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April 10, 2023

- Via Electronic Filing -

Will Seuffert
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

RE: In the Matter of a Commission Investigation into the Potential Role of Third-Party Aggregation of Retail Customers, Docket No. E999/CI-22-600

Reply Comments of Great River Energy

Dear Mr. Seuffert:

Pursuant to the Minnesota Public Utilities Commission's (Commission) February 6, 2023, Notice of Extended Comment Period, Great River Energy (GRE) respectfully submits its Reply Comments in response to the Commission's December 9, 2022, Notice seeking comments regarding third party aggregation of retail customers in this proceeding. GRE appreciates the opportunity to provide its perspective on the topics raised by the Commission.

Sincerely,

/s/ Jeffrey Haase

Director, Member Services, DER and End Use Strategy



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On December 9, 2022, the Commission issued a Notice of Comment Period seeking input related to the Potential Role of Third-Party Aggregation of Retail Customers.¹ In particular, in its Notice, the Commission asked interested parties to comment on the following questions:

1. Should the Commission permit aggregators of retail customers to bid demand response into organized markets?
2. Should the Commission require rate-regulated electric utilities to create tariffs allowing third-party aggregators to participate in utility demand response programs?
3. Should the Commission verify or certify aggregators of retail customers for demand response or distributed energy resources before they are permitted to operate, and if so, how?
4. Are any additional consumer protections necessary if aggregators of retail customers are permitted to operate?

Great River Energy submitted brief Initial Comments on many of these questions, emphasizing that due to its long and successful history of load management and demand response programs, third-party aggregation is not necessary to realize the benefits of such programs. Great River Energy reinforces this point in its reply comments below.

Reply Comments

Great River Energy appreciates the opportunity to reply to the comments submitted by many diverse parties regarding the Potential Role of Third-Party Aggregation of Retail Customers. Many filed comments are from aggregators themselves as well as retail customers, market participants, researchers, and agencies.

There is much agreement on the future of electricity supply and demand in Minnesota from parties that filed comments. Consensus is developing on the societal benefits of beneficial electrification, decarbonization, and demand response, and Minnesota is well on its way to realizing such benefits. At issue is the “how” utilities and retail end users in Minnesota implement programs for beneficial electrification, carbon free electricity by 2040, and demand response. As noted in its Initial Comments, Great River Energy does not support a mandate that it or its members allow for third-party aggregation of demand response resources. Instead, Great River Energy supports a Commission decision that allows

¹ There is a long history of the role of Third-Party Aggregation of Retail Customers in Minnesota. As the Commission noted in its December 9 Notice, the Commission has previously addressed issues relating to the aggregation of demand response in relation to FERC Order 719 and 719-A in Docket E999/CI-09-1449.



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Great River Energy and its members continued flexibility to determine the manner in which it achieves the benefits associated with demand response programs.

Changing course from prior decisions to a pathway that requires participation in aggregation of retail customers in Minnesota has many implications. Great River Energy has concerns that any mandating of third-party aggregation could result in cost shifting, changes in resource planning outcomes and procedures, changes to tariff structures, and undue procedural hurdles in reaching Minnesota's policy goals.

In the case of shifting demand, consumption is not reduced but rather moved to a different time. If conducted at the direction of a third party, this act shifts costs across the membership in an unplanned manner. Great River Energy already shifts demand to align with wholesale market signals and allocates those cost savings accordingly. These programs take into account these benefits through the form of an incentivized tariff proven to be effective in enabling Great River Energy and its members to access the benefits of demand response resources. Introduction of third-party aggregation would only serve to undermine these existing programs and tariffs, and ultimately place an undue burden on Great River Energy and its members.

Similarly, acquiring demand response as a resource from a third party presents its own administrative hurdle. For example, one pathway would be a quasi-power purchase agreement from a third-party aggregator, in which that party would require a commission or percentage for running the program. Great River Energy already runs these programs as a core service, and increasing the price of a core service, and a resource that is already accounted for, does not make practical or economic sense for Great River Energy and its members. Such complexity and increased costs are not warranted.

In addition, Great River Energy is currently expanding the resource stack in the MISO planning auction through the registration of load modifying resources (LMRs). Acquiring potentially higher cost demand response, and the same demand response resources that Great River Energy is already using, presents scenarios where demand response is not called on, but instead some other resource is called upon because it is now a lower cost resource. Further, MISO's Resource Adequacy construct and accreditation rules are currently undergoing foundational changes, and GRE's member-owned Board of Directors is constantly steering the cooperative's resource planning outlook and demand management flexibility plans to adapt. Great River Energy is well suited to address these changing constructs, but through avenues that are based on historical member relationships, performance based on Great River Energy data, and in coordination with existing demand response programs. Working with a third party to develop a new demand response program through retail aggregation throws a significant hurdle into the planning process, and one that likely comes with higher costs and cost shifting.

As Great River Energy noted in its Initial Comments, it has a long and robust history of developing demand response programs in coordination with its member owners. Table 1 below highlights the

success of these programs around Minnesota. These relationships have taken time and built upon historical successes to get such a demand response portfolio.

Table 1 Participants and Estimated Demand Reduction

Program	Number of Participants	Estimated Maximum Demand Reduction (MW)
Cycled Air Conditioning	122,580	120
Water Heating ²	107,464	50
Irrigation	3,843	50
C&I Interruptible	1,393	160
Dual Fuel	65,573	330

As is apparent, Great River Energy and its members have implemented a successful demand response program by working collaboratively with its member-consumers to maximize the value of such resources. Great River Energy and its members will continue to do so with Minnesota’s policy goals informing such programs.

Finally, Minnesota policy goals through the carbon free standard and Energy Conservation and Optimization Act have codified that load management and demand response are within utility service purview. Energy Conservation and Optimization Act places focus on load management and optimization and presents a requirement for Minnesota utilities to utilize and further develop energy conservation and load management programs.

In sum, Great River Energy and its members have successfully charted their path for achieving Minnesota’s policy goals through its existing robust demand response programs. Any requirement that Great River Energy or its members permit aggregators of retail customers to bid demand response into organized markets in their service territories would undermine such efforts and the collaborative process by which Great River Energy and its members work together with their customers.

² GRE’s water heating program includes electric thermal storage resources that charge exclusively off-peak as well as interruptible water heating resources that can be interrupted for up to 8 hours per day.