

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Midcontinent Independent	)	
System Operator, Inc.	)	Docket No. ER22-1640-000
	)	

**MOTION FOR LEAVE TO ANSWER AND
ANSWER OF THE MIDCONTINENT INDEPENDENT
SYSTEM OPERATOR, INC.**

The Midcontinent Independent System Operator, Inc. (“MISO”) submits¹ this Motion for Leave to Answer and Answer to the comments and protests recently filed in Docket No. ER22-1640-000 by the following entities: the Solar Energy Industries Association and Advanced Energy Economy (“AEE and SEIA”); Advanced Energy Management Alliance (“AEMA”); Alliant Energy Corporate Services, Inc. (“Alliant”); Ameren Services Company (“Ameren”); Consumers Energy Company (“Consumers Energy”); DTE Electric Company (“DTE Electric”); Entegrity Energy Partners, LLC (“Entegrity”); Entergy Services, LLC (“Entergy”); the Illinois Commerce Commission (“ICC”); the Indiana Utility Regulatory Commission (“IURC”); the Michigan Public Service Commission (“Michigan PSC”); the MISO Transmission Owners;² the Missouri Public

¹ See Rules 212 and 213 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. §§ 385.212 and 213 (2016).

² The MISO Transmission Owners consist of: Ameren Services Company, as agent for Union Electric Company d/b/a Ameren Missouri, Ameren Illinois Company d/b/a Ameren Illinois and Ameren Transmission Company of Illinois; Big Rivers Electric Corporation; Central Minnesota Municipal Power Agency; City Water, Light & Power (Springfield, IL); Cleco Power LLC; Cooperative Energy; Dairyland Power Cooperative; Duke Energy Business Services, LLC for Duke Energy Indiana, LLC; East Texas Electric Cooperative; Entergy Arkansas, LLC; Entergy Louisiana, LLC; Entergy Mississippi, LLC; Entergy New Orleans, LLC; Entergy Texas, Inc.; Great River Energy; GridLiance Heartland LLC; Hoosier Energy Rural Electric Cooperative, Inc.; Indiana Municipal Power Agency; Indianapolis Power & Light Company; International Transmission Company d/b/a ITC*Transmission*; ITC Midwest LLC; Lafayette Utilities System; Michigan Electric Transmission Company, LLC; MidAmerican Energy Company; Minnesota Power (and its subsidiary Superior Water, L&P); Montana-Dakota Utilities Co.; Northern Indiana Public Service Company LLC; Northern States Power Company, a Minnesota corporation, and Northern States Power Company, a Wisconsin corporation, subsidiaries of Xcel Energy Inc.; Northwestern Wisconsin Electric Company; Otter Tail Power Company; Prairie Power, Inc.; Southern Illinois Power Cooperative; Southern Indiana Gas & Electric Company (d/b/a CenterPoint Energy Indiana South); Southern Minnesota Municipal Power Agency; Wabash Valley Power Association, Inc.; and Wolverine Power Supply Cooperative, Inc. (MISO Transmission Owners Comments, PP 1-2.)

Service Commission (“MoPSC”); the Organization of MISO States, Inc. (“OMS”);³ the Public Interest Organizations (“PIOs”);⁴ Voltus, Inc. (“Voltus”); WPPI Energy Company (“WPPI”); and Xcel Energy Services, Inc. (“Xcel”) (collectively referred to as the “Protesting Parties”). The comments and protests submitted by the Protesting Parties address MISO’s Order No. 2222 Compliance Filing (“Compliance Filing”) submitted in this proceeding on April 14, 2022. The above-captioned proceeding relates to proposed revisions to MISO’s Open Access Transmission, Energy and Operating Reserve Markets Tariff (“Tariff”) in compliance with the Federal Energy Regulatory Commission’s (“FERC” or the “Commission”) Order No. 2222.⁵

I. MOTION FOR LEAVE TO FILE ANSWER

Under Rule 213(a)(2) of the Commission’s Rules of Practice and Procedure, answers to protests are generally not permitted.⁶ Nonetheless, the Commission waives this requirement where an otherwise prohibited answer would clarify the issues under consideration, ensure completeness of the record, or assist the Commission in its decision-making.⁷ In this case, MISO provides a

³ The OMS filing states that the following members generally support the filing: Arkansas Public Service Commission, Illinois Commerce Commission, Indiana Utility Regulatory Commission, Iowa Utilities Board, Kentucky Public Service Commission, Louisiana Public Service Commission, Michigan Public Service Commission, Minnesota Public Utilities Commission, Mississippi Public Service Commission, Missouri Public Service Commission, Council of the City of New Orleans, South Dakota Public Utilities Commission, Public Utility Commission of Texas, and Public Service Commission of Wisconsin. (OMS Comments, P 16.) The Manitoba Public Utilities Board and the Montana Public Service Commission did not participate in the vote on the OMS filing, while the North Dakota Public Service Commission abstained. (*Id.*)

⁴ The Public Interest Organizations consist of: Carmel Green Initiative, Inc., Citizens Action Coalition, Energy Matters Community Coalition, Inc., Environmental Law & Policy Center, Natural Resources Defense Council, Sierra Club, Solarize Indiana, Inc., Solar United Neighbors, Sustainable FERC Project, and Union of Concerned Scientists. (PIO Comments and Protest, P 1.)

