

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

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

**EVERGY MISSOURI METRO’S AND EVERGY MISSOURI WEST’S
RESPONSE TO ORDER DIRECTING COMMENTS**

COMES NOW, Evergy Metro, Inc. d/b/a Evergy Missouri Metro (“Evergy Missouri Metro”) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West (“Evergy Missouri West”) (collectively, “Evergy” or the “Company”),¹ and, pursuant to the Missouri Public Service Commission’s (“Commission”) (“Order”) issued in the above-captioned docket responds as follows:

1. On February 24, 2021, the Commission issued its *Establishment of a Working Case Regarding FERC Order 2222 Regarding Participation of Distributed Energy Resource Aggregators (“DERA”) in Markets Operated by Regional Transmission Organizations (“RTO”) and Independent System Operators (“ISO”)*. The Commission directed each Missouri investor-owned electric utility to respond with suggestions on how the Commission may best respond to the changes resulting from implementation of FERC Order 2222 by March 31, 2021 and directed the Missouri Public Service Commission (“Staff”) to file its report with recommendations by April 30, 2021.

2. Evergy appreciates the opportunity and respectfully submits the following comments in response to the Order:

¹ Effective October 7, 2019, Evergy Metro Inc. d/b/a Evergy Missouri Metro adopted the service territory and tariffs of Kansas City Power & Light Company (“KCP&L”) and Evergy Missouri West, Inc. d/b/a Evergy Missouri West adopted the service territory and tariffs of KCP&L Greater Missouri Operations Company (“GMO”).

BACKGROUND

3. On September 17, 2020, the Federal Energy Regulatory Commission issued Order No. 2222 directing regional grid operators to revise their tariffs to establish distributed energy resource (“DER”) aggregators as a type of market participant.

4. FERC Order No. 2222 defines a distributed energy resource as “any resource located on the distribution system, any subsystem thereof or behind a customer meter” and that these resources may include, but are not limited to, resources that are in front of and behind the customer meter, electric storage resources, intermittent generation, distributed generation, demand response, energy efficiency, thermal storage, and electric vehicles and their supply equipment.²

5. FERC Order No. 2222 requires each RTO/ISO to revise its tariff “to establish distributed energy resource aggregators as a type of market participant that can register distributed energy resource aggregations under one or more participation models in the RTO/ISO tariff that accommodate the physical and operational characteristics of each distributed energy resource aggregation.”³ The deadline for compliance filings is July 19, 2021.

6. On February 18, 2021, Southwest Power Pool, Inc. (“SPP”) filed a Motion for Extension of Time to submit revisions to its Open Access Transmission Tariff to comply with the requirements of Order No. 2222. SPP requested an extension to the compliance filing date to April 28, 2022.

7. The “extension will enable SPP and its stakeholders to adequately address the design complexities inherent in implementing the ordered changes; to coordinate (during a pandemic) with hundreds of distribution utilities, relevant electric retail regulatory authorities (“RERRA”), and state

² *Participation of Distributed Energy Resource Aggregations in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Order No. 2222, 172 FERC ¶ 61,247 (2020) (“Order No. 2222”).

³ Order No. 2222 at P 114.

regulators in the SPP Regional Transmission Organization’s 14 state footprint. The changes the Commission has ordered present design complexities and challenges that will require significant work by SPP and its stakeholders.”⁴

8. SPP noted in its motion that “Order No. 2222 directly impacts two challenging areas within the RTO. First, [...] the necessary communication paths between the RTO, the transmission entities and market participants, and the distribution utilities steer all into largely uncharted waters. Planning to effectively change an established, ingrained, and decades-old communication precedent will take significant time and close coordination with hundreds of parties that have not previously engaged in communication with the RTO or in bi-directional communication.”⁵

9. “The second challenge is one that SPP must continually address in its market design: software performance time. SPP faces continuous challenges in maintaining adequate performance in its Security Constrained Economic Dispatch and Security Constrained Unit Commitment solution times. Distributed energy resource aggregations are anticipated to bring a significant increase in the number of resources registered in the Integrated Marketplace.”⁶

10. “Accordingly, the evolution and evaluation of design implementations that will comply with the strictures of Order No. 2222 must include complex considerations around SPP’s ability to maintain the performance of the market.”⁷

11. SPP indicated in their motion that the earliest date to implement Order No. 2222 changes would be the first quarter of 2024. The extension also permits stakeholders time to plan for the required changes and impacts to their systems.

⁴ See, *Motion for Extension of Time of Southwest Power Pool, Inc*, filed February 18, 2021; Docket No. RM18-9-000 (“SPP Motion”)

⁵ SPP Motion at P 7.

