Voltus, Inc. Response to Reply Comments in Case No. U-20348

December 23, 2020

Voltus would like to take this opportunity to respond to the Reply Comments filed by stakeholders in the above referenced docket on December 14, 2020. Several of the Reply Comments contain misleading attacks against Voltus, and against our well-supported position that MPSC should remove the partial ban on Aggregators of Retails Customers (ARCs). Voltus stands by the arguments made in our Comments in this docket from November 24. Third party demand response aggregation will continue to ease capacity constraints, help in emergencies, decrease costs, and increase DR participation to the benefit of all Michigan ratepayers.

We would like to set the record straight on several specific topics, covered below:

1. **Voltus has 104.5 MWs currently registered in MISO Zone 7 for the 2020/2021 Planning Year**.

In their Reply Comments, DTE implies that Voltus misled the Commission in our Comments when we wrote that we have 100 MWs of demand response in Michigan. In fact, Voltus cleared 9.5 Zone 7 MWs in the Planning Resource Auction for 2020/2021 and transferred 95 MWs of Zone 7 ZRCs to bilateral partners for use in Fixed Resource Adequacy Plans, for a total of 104.5 MWs. Notification was sent to the LSEs, LBAs, and RERRAs behind each of these megawatts at the time they were registered. The data in the MISO Portal that validate these figures include proprietary information, but Voltus would be glad to share them with the PSC upon request. We have also attached in an Appendix an email from Brian Drumm, Senior Corporate Counsel at MISO who confirms our enrolled MW amount.

2. **Voltus's megawatts are ready and willing to respond during grid emergencies.**

DTE criticizes Voltus for not having megawatts available for MISO to dispatch during the Polar Vortex in January 2019. In this context, DTE levels unfair criticism, because in 2019 the MISO Load Modifying Resources program only required participants to be available to respond during Summer months. Voltus was merely following program rules by limiting our participation to the Summer—a perfectly reasonable approach in a program that was originally designed around alleviating Summer grid emergencies. In fact, during the Polar Vortex, though our demand response portfolio was not dispatchable to MISO, Voltus did call upon our customers in Michigan to reduce load as a public service. This topic is now moot because MISO amended the LMR program in 2019 and it now requires 9 months of annual participation. Voltus provides megawatts that meet the needs of the grid and fulfill demand response program requirements, following MISO's Tariff. It is curious that DTE would make false claims against Voltus when the evidence is clear that DTE's own interruptible tariff failed to meet local and wholesale market needs during the polar vortex. ARC, if deployed without the then-current market limitations, would have meaningfully helped fill the gap to the benefit of customers.

3. **A level playing field for ARC could save Michigan ratepayers billions of dollars**

It is a well established principle that greater competition leads to more favorable pricing for customers and greater market penetration of products. Nobody in Michigan would find it fair if California decided that only auto manufacturers who build their vehicles in the State of California can sell them in California. Allowing competition for demand response in Michigan will not prevent Michigan utilities from continuing to run their own demand response programs, but it will surely help them improve their offerings for customers. This docket is proof of that. Consumers Energy admits as much in their comments, indicating that if ARCs were to enter the market they may have to pay DR participants more to incent program participation. Voltus welcomes the opportunity to compete in a fair, well-regulated market for demand response megawatts. As we've previously pointed out, the MISO auction for Michigan's lower peninsula (MISO Zone 7) cleared at CONE ($93,998/MW-yr) for the 2020/2021 planning year because there were fewer megawatts offered than the local clearing requirement demanded. An additional few hundred megawatts of demand response would have made the difference between Zone 7 clearing at CONE versus clearing at $1,825/MW-yr like the rest of MISO. Across Zone 7's 21,945 megawatts, Michigan would have saved $2.0 billion had its price matched the rest of MISO.