⁵ *Participation of Distributed Energy Res. Aggregations in Mkts. Operated by Reg'l Transmission Orgs. & Indep. Sys. Operators*, Order No. 2222, 172 FERC ¶ 61,247, P 361 (2020) (“Order No. 2222”), *order on reh'g*, Order No. 2222-A, 174 FERC ¶ 61,197, *order on reh'g*, Order No. 2222-B, 175 FERC ¶ 61,227 (2021)..

⁶ See 18 C.F.R. § 385.213(a)(2) (2019).

⁷ See, e.g., *Southwest Power Pool, Inc.*, 143 FERC ¶ 61,018, at P 15 (2013) (accepting answer that assisted in the decision-making process); *Texas Eastern Transmission, LP*, 122 FERC ¶ 61,205, at P 8 (2008) (accepting answer that completed the record); *California Independent System Operator Corp.*, 105 FERC ¶ 61,284, at P 10 (2003) (accepting answer that clarified the issues).

response to the concerns raised by the Protesting Parties that will clarify the issues under consideration, correct inaccurate statements, and assist the Commission with its decision-making in the above-captioned docket. Accordingly, Rule 213(a)(2) should be waived in the instant case for good cause shown.

II. ANSWER TO THE PROTESTING PARTIES

A. MISO's proposed effective date of October 1, 2029 for the Tariff revisions necessary to implement Order No. 2222's requirements is reasonable and appropriately tailored for the MISO Region.

Order No. 2222 was clear that the Commission would not proscribe an implementation date for requirements to incorporate distributed energy resource aggregations into ISO / RTO markets.⁸ Rather, the Commission recognized regional differences and directed each ISO / RTO to propose an implementation timeline that is reasonable for its respective markets.⁹ Consistent with this direction and as justified in its Compliance Filing, MISO has proposed an implementation timeline that is reasonable and appropriately tailored for the MISO Region. Importantly, a number of stakeholders that will be responsible for implementing the requirements of Order No. 2222 have filed in support of the proposed implementation date.¹⁰

Even so, several stakeholders contend that MISO's implementation timeline should be accelerated. Several state commissions and the OMS suggest that Order No. 2222 should be

⁸ Order No. 2222, P 361.

⁹ *See id.*

¹⁰ *See* DTE Electric Comments, P 2 (“DTE Electric supports MISO’s proposed effective date of October 1, 2029 ...”); Entergy Comments and Limited Protest, P 2 (“ESL supports the MISO’s implementation dates.”); Xcel Comments, P 3 (“XES supports, and the Commission should accept as reasonable, MISO’s requested effective date of October 1, 2029...”); Consumers Energy Comments, P 4 (“Consumers Energy supports MISO’s proposal to make its Order No. 2222 Tariff revisions effective on October 1, 2029.”); Alliant Comments, P 4 (“Given the need to complete the MSE and anticipated value from the MCR, Alliant Energy supports the proposed October 1, 2029 effective date.”); Ameren Comments, P 2 (“The Commission Should Grant MISO’s Requested October 2029 Effective Date.”); MISO Transmission Owners Comments, P 5 (“[T]he MISO Transmission Owners support MISO’s proposed October 1, 2029, effective date.”).

implemented sooner than the proposed implementation date. More specifically, the OMS “argues that Order 2222 should be implemented sooner...in order take advantage of the reliability and benefits of DER aggregation as contemplated by FERC’s Order and direction to RTO/ISOs.”¹¹

In response to these arguments, MISO notes that there are multiple options for resource owners to participate in existing retail programs; to participate in MISO’s markets via existing load-serving entity programs; and, to participate directly in MISO’s markets through RERRA aggregation programs. In addition, RERRAs have both the ability and authority to further develop and promote these programs as MISO continues to develop the systems and software necessary to implement the requirements of Order No. 2222. MISO maintains that the time between now and 2029 will be best used to work on other market and underlying system enhancements that it believes will make the full DER implementation process seamless and able to provide the most value to the MISO Region. In the meantime, MISO looks forward to continuing its work with members of OMS and other RERRAs to explore means by which distributed resources can participate in both retail and wholesale markets.

The Public Interest Organizations assert that MISO’s proposed effective date is neither “timely” nor “reasonable” and “therefore are inconsistent with Order No. 2222.”¹² The ICC encourages the Commission to “direct MISO to choose a more reasonable implementation date” and states that, “[i]f the lengthy delay is allowed, then the Commission should require MISO to provide a clear pathway towards implementation,” with updates to keep the Commission and stakeholders informed of MISO’s progress.¹³ AEMA characterizes the proposed date as “objectively outrageous [and] tantamount to seeking waiver of the compliance obligations under

¹¹ OMS Comments, P 3.

¹² PIO Comments and Protest, P 3.

¹³ ICC Comments, P 7.

