

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Establishment of a Working Case)
Regarding FERC Order 2222 Regarding Participation of)
Distributed Energy Resource Aggregators in Markets) Case No. EW-2021-0267
Operated by Regional Transmission Organizations and)
Independent Systems Operators)

LIBERTY’S SUPPLEMENTAL RESPONSE TO COMMISSION ORDER

COMES NOW The Empire District Electric Company d/b/a Liberty, and for its Supplemental Response to Commission Order, respectfully states as follows to the Missouri Public Service Commission (“Commission”):

1. On February 24, 2021, the Commission issued its *Order Opening a Working Case to Consider the Commission’s Response to FERC Order 2222 (“Order”)*. With that *Order*, the Commission directed “each Missouri investor-owned electric utility to respond with suggestions by March 31, 2021.”

2. Liberty submitted its Initial Response to Commission Order on March 31, 2021. As noted therein, the EFIS Service List for this case indicates that Liberty was served (“Legal Department, 602 S Joplin Avenue, P.O. Box 127, Joplin, MO, 64801”), but service of the *Order* did not reach the undersigned counsel, who became aware of the obligation for Liberty to respond to the *Order* on the response due date. As such, Liberty was unable to respond with suggestions by the due date.

3. Liberty has since had an opportunity to review the *Order* and the issue of how the Commission should respond to the changes resulting from implementation of FERC Order 2222. Liberty appreciates the opportunity to provide feedback and respectfully submits the comments attached hereto in response to the *Order*.

WHEREFORE, The Empire District Electric Company d/b/a Liberty respectfully submits this Supplemental Response to Commission Order and requests such relief as is just and proper under the circumstances.

Respectfully submitted,

/s/ Diana C. Carter

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CERTIFICATE OF SERVICE

I hereby certify that the above document was filed in EFIS on this 16th day of April, 2021, with notification of the same being sent to all counsel of record.

/s/ Diana C. Carter

On September 17, 2020, the Federal Energy Regulatory Commission (“FERC”) issued Order 2222 (Participation of Distributed Energy Resource Aggregations in Markets Operated by Regional Transmission Organizations and Independent System Operators). In that Order, FERC attempted to remove barriers to participation from distributed energy resource (“DER”) aggregations to Regional Transmission Organization (“RTO”) / Independent System Operator (“ISO”) markets. The FERC Order requested that each RTO revise its respective Open Access Transmission Tariff (“OATT”) to accommodate the requirements of the final rule.

Liberty will continue to monitor and participate in the conversations revolving around the integration of FERC Order 2222, both at the RTO level and the state level. Although this initiative is in its infancy, Liberty does have concerns as to how the requirements of the final rule will be integrated into existing platforms – both operationally and financially. Liberty recommends the Commission continue to be thoroughly engaged within the RTO stakeholder process in an effort to produce the most comprehensive and efficient environment for not only FERC Order 2222 compliance, but also further DER integration. Liberty looks forward to the opportunity to continue working alongside the various stakeholders as the discussions mature. Liberty’s more specific comments are below.

Double Counting: FERC deemed that it was important to limit the participation of DERs from participation in wholesale markets if they are also being compensated for the same services as part of another program, such as a retail net metering demand response program. FERC concluded that it was necessary to allow participation to both RTO/ISO markets, as well as retail programs. However, FERC is relying on RTO/ISO rulemaking to “place narrowly defined restrictions on the RTO/ISO market participation of distributed energy resources through aggregations, if necessary to prevent double counting of services.”¹

Liberty would encourage the Commission Staff to continue to participate in the Southwest Power Pool (“SPP”) rulemaking process to stay apprised as to how these rules will materialize. Furthermore, Liberty submits that Staff should consider what existing tariffs are currently in existence for Missouri IOUs that could be similar in nature to RTO/ISO participation for services. Liberty also encourages the development of explicit rules and definitions for “services” so that both utilities and participants can fairly evaluate potential retail compensation services for overlap from then-current RTO rules. Liberty believes the proliferation of DERs will continue and

¹ FERC Order No. 2222, p. 130.

encourages the Commission to have a defined process to evaluate proposed rule changes by the RTO regarding market services and/or products so that existing programs that may have not been considered as “overlapping” prior to the development of the new services/products can be evaluated within a defined framework that minimizes the potential for disagreement of similar or same services.

