

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

Southwest Power Pool Inc. Inc.

Docket Nos. ER22-1697-003

COMMENTS AND PROTEST OF THE CLEAN ENERGY PARTIES

Pursuant to Rules 211 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”),¹ Advanced Energy United (“United”)² and Sierra Club (collectively, “Clean Energy Parties”) submit these comments and protest concerning the Southwest Power Pool’s (“SPP’s”) December 13, 2024 Compliance Filing³ to comply with Order No. 2222⁴ and the Commission’s March 1, 2024 Order on Compliance Filing.⁵

As with its original proposal and deficiency response, SPP’s latest approach fails to comply with Order No. 2222 and the Order on Compliance. The Commission specifically directed SPP to use an effective date in Q3 2025 in its Order on Compliance, but SPP fails to comply with that directive, instead proposing to delay effectiveness until 2030 without reasoned

¹ 18 C.F.R. § 211 (2022).

² Advanced Energy United (formerly Advanced Energy Economy) is a national association of businesses that are making the energy we use secure, clean and affordable. Advanced Energy United is the only industry association in the United States that represents the full range of advanced energy technologies and services, both grid-scale and distributed. Advanced energy includes energy efficiency, demand response, energy storage, wind, solar, hydro, nuclear, electric vehicles, and more. The comments expressed in this filing represent the position of Advanced Energy United but may not represent the views of any particular member.

³ *Southwest Power Pool, Inc.* Order No. 2222 Compliance Filing, Docket Nos. ER-1697-003 (December 13, 2024) (“Compliance Filing”).

⁴ 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 on reh’g, Order No. 2222-A, 174 FERC ¶ 61,197 (2021), order on reh’g, Order No. 2222-B, 175 FERC ¶ 61,227 (2021). (Order No. 2222).

⁵ *Southwest Power Pool, Inc.* 186 FERC ¶ 61,162 (2024) (“Order on Compliance Filing”).

justification for such extended delay. The Commission also directed SPP to address the feasibility of a multi-nodal framework. Although SPP has conducted partial analyses and proposed a limited multi-nodal aggregation model, the proposal fails to meet the requirement to be as broad as geographically and technically feasible. We urge the Commission to reject this filing and direct SPP to expand upon its proposed multi-nodal aggregation model and to implement Order No. 2222 sooner than 2030, such as by developing a model for single node aggregations that could be operational in a shorter timeframe (i.e., 2026/2027). The Commission should also direct SPP to revise its double counting restrictions to permit a Distributed Energy Resource (“DER”) to participate in retail programs and SPP’s markets, contingent upon actual participation where a resource avoids concurrently responding to dispatches from multiple markets.

I. BACKGROUND

Order No. 2222 required regional transmission organizations and independent system operators (“RTOs/ISOs”) to enable DER to participate in wholesale markets through aggregations.⁶ SPP submitted its compliance plan on April 28, 2022, to which the Commission responded on March 1, 2024, partially accepting the filing subject to an additional filing originally due April 30, 2024. SPP requested additional time on March 18, 2024, seeking an extension until August 28, 2024, which was granted. On June 28, 2024, SPP requested a second extension until December 26, 2024, which was also granted. SPP submitted its latest proposal to the Commission on December 13, 2024. In addition to the effective date, the Commission’s March 2024 Order directed SPP to resolve multiple deficiencies in its initial compliance filing

⁶ 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 on reh’g, Order No. 2222-A, 174 FERC ¶ 61,197 (2021), order on reh’g, Order No. 2222-B, 175 FERC ¶ 61,227 (2021).

including with regard to: (1) demand response opt-out, (2) locational requirements, (3) eligibility to participate in RTO/ISO markets through a Distributed Energy Resource Aggregator, (4) distribution factors and bidding parameters, 5) metering and telemetry s system requirements, 6) coordination between the RTO/ISO, aggregator, and distribution utility, and 7) market participation agreements.