Order 2222 without meeting waiver requirements.”¹⁴ The Michigan PSC “shares OMS’s concerns” that the proposed date “would delay the reliability and economic benefits that distributed energy aggregated resources are expected to provide.”¹⁵ The Michigan PSC “recommends that the Commission direct MISO to implement Order 2222 in parallel with MISO’s Multiple Configuration Resources initiative.”¹⁶ AEE and SEIA state that MISO’s request “amounts to a request for a multi-year waiver” of its Order No. 2222 compliance obligations, “without making the showing required to support such a waiver.”¹⁷ Entegrity similarly asserts that MISO’s proposed effective date “is not reasonable or timely,” and that MISO did not adequately support its proposal to delay Order No. 2222 compliance.¹⁸

MISO respectfully submits that the Protesting Parties’ claims should be rejected and the Commission grant MISO’s proposed October 1, 2029, effective date. As detailed in MISO’s compliance filing, the proposed Order No. 2222 implementation date is dependent on completion of a number of critical systems and software updates that are required to support compliance. This includes completion of the Market System Enhancement (“MSE”) program, currently anticipated for late 2024/early 2025, as well as related registration and settlements system enhancements. The MSE program is focused on upgrading legacy systems to accommodate current and future technologies, and MISO’s legacy market systems are not sufficient to accommodate larger volumes of distributed energy resource technologies due to the age, inflexibility, and performance limitations of these systems.¹⁹ MISO has progressed through 70% of the MSE timeline and needs

¹⁴ AEMA Protest and Comments, P 5.

¹⁵ Michigan PSC Comments, P 15.

¹⁶ *Id.*, P 19.

¹⁷ AEE and SEIA Comments and Protest, P 3.

¹⁸ Entegrity Protest, P 3.

¹⁹ Testimony of Todd Ramey, P 2.

to stay focused on implementing the new Day-Ahead and Real-time market clearing engines to achieve the flexibility and performance needed to successfully integrate both Distributed Energy Aggregated Resources (“DEAR”) and Multi-Configuration Resources (“MCR”).

The changes to the settlement and registration systems described in the testimony of Mr. Ramey are appropriately sequenced, given the high value provided by MCR and described in the testimony of Mr. Doying. Currently, MISO has focused efforts on the settlements system to reduce technical debt, enhance transmission settlements, and integrate new market products. These changes will continue with MCR and to integrate Order No. 2222.

Similarly, the current registration system is over ten years old and requires significant investment before MCR and ultimately DEAR products can be implemented. The work identified to meet these requirements represents a series of necessary, sequential steps that need to be undertaken, including transitioning services to updated platforms, modularizing services, and further deploying the system integration layer to exchange data and call upon those services to utilize them while modernizing customer authentication like single sign-on. The roadmap to complete building and implementing a new Registration and Enrollment System is forecasted to take four years.

Finally, the MCR and DEAR changes cannot be implemented in parallel. The implementation of MCR is a complex change for both the markets and settlements systems. As explained in MISO’s Order No. 2222 compliance filing, implementing two major changes—i.e., MCR and DEAR—in parallel “to a given market calculation or settlement schedule substantially increases the implementation risk, which in turn could jeopardize MISO’s ability to deliver reliable and efficient operational outcomes.”²⁰ For example, altering Revenue Sufficiency Guarantee

²⁰ Testimony of Todd Ramey, P 11.

make-whole payments to integrate both MCR and DEAR changes would complicate implementation. Testers would be attempting to determine the impacts of two unlaunched market changes simultaneously on the same settlement calculations, requiring MISO staff to predict market and market participant behavior of DEAR and MCR both in isolation and in conjunction with each other. Any deviations detected would then need to be traced to one or both projects, greatly increasing the project timeline and implementation risk.

Not only will MISO need to make changes to its systems and processes, system vendors and stakeholders would need to implement parallel changes. MCR and DEAR will both require customer testing and integration prior to implementation. For these reasons, attempting to implement MCR and DEAR concurrently is not reasonable.

B. MISO’s single EPNode aggregation proposal is the broadest and most technically feasible approach to model DEARs.

Several Protesting Parties criticize MISO’s single EPNode aggregation proposal. For instance, the Public Interest Organizations criticize MISO’s proposal and allege, in relevant part, that MISO’s filing “does not provide the required ‘detailed, technical explanation’ for why multi-nodal aggregations are not possible, even if limited in scope.”²¹ The Public Interest Organizations also allege that “MISO’s insistence on a single-node approach may be detrimental for the aggregation of small mass market DERs.”²² AEE and SEIA assert that “[m]any residential DERs will likely remain excluded from participating in the MISO energy market because MISO’s proposal prohibits multi-nodal aggregation for energy market participation.”²³ AEE and SEIA also claim that MISO’s “proposal to limit aggregations to a single EP Note is also inconsistent with

²¹ PIO Comments and Protest, P 18.

²² *Id.*, P 20.

