IMPLEMENTING FERC ORDER 2222 IN INDIANA

March 2, 2022

Ben Inskeep
CAC Program Director
binskeep@citact.org
CAC is Indiana’s oldest and largest consumer and environmental advocacy organization.

CAC advocates on behalf of Hoosiers on issues regarding energy policy, utility reform, health care, pollution prevention, and family farms.
Expanding consumer access to distributed energy resources (DERs) through DER aggregations (DERAs)

Enhancing transparency about Indiana’s DER markets through reasonable reporting requirements

Ensuring utilities approve & interconnect DERAs in a timely, cost-effective manner

Protecting consumers from undue utility control over or curtailment of their DER operations through clear requirements and dispute resolution processes

Fair cost allocation of necessary & prudent costs incurred by utilities
Many customers will continue to participate in retail programs. Order 2222 only creates an optional alternative for DERs to aggregate and participate in the wholesale market. It does not replace the need for utility retail DER programs (e.g., DG tariffs, DSM programs, EV charging tariffs, etc.).

Customers participating in retail-only DER programs should not be required to abide by any additional requirements created to enable wholesale market participation under a DERA.
DERAs can have a range of complexity

- Simple DERA use cases (e.g., a small-sized aggregation of identical resources located on the same circuit) may require only very modest changes.
- More complex DERA use cases have different considerations, but they should not slow down or create barriers for simple DERA use cases.

Near-term Order 2222 compliance will only require incremental enhancements in utility processes and distribution functionality

- Not substantial new investments or transformational changes to operations.
- Indiana has relatively modest DER adoption to date. Issues arising in states like CA or HI are not representative of Indiana.
Utilities have a structural disincentive to facilitating third-party DERAs:

- DERAs can compete with utility-owned generation for wholesale market services (e.g., energy, capacity, etc.)
- DERAs marginally reduce utility sales
- DERAs Reduce utility’s need for future capital investments in generation, and potentially can defer/reduce T&D investments

Utilities’ interests may not be aligned with the goals and intent of FERC Order 2222 to expand DERA access to wholesale markets.
Problem: Utilities have a conflict of interest because they have structural incentives against DERAs, yet they have considerable power to act as DERA “gatekeepers”:

- **DERA Interconnection**: DERA must get affirmative utility approval, pay utility fees, abide by utility’s review timeline, etc.
- **DERA Operations**: Utilities could curtail DERA operations at a financial cost to DERAs.
- **Cost Allocation**: Costs incurred by utility that benefits entire system could unfairly be allocated to DERAs.

It is inappropriate and inconsistent with the public interest to give deference to utilities on DERA issues given this conflict of interest.

Commission Role: Ensure that rules and tariffs provide clear and robust consumer protections and utility oversight.
Regular, transparent utility reporting on customer adoption of DERs is a first step to help facilitate stakeholder and Commission understanding of trends and opportunities.

Net metering reporting under GAO-2019-2 has ended.

There is no uniform utility reporting on customer DER adoption (e.g., capacity taking service under Excess Distributed Generation or Small Power Production tariffs).

Additional data provision could help customers and aggregators:

- Utility interconnection queues
- Utility hosting capacity maps
- Granular information on loads and anticipated load growth that could help identify where best to site DERAs
- Utility RFPs could request DERA “non-wires alternatives” to avoid/defer specific T&D upgrades.
Aggregation review might involve some engineering screens or studies in addition to screening of DERs for eligibility to participate in a DERA.

Individual DERs comprising an aggregation will have gone through interconnection processes, and utilities will have already screened or studied power-injecting resources within the DER aggregation.

Cost-based fees should only cover the direct costs of interconnection.

IEEE 1547-2018 standard can address utility concerns around voltage issues and extract the benefits of advanced inverters (autonomous voltage regulation; ability to ride through voltage disturbances).
Interconnection

➢ Address “material” and “nonmaterial” modification to a DER’s facilities
  ➢ Nonmaterial modifications do not require new interconnection study

➢ Utilities should create a pro forma utility-aggregator aggregation agreement
  ➢ Identifies responsibilities of parties
  ➢ Addresses process for changes to DERA composition

➢ Tools and data provision could help aggregators identify where DERAs can provide large system benefits and where there are not existing barriers to DERA interconnection / operation
Overrides should be relatively infrequent because any distribution system impacts under normal operating configurations will have been addressed through DER interconnection studies.

Overrides can result in financial losses for DER aggregators. The Commission should ensure that utilities’ approaches to overrides can withstand regulatory and legal scrutiny.

Commission should establish “transparent, non-discriminatory” procedures for utilities under narrow circumstances when curtailing DERA operations is necessary for reliability or safety.

Utilities must fairly allocate limited distribution capacity among multiple DERAs that may use some of the same capacity.
UTILITY CONTROL OF DERAS

➢ Clear specification of the causes of curtailment, communication requirements, compliance requirements, and penalties for non-compliance:
  ➢ Utility identifies distribution system conditions under which DERA operations would lead to a potential reliability violation
  ➢ Utility communicates override instructions to the aggregator
  ➢ Utility ensures DERA compliance with these instructions
  ➢ Utility does NOT directly control or curtail DERAs.
CONCLUSION

➢ “Start from an assumption that relatively minor changes in distribution planning and operations, and particularly in utility investments in monitoring and controls necessary to support them, will be needed for near-term compliance with Order 2222”

➢ “Focus initially on developing workable approaches to utility overrides, based on a foundation of efficient communication between utilities and DER aggregators, with terms and conditions that are clearly articulated in interconnection and aggregator agreements and can evolve over time”

THANK YOU

Citizens Action Coalition
1915 W. 18th St, Suite C
Indianapolis, IN 46202