II. PROTEST

A. SPP has not demonstrated that its limited multi-nodal aggregation model is as geographically broad as technically feasible

SPP's original filing had only offered a single node model. At that point, SPP had not conducted any analysis on the feasibility for smaller subsets to be grouped more broadly than at a single node. In its Order on Compliance Filing, the Commission directed SPP either to provide a detailed explanation demonstrating that aggregating more broadly than by a single node is not technically feasible, or to propose alternative locational requirements.⁷ SPP did devote time to analyzing the feasibility for multi-nodal aggregations, but its December 13 proposal still falls short of demonstrating that the revised locational requirements are as broad as technically feasible, and therefore is not in compliance with Order No. 2222 or the Order on Compliance Filing. The Commission should conclude that SPP has not complied with this directive of Order No. 2222 and require SPP to submit a further compliance filing to address the deficiency.

Although SPP conducted limited analyses to support its new proposal for allowing a subset of projects to participate in multi-nodal aggregations, it still fails to respond sufficiently to the directive to justify its proposed geographic scope. Staff analyzed historical congestion data

⁷ Order on Compliance Filing at P224.

from the last ten years, which indicated certain pockets could accommodate multi-nodal aggregation.⁸ The assessment also reviewed data on constraints activated during a time period from May 2023 to April 2024 as well as shift factor threshold differences to determine if nodes could be considered electrically similar.⁹ This review determined a threshold of less than 1% shift factor difference would make this distinction, given a margin of error in the distribution factors.¹⁰ SPP analyzed intervals with transmission constraints at or above 95% and compared node shift factors to determine if nodes were similar based on criteria where at least one interval in the relevant operating day had either or more binding or breached constraints and the individual interval within the operating day must have at least three or more binding or breached constraints.¹¹

The assessment determined there were thousands of eligible intervals and similar nodes, with SPP acknowledging that “multi-nodal aggregation was not only technically possible, but also technically feasible.”¹² However, the historical, rather than forward-looking analysis, may be problematic as the grid rapidly evolves - what has happened in the past may not be indicative of the future. The analysis also considered only operational, rather than economic feasibility. Unlike SPP, PJM conducted analyses on a nodal-to-zonal LMP comparison, substation level, and on specifically defined groupings of pricing nodes.¹⁴ SPP’s analysis did not account for price separation, unlike other RTOs such as Midcontinent Independent System Operator (“MISO”) which “analyzed the LMP at all individual MISO pricing nodes to the larger Load Zone LMP

⁸ Compliance Filing at 25.

⁹ Compliance Filing at 25.

¹⁰ Compliance Filing at 26.

¹¹ Compliance Filing at 27.

¹² Compliance Filing at 28.

¹⁴ PJM Interconnection, L.L.C., Order No. 2222 Compliance Filing, Docket No. ER22-962-005 (Sept. 1, 2023) at 22.

where the individual nodes were from January 1, 2019 to December 31, 2023. MISO reviewed approved Real-Time intervals. The results demonstrate that close to all pricing nodes in MISO have significant price separation when comparing the nodal LMP to the zonal LMP.”¹⁵ PJM also conducted a similar review using LMP since this is “the primary tool that PJM utilizes in dispatching resources to relieve constraints on the Transmission System, price separation under a multi-nodal energy market framework represents a kind of operational “dissonance,”” meaning PJM would have challenges sending an accurate, nodal dispatch instruction to a multi-nodal aggregation.¹⁶ SPP also did not consider economics, the potential impacts of future grid changes, or how the aggregations based on shift factors could impact market performance or dispatch efficiency. SPP also focused on challenges around the extensive time required to conduct their analysis. The Commission should reject SPP’s proposal on the grounds that it needs additional analysis around price separation to support its proposal and consider more than operational characteristics, like shift factors.

Due to concerns about numerous aggregations impacting congestion, reliability and dispatch, SPP also proposed that “rather than limiting aggregation to historical areas with ‘similar’ impacts to the transmission system, SPP determined that a geographically broad, yet relatively shallow model (at least initially), is the technically feasible approach that best addresses the Commission’s directive that locational requirements be ‘as geographically broad as technically feasible.’”¹⁸ The proposal has a few design components, including requiring multi-nodal aggregations to be within the same settlement area and to be capable of producing at least

¹⁵ Midcontinent Independent System Operator, Inc. Order No. 2222 Compliance Filing, Docket Nos. ER-1640-000 and ER22-1640-001 (May 10, 2024) at 10.

¹⁶ PJM Interconnection, L.L.C., Order No. 2222 Compliance Filing, Docket No. ER22-962-005 (Sept. 1, 2023) at 22.