²³ AEE and SEIA Comments and Protest, P 6.

existing practices in MISO with respect to aggregation of resources.”²⁴ AEE and SEIA reference certain provisions in MISO’s Commercial Model and Business Practices Manual to support its assertion that “[t]his current practice of allowing multiple demand-side management resources across AP Nodes directly contradicts MISO’s claim that it is infeasible to allow DER aggregation across multiple EP nodes.”²⁵ The ICC, in turn, claims that MISO’s requested implementation timeline “[s]hould [i]nclude [w]orking [t]oward [m]ulti-[n]odal [a]ggregation.”²⁶ The ICC concedes that “MISO’s proposal to limit DERA to a single EP Node is reasonable as the implementation commences” but states that the arrangement “imposes significant limitations on the DERA” and that “single EP Node limitation is not the standard across all RTOs.”²⁷ The ICC notes that the California ISO allows “the participation of DERA across multiple pricing loads, within a shared sub load aggregation point,” which “demonstrates that multi-node DER aggregation is technically possible at this time, albeit with concessions.”²⁸

These criticisms should be rejected and MISO’s proposed, single EPNode framework should be accepted.

While some MISO resource types allow distribution system-based resource participation, these resource types cannot participate in all market products. To enable full market participation, an additional resource type is proposed by MISO for Order No. 2222. DEARs are designed as a controllable resource providing a full range of Energy and Ancillary Services. Like existing

²⁴ *Id.*, P 8.

²⁵ *Id.*

²⁶ ICC Comments, P 7.

²⁷ *Id.*, P 8.

²⁸ *Id.*

resource types capable of providing all market products, the DEAR is limited to a single location and EPNode providing needed precision for reliable operations.

Specifically, to effectively manage congestion on the Transmission System, MISO requires granular visibility regarding the location of the resource. Moreover, the resource needs to follow the set-point provided by MISO. Allowing multi-node aggregations may result in an aggregation that contains EPNodes that have both positive and negative impacts on a transmission constraint. If the deployment of a distributed set of DERs is inconsistent with the EPNode distribution factors assumed in the MISO dispatch algorithms, MISO may not achieve the relief requested and may even see price and flow oscillations. Small errors across multiple resources may result in a material impact.

This concern was validated through outreach during the Order 2222 stakeholder process. MISO conducted interviews with Electric Distribution Companies (“EDC”) and DER Aggregators (“DERAs”) that highlighted the challenges to maintain accurate distribution factors in real-time,²⁹ given the ability of DERAs to utilize different DERs within a given DEAR to meet dispatch targets, and the dynamic nature of the distribution system topology.³⁰

MISO allows a DER to participate in an existing resource type for which it qualifies. MISO witness Laura Rauch describes the existing resource models that support multi-nodal aggregation (*i.e.*, Demand Response Resource Type I (“DRR Type I”), Load Modifying Resource (“LMR”) and Emergency Demand Response Resource (“EDR”)).³¹ These resource models support multi-nodal aggregation in a single Load Serving Entity within a single Local Balancing

²⁹ *DER Group Management for Coordinated Operations Across the T&D Interface*, EPRI, Palo Alto, CA:2019. 3002016174, PP 22-25.

³⁰ Testimony of Laura Rauch, P 22.

³¹ *Id.*, PP 19-20.

Authority Area. Importantly, all three of these resource types are distinguishable from a DEAR since they operate in a block manner and cannot be dispatched from interval to interval in real time. MISO is not removing the option to use these three models; rather, it is creating an additional DEAR option that can provide all market products.

In 2020, MISO investigated approaches to managing multi-node aggregations including the possibility of grouping EPNodes with similar sensitivities to transmission constraints.³² The investigation into clustering EPNodes based on the similarity of shift factor of the power flow on the branch to the power injection from the EPNodes was described in a report dated September 6, 2020.³³ Due to the highly interconnected nature of the MISO Transmission System, the analysis identified 2,880 clusters utilizing a similarity threshold of 1 - 3%.³⁴ The clusters identified were different for different Day-Ahead cases and varied depending on the constraints that were modeled and binding, causing implementation to be so complex as to be infeasible. Moreover, it was determined that implementing multi-node aggregation would require significant new capabilities, including a move from the current quarterly model updates to daily updates. The study noted the clusters “may result in real time dispatch issue and contribute to potential oscillation.”³⁵ The observed errors provide unacceptable risks to the operational reliability of the transmission grid, such that multi-node aggregations were deemed inadvisable or unworkable.

MISO simultaneously co-optimizes Energy and Ancillary Services every five minutes in real-time, dispatching energy to maintain system reliability. Failure to accurately model the

³² See Future Resource Studies in the MISO System, MISO, *available at* <https://cdn.misoenergy.org/Future%20Resource%20Studies%20in%20the%20MISO%20System539337.pdf> (Sept. 6, 2020).

³³ See *generally id.*

³⁴ See *id.* at P 13.

³⁵ See *id.* at P 18.

location of energy can lead to avoidable transmission constraints, broad oscillation of energy dispatch from interval to interval, and other reliability concerns. The potential for oscillations related to inaccurate energy location modeling has been well documented.³⁶ For example, MISO recommended increased visibility for LMR availability and performance following deployment of LMR aggregated by the Market Participant within a given Local Balancing Authority Area during a Capacity Shortage (or Maximum Generation event) that resulted in an unanticipated increase in the loading on transmission constraint(s).³⁷ While the impacts of a small volume of DEAR arguably may be mitigated, MISO did not design DEARs to be constrained to a small volume of participants. Forecasting accurate transmission constraint flows while supporting a large volume of DEAR resources requires EPNode level aggregation.