⁶ *Id.*

⁷ *Id.*

12. SPP has requested that FERC respond to its motion by no later than April 1, 2021.

13. On March 18, 2021, the FERC issued Order No. 2222-A⁸ addressing arguments raised on rehearing, setting aside prior order in part, and clarifying prior order in part its final rule amending its regulations to remove barriers to the participation of distributed energy resource aggregations in the capacity, energy, and ancillary service markets operated by RTOs/ISOs.

GENERAL COMMENTS

14. Evergy is actively engaged and involved in ongoing stakeholder proceedings as stakeholders discuss and weigh amendments to SPP market policy which will be required in response to Order No. 2222. In addition, Evergy is participating in a supplemental program sponsored by the Electric Power Research Institute (“EPRI”) which provides a collaborative forum for industry participants to share information regarding potential impacts associated with implementation of Order No. 2222. The Company wants to stress that development of SPP policy is in the early stages and there are complexities to the rulemaking that fall outside of Evergy’s control and are yet to be defined.

15. In Order No. 2222, FERC recognizes the role of this Commission (defined in Order No. 2222 as a “relevant electric retail regulatory authority” (“RERRA”) with respect to retail services and matters related to the distribution system, including design, operations, power quality, reliability, and system costs.” FERC reiterates that “nothing in this final rule preempts the right of states and local authorities to regulate the safety and reliability of the distribution system and that all distributed energy resources (“DER”) must comply with any applicable interconnection and operating requirement.” Although the role of a RERRA is not formally defined, examples of the potential roles that retail authorities may play include:

⁸ *Participation of Distributed Energy Resource Aggregations in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Order No. 2222-A 174 FERC ¶ 61,9197 (2021) (“Order No. 2222-A”).

- developing interconnection agreements and rules
- developing local rules to ensure distribution system safety and reliability, data sharing, and/or metering and telemetry requirements
- overseeing distribution utility review of DER participation in aggregations; establishing rules for multi-use applications
- resolving disputes between DER aggregators and distribution utilities over issues such as access to individual DER data

Further, FERC requires that “any such role for the RERRA in coordinating the participation of distributed energy resource aggregations in RTO/ISO markets be included in the RTO/ISO tariffs and developed in consultation with the relevant RERRA.”⁹

16. In addition, there could be a variety of issues or disputes arise between DER aggregators and aggregation customers. It may be appropriate for the Commission to consider a broader role in ensuring consumer protections, such as requiring the registration of aggregators doing business in Missouri and establishing conditions for participation.

17. In addition to areas of potential impact listed in paragraph 15, the Company would like to comment on aspects of Order No. 2222 which may result in modifications to Company tariffs, policies, and standards, and may require additional investment in distribution utility systems and operations. While Evergy emphasizes that the changes required to implement Order No. 2222 are still being developed, Evergy would like to highlight several areas with the potential for significant impact and where Commission coordination and/or oversight may be required.

18. **DER Registration.** The Order requires the RTO/ISO to incorporate a comprehensive and non-discriminatory process for timely review by a distribution utility of the

⁹ Order No. 2222 at P 324.

individual DER that comprise a DER aggregation, which is triggered by initial registration of the DER aggregation or incremental changes to a DER aggregation already participating in the markets. Each RTO/ISO must coordinate with distribution utilities to develop a distribution utility review process that includes criteria by which the distribution utilities would determine whether (1) each proposed DER is capable of participation in a DER aggregation; and (2) the participation of each proposed DER in a DER aggregation will not pose significant risks to the reliable and safe operation of the distribution system.¹⁰ The distribution utility review process must not exceed 60 days for most reviews.¹¹

19. While distribution utility review criteria have not yet been developed, Evergy will be required to implement new processes and enhance or implement new systems to comply. The evaluation and registration of individual DER will require the creation of a common unique DER_ID that can be used for all parties involved in DER registration and operations, a process for collecting such information in the interconnection process, and new standards or systems for collecting and maintaining a DER registry.

20. **Demand Response Aggregation.** Evergy currently has active retail customer demand response (“DR”) programs through the Missouri Energy Efficiency Investment Act (“MEEIA”). The Evergy DR programs are used as load modifiers and effectively reduce both the amount of energy Evergy must purchase from the SPP market during summer peak load conditions, as well as reducing capacity required to maintain SPP resource adequacy requirements. Current DR programs also include Evergy’s Business Demand Response (“BDR”) program, which allows participation of aggregators in the program, and a Market Based Demand Response

¹⁰ Order No. 2222 at P 292.

¹¹ Order No. 2222-A at P 72.

(“MBDR”) tariff in which Evergy would facilitate commercial customer’s DR resources participation in the SPP market.

21. The Commission, in case EW-2010-0187, issued an ‘Order Temporarily Prohibiting the Operation of Aggregators of Retail Customers’ (“ARCs”). In that order, the Commission determined that “Demand response load reductions of customers of the four Missouri electric utilities regulated by the Commission are prohibited from being transferred to ISO or RTO markets directly by retail customers or third-party ARCs.”¹² Subsequent to that order, the Commission conducted several topical workshops but closed the docket without taking any further action.