4. Aggregators will increase the market for demand response in Michigan

Voltus and other aggregators will increase the share of demand-side megawatts providing DR to MISO. AEMA claims that if additional megawatts in the market reduced the Zone 7 PRA Clearing Price, "ARCs would have a difficult time finding any DR customers who would be willing to interrupt their business for such minimal payback". On the contrary, the clearing price was $1,825 for the current Planning Year in other MISO zones, yet Voltus has several hundred megawatts active in the market. This is because the MISO PRA price outcome is only one of many factors that customers consider when participating in wholesale market demand response. These factors include capacity payments, energy payments, ancillary services payments, and avoided generation and transmission cost savings. When all of the economic considerations of wholesale market demand response participation are considered by a large customer, the economics are highly motivating, contrary to what AEMA would suggest.

Similarly, Consumers Energy claims that "ARCs are not motivated to sign up an ever-increasing number of customers, but are instead motivated to reach the most profitable customers (considering market conditions)." Like any other business, ARCs like Voltus will sign up as many customers as possible. One way that ARCs can reach more customers is by offering more paths to market, including stacking the Emergency Demand Response (EDR) and Operating Reserves programs on top of the Load Modifying Resources (LMR) program that utilities offer. ARCs can also serve smaller loads than are eligible for utility programs. In DTE's Comments, they mention that they can include loads as small as 100 kW. Voltus has contracted locations as small as 4 kW in MISO. In fact, according to US Energy Information Administration data (2018 EIA CBECS), more than 70% of all commercial facilities are less than 10,000 square feet with a peak demand of less than 100 kW. Voltus supports many of these types of customers (e.g., local grocery stores, school systems, convenience stores, retail outlets) access demand response programs throughout the US. That these small and medium sized businesses aren't being offered a demand response program in Michigan is a big missed opportunity.

5. Voltus is not violating the existing ARC ban.

DTE writes: "DTE is concerned with Voltus' representation that it has encountered hundreds of megawatts worth of prospective DR participants who they had to disqualify because they were not on Choice. If this is accurate, Voltus is reaching out to DTE's bundled customers and trying to enroll them in a program that is currently banned by the Commission." To the contrary, Voltus is not deliberately contacting ineligible customers; we would love to be able to target only Choice customers. Unfortunately, there is no publicly available source of data to determine which Michigan loads are or are not in the Choice program. When prospecting for demand response customers, Voltus casts a wide net, to existing national accounts who have facilities that may or may not be on Choice and by contacting commercial and industrial facilities across the state and then—more often than not—determining that they are ineligible to participate given that they are not on Choice. If DTE would prefer that we not contact non-Choice customers, we would respectfully request that they share data to help us identify these customers and help Michigan earn more benefits from demand response.

Conclusion:

As the Staff of the Arkansas Public Service Commission recently argued in their own open docket regarding a ban on ARCs, "ARC participation in demand response programs provides a variety of public policy benefits. For example, wholesale demand response programs help to reduce costs which impact retail rates, protect the reliability of the grid, and reduce energy consumption, which in turn provides environmental benefits." [1] Voltus welcomes the opportunity to work with the MPSC to expand the benefits of demand response to a greater share of Michigan customers.

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[1] General Staff of the Arkansas Public Service Commission Initial Comments and Legal Brief pursuant to Order No. 9, August 28, 2020, Arkansas Public Service Commission Docket No. 09-090-U. Available at: **http://www.apscservices.info/pdf/09/09-090-U_53_1.pdf**.

Appendix 1: Email from MISO Confirming Voltus's MW Enrollments for 2020/2021

The email below is shared with permission from Mr. Drumm.

voltus
LESS ENERGY · MORE CASH

Emily Orvis <emily@voltus.co>

note on Voltus 2020/2021 MW obligation

Brian Drumm <BDrumm@misoenergy.org> Fri, Dec 18, 2020 at 3:57 PM
To: Michael Kessler <mkessler@misoenergy.org>, Emily Orvis <emily@voltus.co>
Cc: Marc Keyser <MKeyser@misoenergy.org>

Emily:
I have made inquiries with MISO's Resource Adequacy team, and, in response to your question, below, we have confirmed that Voltus has 104.5 MW (UCAP) registered in MISO Local Resource Zone 7 for the 2020-2021 Planning Year. Thank you!

Best,
Brian

Brian C. Drumm

Senior Corporate Counsel

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