In short, MISO's proposed single EPNode aggregation proposal is the broadest and most technically feasible approach to model DEARs. The Commission should, therefore, accept MISO's compliance filing and the proposed single EPNode aggregation proposal contained therein.

C. MISO proposes to use existing known and defined technology and pathways for communications as this will facilitate integration and control of DEARs along with other resource types such as generators.

Various Protesting Parties criticize MISO's proposed technological requirements and procedures. These protests, which are summarized below, should be rejected because MISO has proposed to use existing, defined technologies and pathways, which will facilitate DEAR implementation. Further, MISO will continue its stakeholder dialogue regarding the nuances of

³⁶ *Id.*, PP 3-8.

³⁷ See MISO January 30-31 Maximum Generation Event Overview, MISO, at 13, *available at* <https://cdn.misoenergy.org/20190307%20MSC%20Item%20003%20Jan%2030%20Max%20Gen%20Event325263.pdf> (Mar. 7, 2019).

coordination frameworks and alternative technologies to address those concerns of the Protesting Parties’ regarding the proposed technical requirements that are not otherwise prescribed.

AEMA notes that MISO has proposed that a “DEAR will be required to provide telemetry through Inter Control Center Communications Protocol (‘ICCP’) via private Wide Area Network (‘WAN’)”.³⁸ AEMA asserts that the “indiscriminate application of telemetry requirements to provide near real time visibility for operations...creates a barrier to aggregators that even MISO acknowledges.”³⁹ AEMA states that MISO does not currently require ICCP for multiple resource market participation types that are providing certain products like Capacity or Spinning Reserves, and it is “incongruous for MISO to require ICCP communications from DEARs providing the same services.”⁴⁰ AEMA asks that the Commission “reject MISO’s proposed telemetry requirements and direct that telemetry rules be developed in a manner that will not be a cost barrier for smaller size DEARs.”⁴¹

The MISO Transmission Owners, in turn, claim that “MISO’s measurement and verification proposal for DERAs require more detail.”⁴² The MISO Transmission Owners assert that MISO’s proposal “fails to take into account that not all distribution utilities utilize ICCP metering” and that “MISO should consider telemetry requirements that provide for the use of EDC telemetry already in place, where possible.”⁴³

DTE Electric “requests a more thorough approach to guardrail how the communication is performed and what information should be included or excluded to protect customer privacy,

³⁸ AEMA Protest and Comments, P 12.

³⁹ *Id.*, PP 12-13.

⁴⁰ *Id.*, P 13.

⁴¹ *Id.*

⁴² MISO Transmission Owners Comments, P 9.

⁴³ *Id.*

information security and critical infrastructure.”⁴⁴ Even so, DTE Electric “agrees with the ICCP requirement for real-time setpoints and understands ICCP to be an industry-standard protocol and should be used for real-time operational data exchange between EDCs and DERAs.”⁴⁵

The ICC states that the “MISO filing shows a clear understanding of the forthcoming communication,” but adds that “MISO should continue to provide ongoing technical insights and guidance, as possible, into DER aggregations, metering, telemetry, and other critical issues through an ongoing stakeholder process.”⁴⁶

The Protesting Parties’ claims should be disregarded because MISO’s proposal employs industry standard technologies and MISO has clearly expressed its intention to continue its dialogue with stakeholders to accommodate future shifts in technology.

MISO has proposed a new resource type to provide DER aggregations an additional and comprehensive model for participation in the MISO Energy and Operating Reserve Market. The DEAR resource type can provide a full range of products to the MISO markets and thus has equivalent communication requirements to other resource types with similar ability to participate in all market products. These products require responding to real time dispatch signals including a potential second-by-second dispatch for regulation. Comparable to existing resources, MISO will use the ICCP connection to provide real time dispatch instructions to the DERA to enable their participation in these products. While MISO does not require real-time ICCP communications for certain resource types, such as DRR Type I, these resources are limited in the products they can be provide to the market. Additionally, MISO is not precluding qualified DER aggregations from participation as DRR Type I.

⁴⁴ DTE Electric Comments, P 8.

⁴⁵ *Id.*, P 9.

⁴⁶ ICC Comments, P 9.

It is important to note that the ICCP telemetry path is from the DERA to MISO. The DERA may use an alternative technology to connect to the individual DERs. Also, some existing Market Participants have chosen third party entities to provide telemetry services that provide the ICCP link to MISO. MISO believes these factors should mitigate the cost burden of the ICCP technology to the end DER device.

ICCP is the current industry standard for communicating real-time measurements. MISO acknowledges that the industry is exploring new standards. MISO has repeatedly stated to stakeholders that it would continue to evaluate evolving technologies that may be introduced in the future. If new standards are established, MISO will continue stakeholder discussions regarding the appropriateness of adapting applicable new standards.

D. MISO’s proposal addresses double counting, registration, and participation at wholesale matters in a reasonable manner and is tailored to the MISO Region.

Several Protesting Parties express concerns regarding double counting, registration, and “participation at wholesale” matters. These concerns are unfounded and should be rejected.