22. In Order No. 2222-A, FERC declined to extend the RERRA’s opt-out provision of Order 719 to demand response resources that participate in heterogeneous distributed energy resource aggregations—i.e., those that are made up of different types of resources including demand response as opposed to those made up solely of demand response. The opt-out provision will continue to apply to aggregations made up *solely* of resources that participate as demand response resources.¹³ It should be noted that on March 18, 2021, FERC opened a new Docket RM21-14-000 and issued a Notice of Inquiry aimed at eliminating the state opt-out for demand response aggregations. When demand response is bid into the SPP market by a third party, SPP compensates such party for the energy reduction and recovers these costs through an allocation to all market participants.

23. A review of and appropriate level of Commission oversight over such transactions will therefore be prudent to ensure Order No. 2222 and any future changes to demand response

¹² EW-2010-0187, Order Temporarily Prohibiting the Operations of Aggregators of Retail Customers, Effective March 31, 2010.

¹³ Order No. 2222-A at P 22.

resource participation in the wholesale markets presents no adverse effects on existing programs and customers or misalignment with existing programs and revenue recovery mechanisms.

24. **Double Counting or Double Compensation.** Order No. 2222 requires each RTO/ISO to revise its tariff to: (1) allow DERs that participate in one or more retail programs to participate in its wholesale markets; (2) allow DERs to provide multiple wholesale services; and (3) include any appropriate restrictions on the DER participation in RTO/ISO markets through DER aggregations, if [the aggregations can be] narrowly designed to avoid counting more than once the services provided by DERs in RTO/ISO markets.¹⁴

Order No. 2222 further clarifies:

- (i) It is appropriate for RTOs/ISOs to place restrictions on the RTO/ISO market participation of DERs through aggregations after determining whether a DER that is proposing to participate in a DER aggregation is (1) registered to provide the same services either individually or as part of another RTO/ISO market participant; or (2) included in a retail program to reduce a utility's or other load serving entity's obligations to purchase services from the RTO/ISO market.¹⁵
- (ii) A RERRA's jurisdiction over retail programs allows the RERRA to condition a DER's participation in a retail DER program on not also participating in the RTO/ISO markets, allowing the RERRA to address any concerns with double compensation.¹⁶

¹⁴ Order No. 2222 at P 160.

¹⁵ Order No. 2222 at P 161.

¹⁶ Order No. 2222 at P 61, P 162.

- (iii) It may also be appropriate, on a case-by-case basis, for distribution utilities to assess a wholesale distribution charge on DER aggregators participating in RTO/ISO markets.¹⁷
- (iv) The RTO/ISO is required to ensure that there is no double counting and/or compensation by a resource participating in multiple aggregations or overlapping market services. The local RERRA, however, has the obligation to address any issues of double compensation with retail programs. Per the order, the RERRA's continue to have authority to condition participation in their retail DER programs on those resources not also participating in RTO/ISO markets, which should allow them to mitigate any double-compensation concerns.¹⁸

25. Most existing distributed generation and energy storage systems interconnected at the retail level are currently enrolled in Evergy's Net Metering, Parallel Generation, or Stand-By Generation tariffs. According to the terms of these tariffs, Evergy purchases excess energy at retail tariffed rates, which in turn reduce Evergy's obligations to purchase energy from the SPP market. Other existing retail programs (i.e., the Thermostat, BDR, and Voluntary Load Reduction programs and other load curtailment tariffs) similarly reduce Evergy's obligations to purchase energy from the SPP market.

26. Evergy believes it will be appropriate to review Commission rules related to terms and conditions, interconnection standards and relevant tariffs to determine if any changes are necessary associated with implementation of FERC Order 2222. For example, it may be appropriate to consider creating a new Wholesale Distribution tariff that would provide grid access for wholesale transactions, and to ensure transparent policies are in place to avoid concerns with double-counting

¹⁷ Order No. 2222 at P 62.

¹⁸ Order No. 2222 at P 162.

(i.e., identifying conditions where simultaneous participation may be allowed or precluding DER already participating in an existing program from participation in the SPP market).