¹⁸ Compliance Filing at 29.

.1 MW of response capacity for 60 minutes with a registered capacity no less than .1 MW.¹⁹

Although there is no maximum size for single node aggregations, multi-nodal aggregations are limited to 10 MW due to the impact on existing system constraints, though SPP says market participants may register multiple aggregations of 10 MW as separate resources.²⁰ There are also geographic constraints to cap the overall registration of aggregations at 112 MW in the East Balancing Authority and 11 MW in the West, “to protect against the operational impacts of a large number of multi-nodal DER Aggregations participating in the market, and to maintain reliable operations and compliance with NERC standards.”²¹ SPP had originally proposed a .1% peak load limit but later revised to .2% of historical coincident peak.²² SPP determined this “effectively represents a threshold which will not significantly impact SPP’s ability to control operational constraints,” though there was no additional detail or information to explain the change.²³ SPP noted that the limit could be adjusted in the future, indicating some flexibility with this requirement.²⁴

The model SPP has proposed is still not sufficient to facilitate participation as required by Order 2222. The components restricting multi-nodal aggregations to predetermined pockets of similar nodes and suggested system wide MW limits are restrictive and could hinder competition. SPP has failed to meet its burden to demonstrate how these options sufficiently meet the standard of being as geographically broad as technically feasible, especially given that SPP has already expressed that the system limits may need to be adjusted or re-evaluated, yet has

¹⁹ Compliance Filing at 29.

²⁰ Compliance Filing at 29.

²¹ Compliance Filing at 33.

²² SPP Joint ORWG, MWG meeting materials July 23-24, 2024, Agenda item 22, <https://spp.org/Documents/71999/MWG%20Meeting%20Materials%2020240723-24.zip>.

²³ Compliance Filing at 33.

²⁴ Compliance Filing at 33.

failed to commit to any timeline for conducting such analysis. Although PJM also had used a cap mechanism, they stated the intent to “conduct an assessment of the 167 MW cap upon penetration of DER Aggregation Resources participating in the limited multi-nodal aggregation option exceeding ninety percent of the 167 MW cap value.”²⁵ SPP provides no similar timeframe for re-evaluation. The analysis also does not consider how the grid will change over time and what happens to existing aggregations when nodes change and may no longer be similar. SPP fails to explain how eligibility would be reviewed or changed or what that process would be for the pre-determined pockets of similar nodes. The December 13 proposal should therefore be rejected and SPP directed to ensure that it truly assesses all opportunities to make its compliance plan as geographically broad as technically feasible.

B. SPP 2030 Implementation Date is inconsistent with the requirement of the Order on Compliance, Unreasonable and Untimely

In its Order on Compliance Filing, the Commission directed “SPP to file a proposed effective date in the third quarter of 2025 to implement Order No. 2222 and to submit such filing at least six months prior to the proposed effective date.”²⁶ In its Compliance Filing, SPP notes that due to the delay between filing in April 2022 and receiving its Order on Compliance in March 2024, its timeline is impossible, particularly around the development, testing, and implementation of the multi-nodal component.²⁷ Following these delays, SPP now seeks an implementation date in the second quarter of 2030.²⁸ SPP has not provided a reasoned explanation for the duration of its requested extension, instead just broadly asserting that

²⁵ PJM Interconnection, L.L.C., Order No. 2222 Compliance Filing, Docket No. ER22-962-005 (Sept. 1, 2023) at 31.

²⁶ Order on Compliance Filing at P1.

²⁷ Compliance Filing at 50.

²⁸ Compliance Filing at 51.