AEMA asserts that MISO’s proposal fails to adequately define double counting, and asserts that “[i]t is critical that double-counting claims not be overbroad but should be narrowly tailored to prevent double counting and ensure capable resources can participate in the market.”⁴⁷ AEMA summarizes two proposed use cases and concludes by alleging that “FERC should reject MISO’s filing and direct MISO to clarify the proposed tariff language to provide more details how it will address double counting in a narrowly tailored fashion.”⁴⁸

⁴⁷ AEMA Protest and Comments, P 16.

⁴⁸ *Id.*, P 18.

Consumers Energy asserts that double counting risks should be mitigated through transparency, clear verification protocols, and market monitoring tools.⁴⁹ Consumers makes a number of assertions in support of its position, including: (1) DER data must be readily available to both RERRAs and the EDCs for verification; (2) the RERRA and EDC review timeline does not contemplate the data quality necessary to ensure DER aggregations do not harm reliability; and (3) to further monitor possible double counting and mitigate manipulation risks, the 10 MW market monitoring threshold should be removed for DEARs.⁵⁰

AEE and SEIA asserts that “MISO’s proposal to limit double compensation of DERs is not ‘narrowly designed.’”⁵¹ AEE and SEIA is “concerned that MISO’s proposal to give LSEs and EDCs what is effectively a gatekeeper role, through the validation process, in reviewing whether the participation of a DER in a wholesale market aggregation gives these entities too much discretion to dictate what resources can enter the market and compete with their resources.”⁵² AEE and SEIA also claims that it is “unclear why LSEs or EDCs should have an extensive role in determining whether double counting is occurring,” noting that “[t]he information provided to MISO through the application process provides MISO and the RERRA with enough information to determine whether the DERA would receive double compensation.”⁵³ AEE and SEIA asserts that “[i]f the LSE has reason to believe that the DERA is ineligible to participate in the MISO markets due to double compensation of services, then it should be allowed to contest this

⁴⁹ Consumers Energy Comments, P 12.

⁵⁰ *Id.*, PP 12-14.

⁵¹ AEE and SEIA Comments and Protest, P 10.

⁵² *Id.*, PP 10-11.

⁵³ *Id.*, P 11.

information through the registration process. Such a proposal would balance the rights of the DERA with the rights of the LSE.”⁵⁴

The ICC “supports MISO’s general efforts to curtail double compensation” but indicates that “MISO’s current guidelines around double compensation for DERAs require greater detail.”⁵⁵ The ICC also “encourages MISO to make the process of allowing DERA full access to its markets as smooth as possible.”⁵⁶ The ICC asks the Commission to “direct MISO to provide detailed guidance to RERRAs on the proposed or recommended rules, registration procedures and data requirements that are necessary to allow for DERA to participate in both types of programs easily and accurately.”⁵⁷

The MISO Transmission Owners observe that MISO’s filing proposes to require LBAs to be part of the eligibility review process to ensure no double counting, and “question whether this compliance obligation is appropriately placed on LBAs to facilitate.”⁵⁸ The MISO Transmission Owners “further question the systems to be required to engage in the double counting review, whether MISO intends to accommodate extensions to the proposed ten-day review period for EDCs, and how double counting disputes between the RERRA and EDC will be resolved.”⁵⁹

WPPI expresses one concern in its limited protest, specifically “MISO’s failure to ensure that wholesale withdrawals of energy are not improperly consumed at retail.”⁶⁰ WPPI “is concerned that MISO’s filing does not explain how (or whether) MISO will ensure that DEARs

⁵⁴ *Id.*

⁵⁵ ICC Comments, P 17.

⁵⁶ *Id.*

⁵⁷ *Id.*

⁵⁸ MISO Transmission Owners Comments, P 7.

⁵⁹ *Id.*

⁶⁰ WPPI Limited Protest, PP 1-2.

comply with the prohibition on consuming wholesale purchases at retail contained in Sections 39.2.5E.a and 40.2.7C.a.”⁶¹ WPPI claims that MISO has not “shown that its proposal will require the collection, submission, or retention of sufficient information to enable MISO, [the] Commission, or others to detect such misuse.”⁶² WPPI asks the Commission to “require MISO to explain how its proposal will prevent the misuse of wholesale purchases and to revise its proposed Tariff language as necessary.”⁶³

These concerns should be rejected because MISO’s proposal considers and addresses the issues raised by double counting. MISO has developed two processes to allow for the review of double counting and dual compensation by the LSEs, EDCs, and RERRAs. MISO has proposed in Section 38.7A(ii) of the Tariff, as part of the double counting check, that LSEs/EDCs will review the registration of multiple DERs owned by the same end use customer(s) in the same or different DEARs, or as another resource type. The dual compensation review will entail the LSE/EDC checking the registration for enrollments for the same retail services. MISO will provide the LSE/EDC with the information collected at the time of registration so the LSE/EDC can perform the check for double counting and dual compensation. As noted in Section 38.7A(ii), MISO will also review the registration for double counting.

Once the review is completed by the LSE/EDC, MISO will notify the RERRA and provide the necessary information to the RERRA to perform their eligibility check, including any approvals or denials by the LSEs/EDCs along with supporting facts. The RERRAs eligibility check will involve confirming if the DER is not participating in a wholesale program (dual compensation) and confirming the DER is not participating in a retail program (double counting).

