

# IMPLEMENTING FERC ORDER 2222 IN INDIANA

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# CITIZENS ACTION COALITION

- 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.

# KEY PRIORITIES

- **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

# IMPORTANT REMINDERS

- **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**

# IMPORTANT REMINDERS

- **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.

# UTILITY'S INTERESTS MAY BE OPPOSED TO DERAS

- 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.

# UTILITY INTERESTS

- **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

# DATA COLLECTION AND TRANSPARENCY

- **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.



# INTERCONNECTION

- **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**

# UTILITY CONTROL/OVERRIDES OF DERAS

- **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”

Source: ESIG, “DER Integration into Wholesale Markets and Operations,”  
[www.esig.energy/wp-content/uploads/2022/01/ESIG-DER-Integration-Wholesale-Markets-2022.pdf](http://www.esig.energy/wp-content/uploads/2022/01/ESIG-DER-Integration-Wholesale-Markets-2022.pdf)

# THANK YOU

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