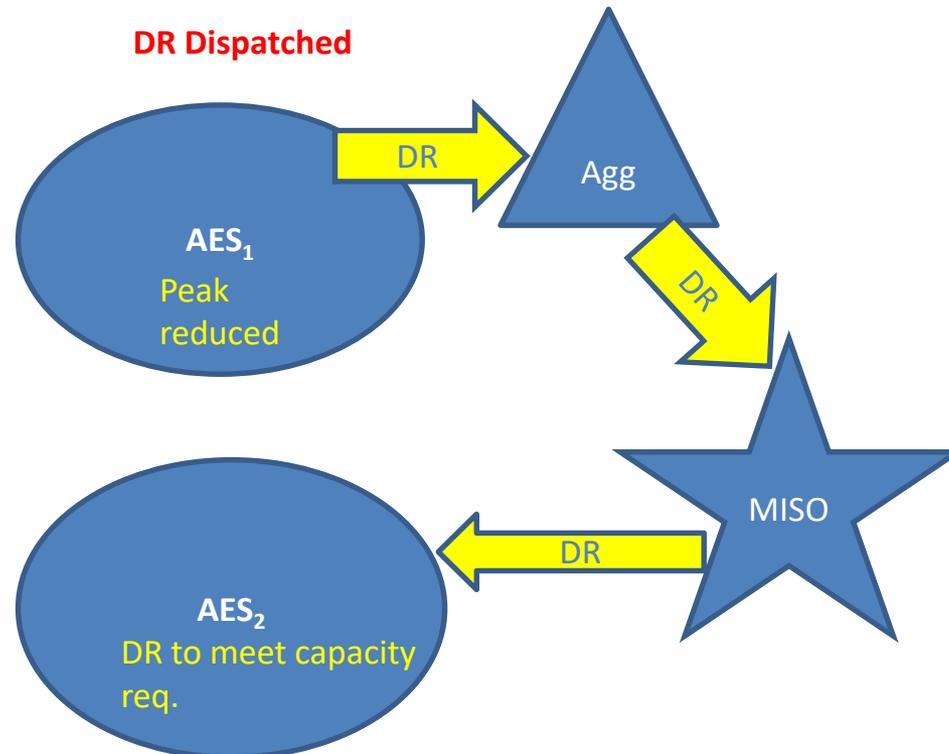
The effects of aggregated DR on an LSE's capacity requirement

- A Load Serving Entity (LSE's) capacity requirement is determined by their historical Peak Load Contribution (PLC).
- What potential problems does aggregation of DR resources across multiple AESs' have on the PLC calculation?
- What steps can be taken to ensure that the benefits of DR accrue to the LSE buying the resource and not the LSE/aggregator selling the resource?
- Example: An aggregator procures DR from AES₁. The aggregator sells this DR into the market, where it is procured by AES₂ to meet their capacity requirement. If this DR is dispatched on the MISO peak, AES₁'s PLC is reduced by xMW, even though that DR has been sold to AES₂. The next year, AES₁ would have a lower capacity requirement and AES₂ would still have the same capacity requirement as the previous year.
 - Is this accurate?
 - If so, is this a problem and what can be done to fix it?

Example: An aggregator procures DR from AES₁.
 The aggregator sells this DR into the market, where it is procured by AES₂ to meet their capacity requirement.

If this DR is dispatched on the MISO peak, AES₁'s PLC is reduced by xMW, even though that DR has been sold to AES₂.

The next year, AES₁ would have a lower capacity requirement and AES₂ would still have the same capacity requirement as the previous year.



Acceptable reporting requirements for Capacity Demonstration

- Through the Capacity Demonstration process, electric distribution companies (EDCs) and/or LSEs are able to show that they have enough resources to cover their capacity commitment. For supply side resources, the MPSC has a process for determining the availability and certainty of resources combined with adequate documentation from utilities and their partners.
- What procedures would be appropriate to apply to demand side resources, particularly aggregated demand response that could be spread across multiple service territories and multiple AES customers?
 - Example: An AES submits a four year forward ZRC contract for aggregated DR.
 - Should that ZRC contract be treated any differently than if it was a ZRC contract four years forward with a supply-side generation owner? How so?
- What information would be sufficient to ensure capacity exists for the commitment period?
 - What entity would be best to supply this information?

Opportunity for Written Feedback

- All stakeholders are encouraged to submit written answers to the questions asked today
 - MPSC Staff will process the verbal discussion today and create a summary
- MPSC Staff will also email out a list of additional questions that dig deeper into the topics today.
 - Please provide written responses to these questions.
 - Your responses will form the basis for discussion during the next DR Aggregation Stakeholder Meeting on March 12th.
- Please submit all responses to HanserE@michigan.gov and CantinH@michigan.gov

Questions?

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If you wish to subscribe to the MPSC Demand Response listserv, you may do so by accessing our [Energy Legislation](#) website.