implementing the multi-nodal framework will add significant complexity.²⁹ Although the Commission did not require a specific date for implementation, it allowed RTOs/ISOs to propose their own *reasonable* timelines, and has rejected effective dates similar to SPP’s proposed effective date as unreasonable. For example, SPP’s neighbor, MISO, previously proposed October 2029 for enrollment, followed by market participation in March 2030,³⁰ based on the needs for replacing legacy software and system updates. The Commission rejected this proposed effective date as untimely.³¹ SPP is following the rejected MISO example, seeking five years to implement “changes to the Market Clearing Engine, software change queues, vendor development queues and backlog, and transmission reliability issues”³² but has not been clear about specific upgrades, timelines, and requirements for staffing and contractor support implementing these upgrades. At a minimum, the Commission should require SPP to provide more specificity around these changes and how they factor into the five-year proposed timeframe. Although the original timeline may not be achievable, a delay until 2030 is also not reasonable. Moreover, there are ways to avoid such a long delay in implementing the Commission’s Order 2222 directives. For example, SPP could consider a staggered timeline, establishing a single node aggregation model earlier than the multi-nodal model, such as in 2026/2027. Given that SPP “does not have significant reliability concerns with respect to DER Aggregations whose individual components stem solely from one node—the response from DER components at single node will have the same effect on the system as a traditional Resource”³³ it

²⁹ Compliance Filing at 50.

³⁰ Midcontinent Independent System Operator, Inc. Order No. 2222 Compliance Filing, Docket Nos. ER-1640-000 and ER22-1640-001 (May 10, 2024) at 3.³¹ Midcontinent Independent System Operator, Inc. 185 FERC ¶ 61,011 (2023) P411.

³¹ Midcontinent Independent System Operator, Inc. 185 FERC ¶ 61,011 (2023) P411.

³² Compliance Filing at 51

³³ Compliance Filing at 22.

appears that it could feasibly create a process for these aggregations on a faster timeline. The Commission should reject this component of SPP's Compliance Filing and direct SPP to propose a timelier implementation date or staggered deadlines.

C. SPP's Revised Double Counting Provisions are not "Narrowly Designed" as Required by Order No. 2222

The Commission directed SPP to revise or explain its use of "same MWh" in the context of double counting to ensure the definition is narrowly designed to avoid distributed energy resources providing the same service at both the retail and wholesale levels as well as to ensure the definition was not too broad and should only refer to retail programs.³⁴ In its latest Compliance Filing, SPP has removed references to the phrase "same service" and elaborated on its definition for double counting, making it specifically refer to "when a DER participates in energy and operating reserve markets and one or more retail programs and such participation *might* require the use of the same MW concurrently in a dispatch interval."³⁵ SPP's Tariff revisions also now specify that the DER represent "that the DER's capacity is not registered in a retail program that will be used to reduce the LSE's obligation, or any other LSE's obligation, to purchase services from the Energy and Operating Reserve Market while that same capacity is simultaneously offered into the Energy and Operating Reserve markets."³⁶ This means a resource must choose between providing capacity or energy and ancillary services, leaving available capacity on the table without the ability to provide it. SPP should expand upon this to specify that the simultaneous offering into these markets is only excluded while a resource provides energy in a retail program. Although these changes have added specificity regarding the referral

³⁴ Compliance Filing at 21.

³⁵ Compliance Filing at 19 (emphasis added).

³⁶ Compliance Filing at 22.

to retail programs, they are still too broad in the sense that they may limit any resources from participating in SPP's wholesale markets if the potential exists for double counting, let alone the actual occurrence of double counting. This assumes that there is no room to manage a resource in such a way to avoid double counting if the potential, rather than actual performance, is the criteria to determine double counting. For example, a resource could not reduce load concurrently in the same dispatch interval if called upon by both SPP and the distribution utility. However, if a resource was not dispatched by the distribution utility, there is no reason it should be precluded from dispatch by SPP. The current broad double counting language prevents dual participation for resources that could be available at different times for different markets or programs. The Commission should direct SPP to design a more narrowly tailored double counting rule to permit resources to participate in multiple markets, contingent upon avoidance of actual concurrent dispatch.

CONCLUSION

The Clean Energy Parties urges the Commission to reject SPP's proposed multi-nodal model and implementation timeline and direct SPP to remedy the flaws in its December 13 proposal identified herein. Despite the acknowledgement of the two years between when SPP submitted its initial compliance filing and when the Commission issued an Order, SPP's proposed Order 2222 implementation timeline will be several years behind other RTOs. SPP should also conduct additional analyses in determining the geographic and technical feasibility beyond the limited geographic area it has proposed and should revise its double counting language to be less broad, by allowing resources to participate in multiple programs while still avoiding double dispatch and compensation.

Respectfully submitted,

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January 3, 2025

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated the 3rd day of January, 2025.

/s/ Lisa Barrett

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