Informational requirements, distribution investment, and cost allocation: Liberty is continually participating in the ongoing meetings and discussions surrounding the changes pursuant to the SPP markets as a direct result of FERC Order 2222. Liberty will continue to monitor the developments of the RTO developed structure in the coming months. The roles and responsibilities to be defined within the structure developed at the RTO level will also determine the subsequent impacts to both the company and the customers. After the framework is proposed, the “relevant electric retail regulatory authority” (state commissions) will still have oversight over the distribution systems associated with aggregation and therefore point to the rate design and costs for integration of further DER and/or aggregators’ impacts to local systems. However, the subsequent impacts that Liberty foresees the Commission will need to develop particularly point to the following:

- Interconnection rules for DER;
- Defining the bounds in which the existing distribution system can operate while maintaining reliable service;
- The conveyance of data in a parallel path to the local utility (assuming RTO will specify data requirements for market participation/solving);
- Serving as the arbitrator in cases where disputes arise between aggregators pursuing projects for market participation (i.e. – lowest cost development) and the utility ensuring safe and reliable service (i.e. – imposing costs to aggregator for system integrity); and
- Registry systems for participant DER.

The cost impacts to Liberty and, in turn, customers may be high on a relative scale, but Liberty awaits the structure and rules from the RTO before assessing the magnitude of such costs. However, examples of potential costs may include:

- SCADA system upgrades for data repositories, system hysteresis development;
- Software bridges between data collection and system modeling;
- Expansion of existing hardware & associated integration;
- Distribution system upgrades of varying scale(s) for DER deployment and integration; and

- Expansion of communications platforms to support the market participation of new DER in addition to data collection for system awareness.

At this time, Liberty is not able to determine the needed upgrades to various systems. This cannot be done until the structure is developed by the RTO, as well as the roles and depth of interdependence all entities will play in bringing more DER onto the distribution systems.

In addition, the review of system upgrades, capital investments, and contingency planning will all be directly affected proportionally by the magnitude of DER integration on a given system. The energy demands during non-producing hours will still be required by Liberty, and cost causers should be allocated their share(s) appropriately.

Safety should be a priority in any aggregator integration. DER changes utility operational profiles and response to fault conditions. Expanded training will be required for operational personnel to ensure working conditions are safe in a bidirectional power system. Any interconnection rules adopted by the Commission should consider the safety of operational personnel.

Liberty recommends that the Commission ensure DERs are required to share information with the utilities for which their aggregation is located. Liberty needs access to data to ensure it meets its obligations as a load serving entity (“LSE”) with the SPP, the RTO planning reserve margin requirements, and the requirements under Chapter 22 of the Commission’s Rules for resource planning. Similar to current interruptible tariffs, Liberty must be able to plan for the electrical consumption in its service territory, and effective planning requires access to granular data so it could be consumed with other system data to ensure an accurate and robust analysis. In our instance, SPP will be responsible for identifying the information needed from any DERs looking to participate in its market, and it is responsible for identifying and explaining the specific information needed. The RTO should also propose how that information requested must be shared with the affected distribution utility.²

Liberty recommends that the Commission encourage the RTO to collect the data that is needed to ensure the reliability of its electric utilities and to effectively oversee the planning of its utilities systems and energy supply. Additionally, this information will help provide additional insight into whether any system upgrades are caused by DERs so that Liberty can make certain

² FERC Order No. 2222, p. 184.

that costs can be assigned fairly to any cost causers and not subsidized by its other customers. This ensures fairness in Order 2222 in that those capable of providing market products can be compensated for their participation rather than having their benefits subsidized by the customer base as a whole, but also so that any costs caused by their participation can also be borne by those same customers. It is important to note that Liberty is not trying to discourage participation of DERs, but rather to ensure that participation of DERs is both fair and successful for all parties.

Although it is speculative to comment on a yet to be developed tariff, Liberty has a concern centered around potential impacts the existing distribution system may have on an aggregator's project with respect to acceptable reliability indices. Any furtherance of system upgrades and system hardening will be borne by either the customers or the utility. The spending on reliability and technology can be boundless, and Liberty foresees potential conflict between the determination of reliable service from that of a DER aggregator and that of the utility.