⁶¹ *Id.*, P 4.

⁶² *Id.*

⁶³ *Id.*, P 2.

After the RERRA has completed their review, the resource will either be added or rejected by MISO. If the addition or rejection of a DER(s) results in a dispute, those disputes are best handled by the RERRAs. In the event the dispute is not resolved, Section 12 of the Tariff allows for disputes involving the coordination or application of the EDC review process related to DERA registration and enrollment.

With respect to WPPI's concerns, MISO only receives wholesale transaction data from a DEAR and is not privy to retail transaction information. Therefore, MISO is not able to determine if a wholesale withdrawal was used for retail purposes. Further, FERC has interpreted the DC Circuit's *Calpine* decision (regarding station power) as meaning the RTO/ISO has no jurisdiction to determine whether or when a retail transaction has occurred.⁶⁴ The LSE/EDC will have access to the DEAR wholesale meter data and if they suspect that wholesale withdrawals are being used for retail purposes, could report this situation to the IMM or RERRA. Such an audit may determine whether a DEAR misused its wholesale purchases.

E. MISO's proposal seeks to implement a reasonable timeline for review, which is consistent with the Commission's directives.

Certain Protesting Parties claim that MISO's registration process imposes an unreasonable timeline for review that, among other things, would prove longer than the 60-day period indicated in MISO's filing.

AEMA claims that MISO's aggregation registration process establishes an unreasonable timeline for review, citing the 10-day timelines for LSE, EDC, and RERRA review, coupled with the 60-day timeline for EDC review.⁶⁵ AEMA states that MISO's proposed review process is "essentially a 90-day process because it adds a 30-day clock to the FERC required 60-day clock

⁶⁴ *Calpine Corp. v. FERC*, 702 F.3d 41 (D.C. Cir. 2012).

⁶⁵ AEMA Protest, P 18.

for EDC review.”⁶⁶ AEMA asks FERC to “reject MISO’s filing and direct MISO to investigate potential improvements to the process, such as automation, that would reduce the time taken for the registration and reliability review and propose tariff changes to achieve a more expedient and efficient registration and aggregation review process.”⁶⁷

Ameren, in turn, references the review process and cost allocations associated with that process.⁶⁸ Ameren opines that any cost responsibility for the DEAR technical review process should be borne by the DERA, and the RERRA should have authority over mitigation cost allocation.⁶⁹

The MISO Transmission Owners “generally support” MISO’s proposal but assert that “[m]ore information is necessary to clarify the details of the proposed Technical Review timeline.”⁷⁰ The MISO Transmission Owners state that MISO’s compliance filing is “also unclear as to whether the timeline for review is affected when an application is incomplete or inaccurate.”⁷¹ The MISO Transmission Owners opine that “[e]ach review period contemplated in the review process should be initiated only when an application is complete.”⁷²

These Protesting Parties’ assertions should be rejected. As an initial matter, and in response to AEMA’s argument that MISO’s proposal “adds a 30-day” clock, there appears to be a misunderstanding of timelines proposed in MISO’s compliance filing and supporting testimony. Ms. Rauch’s testimony states “the LSE/EDC and RERRA reviews each having a timeline of ten

⁶⁶ *Id.*

⁶⁷ *Id.*, PP 18-19.

⁶⁸ Ameren Comments, PP 5-6.

⁶⁹ *Id.*, P 6.

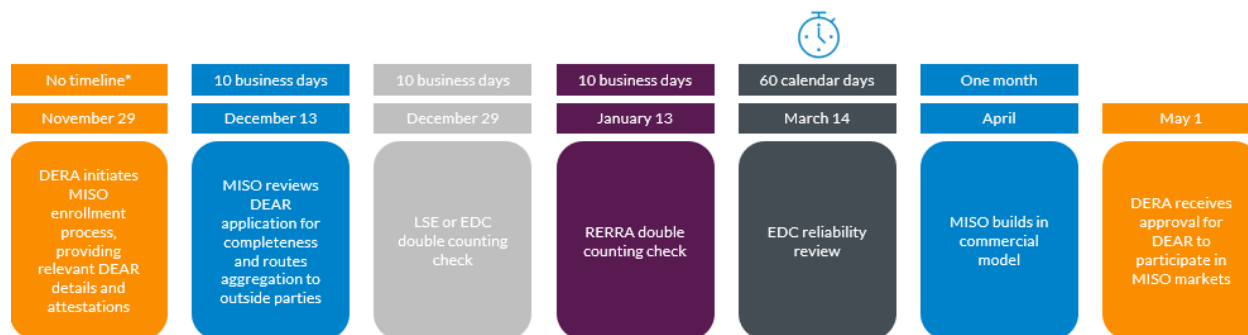
⁷⁰ MISO Transmission Owners Comments, P 7.

⁷¹ *Id.*, P 8.