27. **Metering and Telemetry.** FERC Order 2222 proposes that each RTO/ISO rely on meter data obtained through compliance with distribution utility or local regulatory authority metering system requirements whenever possible for settlement and auditing purposes, only applying additional metering requirements for DER aggregations when this data is insufficient.¹⁹

28. Any additional RTO/ISO metering and telemetry requirements would not change those required by state or local regulatory authorities and would be required solely to assist with settlements and audits of activity in RTO/ISO markets, or to provide RTOs/ISOs with the real-time information needed to reliably and efficiently dispatch their systems.²⁰

29. FERC Order 2222 presumes, in general, that DER metering and telemetry will be provided by individual DER to DER aggregators, and from DER Aggregators to RTOs/ISOs. However, to the extent that the RTO/ISO proposes that such information come from or flow through distribution utilities, RTOs/ISOs will be required to coordinate with distribution utilities and the RERRA to establish protocols for sharing metering and telemetry data, and ensure that such protocols minimize costs and other burdens and address concerns raised with respect to privacy and cybersecurity.²¹ Further, FERC states that Order 2222 does not preempt the right of states and local authorities to regulate the safety and reliability of the distribution systems²² though coordination protocols and processes for the operating day that allow distribution utilities to override RTO/ISO dispatch of a DER Aggregation in such circumstances²³ have yet to be developed.

¹⁹ Order No. 2222 at P 245.

²⁰ Order No. 2222 at P 269.

²¹ Order No. 2222 at P 270.

²² Order No. 2222 at P 44.

²³ Order No. 2222 at P 310.

30. The SPP metering and telemetry requirements for DER participating in a DER aggregation have not yet been established. Since requirements for these systems have not yet been developed, it is unknown if any Evergy metering data will be required to support SPP's DER aggregation dispatch, settlement or auditing purposes.

31. Further, FERC Order 2222 does not address any additional metering requirements that the distribution utility may need to implement for retail tariff billing purposes to eliminate any double compensation when behind-the-meter resources are dispatched for participation in the SPP market. If behind-the-meter resources²⁴ are allowed to self-dispatch for retail bill management and also participate as part of a DER aggregation in the SPP market, the metering and billing systems to track and settle costs applicable to each separate use could become complex and costly to implement.

32. **Distribution Utility Operations.** While Order No. 2222 is focused on participation of DER Aggregators in RTO/ISO markets, several aspects of the Order will require distribution utilities to make significant investments to add system functionality and processes that typically do not exist in most distribution systems across the industry. Evergy is participating in an EPRI supplemental project where industry participants are seeking to further define communications processes and data exchanges between RTO/ISOs, Transmission and Distribution Operators, and DER Aggregators which will be required to support DER participation in RTO/ISO markets.

33. More specifically, each RTO/ISO is required to (1) establish a process for ongoing coordination, including operational coordination, that addresses data flows and communication among itself, the DER aggregator, and the distribution utility; and (2) require the DER aggregator to report to the RTO/ISO any changes to its offered quantity and related distribution factors that result from distribution line faults or outages.²⁵

²⁴ Behind-the-meter resource refers to resources installed behind a retail billing meter.

²⁵ Order No. 2222 at P 310.

34. Order No. 2222 further requires each RTO/ISO to include coordination protocols and processes for the operating day that allow distribution utilities to override RTO/ISO dispatch of a DER aggregation in circumstances where such override is needed to maintain the reliable and safe operation of the distribution system.²⁶

35. Just as the RTO has identified a need for increased visibility, the increased penetration of DER participation and response on the distribution system will result in similar needs at the distribution utility level. Significant enhancements to Evergy's existing distribution operational systems may be required, for example, to ensure that distribution system operators receive timely information. In addition, new protocols, standards, and communications systems will need to be developed to coordinate the operations of DER aggregations in the day-ahead market and real-time markets. Adequate training will be required to ensure that operations staff develop new capabilities to analyze and execute DER dispatch overrides to maintain the safety and reliability of the distribution system. The expanded responsibilities for managing operations, as well as to process additional interconnection requests may result in additional staffing needs.

36. Given the significant work that will be required for utilities to comply with FERC Order 2222 to allow a distributed resource aggregation's participation in wholesale markets, it will be important to identify cost causation and allocate the associated costs accordingly, as well as consider the most appropriate vehicle to recover the costs of upgrades to the distribution and transmission systems.

SUMMARY

37. In summary, the Company supports ongoing coordination and collaboration by all parties involved in these complex decisions required to successfully implement the requirements

²⁶ Order No. 2222 at P 310.

of Order No. 2222. The policy decisions made by SPP stakeholders at the RTO level are pivotal to determining the subsequent decisions by the Company and/or RERRA to carry out the implementation of Order No. 2222 and to ensure that the safety and reliability of the distribution system are maintained in a way that minimizes costs and other burdens on ratepayers. Since the timeline for policy development must follow SPP's timeline, the Company suggests it would be beneficial for the Commission to be actively engaged in the RTO stakeholder processes and to establish stakeholder working groups as appropriate which provide opportunities to educate, inform, and collaborate as these proceedings develop. Evergy looks forward to continued engagement with the Commission as these discussions evolve.

WHEREFORE, the Company respectfully submit the above comments pursuant to the Commission's Order.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was served upon all counsel for Staff and the Office of the Public Counsel on this 31st day of March 2021, via e-mail.

/s/ Robert J. Hack

Robert J. Hack