⁷² *Id.*

(10) business days. Following this, the EDC will have sixty (60) days to perform its reliability review” and provides a clarifying figure (reproduced below).⁷³ MISO’s compliance filing proposed a total of twenty (20) days for review between the LSE/EDC and RERRA. The following timeline further clarifies these matters:

Registration of a DEAR: Potential Timeline



The sequential eligibility review between the EDC/LSE and RERRA, each with ten (10) business days, is intended to provide a standard process with certain outcomes. The EDCs/LSEs have detailed knowledge of their specific retail program offerings, which can differ significantly among the potentially numerous EDCs/LSEs under a single RERRA’s jurisdiction. Having a sequential review allows for, as Ms. Rauch explains, “after the LSE or EDC confirms or denies the wholesale participation eligibility of individual assets, this review outcome and supporting facts will be provided to the RERRA, as the applicable retail rate authority, to confirm what is included or excluded in the applicable retail rate.”⁷⁴ This precludes the EDC/LSE and RERRA simultaneously performing eligibility reviews. Further, Order No. 2222 states that the reliability review timeline can be up to sixty (60) days, and MISO’s proposal adheres to this requirement. As stated above, the MISO Transmission Owners in general support sequential review, opining

⁷³ See Laura Rauch Testimony, PP 29-30.

⁷⁴ MISO Transmittal Letter, P 16.

that “[e]ach review period contemplated in the review process should be initiated only when an application is complete.”⁷⁵

Regarding AEMA’s comment to “direct MISO to investigate potential improvements to the process, such as automation,” MISO is actively leveraging automation across planning and market business functions and will leverage appropriate technology at the time of implementation to support process efficiency.

F. Market monitoring and Independent Market Monitor Review.

MISO’s proposed market monitoring and Independent Market Monitor (“IMM”) review proposals are just and reasonable, and should be implemented.

DTE Electric and Consumers Energy comment on market monitoring and the 10 MW threshold for IMM review. DTE Electric cites “potential concerns” regarding MISO’s proposed revisions to its market monitoring provisions.⁷⁶ DTE Electric states that MISO’s proposal to apply the existing 10 MW threshold in Module D to DEARs raises “multiple questions” and suggests that the 10 MW threshold could be lowered.⁷⁷ DTE Electric also notes that, unlike traditional generators, a DEAR has the “unique capability to administratively adjust its capacity based on registration (i.e., a 10 MW DEAR could subdivide into two, 5 MW DEAR and evade the Market Monitoring provisions detailed in Module D),” such that MISO “should consider additional safeguards to ensure that affiliated resources are not bypassing the Market Monitoring provisions through administrative means.”⁷⁸ Finally, DTE Electric cites an alleged “significant increase in the scale and scope of potential IMM reviews” driven by “MISO’s enabling of the IMM to review the

⁷⁵ MISO Transmission Owners Comments, P 8.

⁷⁶ DTE Electric Comments, P 11.

⁷⁷ *Id.*

⁷⁸ *Id.*, PP 11-12.

EDC for affiliate favoritism preference[.]”⁷⁹ Consumers Energy also comments on the 10 MW threshold and states that a “lower threshold for DEARs in MISO’s Module D could help mitigate both double counting and manipulation concerns.”⁸⁰ Like DTE Electric, Consumers Energy notes that there is a “possibility that they [i.e., small resources] could be grouped by DERAs in aggregations under 10 MW to avoid market monitoring they would otherwise be subject to.”⁸¹

MISO believes these concerns are overstated but proposes adding the following language to section 63.3 of its Tariff in a new paragraph v:

When evaluating conduct associated with Distributed Energy Aggregated Resources, multiple Distributed Energy Aggregated Resources in electrical proximity and under ownership or control of a common Market Participant or Affiliates may be treated as one for the purposes of determining if the injection capability is greater than 10 MW.

MISO respectfully submits that the new paragraph will address the Protesting Parties’ market monitoring and IMM review concerns by eliminating the ability of certain market participants to attempt to bypass IMM review through administrative means. MISO does not believe that the Protesting Parties have shown that additional refinements are needed at this juncture and requests that its proposal be implemented, as modified.

III. COMMUNICATIONS

MISO requests waiver of Rule 203(b)(3) of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.203(b)(3) (2019), to the extent necessary to permit the designation of more than two persons for service on behalf of MISO in this proceeding and requests all communications related to this filing be directed to:

⁷⁹ *Id.*, P 12.

⁸⁰ Consumers Energy Comments, P 14.

⁸¹ *Id.*

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* Persons designated to receive **official** service.

IV. NOTICE AND SERVICE

MISO has served a copy of this filing electronically, including attachments, upon all parties listed on the Commission's eService list, as well as Tariff Customers, MISO Members, Member representatives of Transmission Owners and Non-Transmission Owners, as well as all state commissions within the region. The filing has been posted electronically on MISO's website currently located at <https://www.misoenergy.org/legal/ferc-filings/> for other parties interested in this matter.

V. CONCLUSION

WHEREFORE, MISO respectfully requests that the Commission accept this Answer, accept MISO's proposed Tariff revisions to facilitate MISO's compliance with Order No. 2222, and grant the proposed effective and implementation dates.

Respectfully submitted,

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DATED: July 8, 2022

CERTIFICATE OF SERVICE

I hereby certify that I have this day e-served a copy of this document upon all parties listed on the official service list compiled by the Secretary in the above-captioned proceeding, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated this 8th day of July, 2022, in Carmel, Indiana.

/s/ Julie Bunn

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