

Indiana Electric Cooperatives (IEC) appreciates the opportunity to submit comments to the Indiana Utility Regulatory Commission (Commission) as a follow-up to the May 29, 2025, stakeholder meeting. IEC represents Indiana's electric cooperatives that serve 1.3 million Hoosiers in 89 of the state's 92 counties. The cooperatives are collectively the second largest electricity provider in Indiana. We respectfully submit the following comments for the Commission's consideration as it develops its implementation of the Federal Energy Regulatory Commission's (FERC's) Order No. 2222.

FERC Order No. 2222 generally establishes the "relevant electric retail regulatory authority" (RERRA) to manage the implementation of aggregated distributed energy resources (DERs) and the activities of DER aggregators as they impact and correlate with retail electric service. Indiana's electric distribution cooperatives have withdrawn from the Commission's jurisdiction regarding rates, charges, and terms of service, as Indiana law allows. Accordingly, the Commission's rules in Title 170 of the Indiana Administrative Code are generally not applicable to electric distribution cooperatives, except in circumstances in which Indiana law requires. Therefore, the RERRA, in the case of a rural electric distribution cooperative, is the cooperative's elected Board of Directors, which makes decisions for the cooperative in place of state regulation.

Additionally, all Indiana electric distribution cooperatives currently qualify as a "small utility"^[1] as defined under FERC Order No. 2222, which does not automatically require Indiana cooperatives to participate in DER aggregation envisioned by FERC's order. However, "small utilities" may opt in to allow DER aggregation and engage with an applicable RTO/ISO tariff construct. It is also well-understood by the Commission and stakeholders that the environment in which FERC created the small utility opt-in provision on a sales-based mechanism has dramatically changed since the issuance of Order No. 2222. Today, considerable load growth is occurring in Indiana and nationally, primarily driven by singular large load users such as AI-based data centers. Indiana cooperatives are now more likely to exceed the "small utility" threshold by adding a singular member-consumer with no significant changes to the cooperatives' relatively small workforces to manage a new, sophisticated process entailed by FERC's order.

As the Commission reviews its authority granted under Indiana law, its rulemaking authority (both general authority and specific to FERC Order No. 2222 under Ind. Code chapter 8-1-40.1), and what FERC has established as the area for decision-making left to RERRAs, we urge the Commission to ensure the scope of its rules are appropriately designed to not unduly impact distribution cooperative RERRAs that have the authority to create their processes and regulations for DER aggregation. At the same time, however, IEC members recognize they do not operate in an isolated vacuum to provide safe, reliable, and affordable electric service in Indiana. Therefore, IEC and its members are invested in supporting the appropriate design of state rules because: (1) to the extent the

^[1] A "small utility" is defined as selling less than 4 million MWh per year. See e.g., FERC Order No. 2222 at 45, FERC Order No. 2222-A at 34.

Commission's rules regulate or manage DER aggregators as they participate in Indiana, those rules will influence the behavior and activities of DER aggregators that may end up engaging with distribution cooperatives that opt in or exceed the small utility threshold; and (2) the Commission's rules can serve as a foundation that cooperative Boards of Directors, the distribution cooperatives' RERRAs, look towards as they begin to address complex issues, such as the impacts of aggregated DERs and third-party aggregators offering their services to our member-consumers. While well-grounded rules allow the cooperatives and their RERRAs to avoid "reinventing the wheel", it also further supports the ability for DER aggregators to participate in an Indiana marketplace within similar rules when interfacing with multiple RERRAs in the future.

We urge the Commission to adopt a flexible regulatory framework for DER aggregation that recognizes the heterogeneous characteristics of Indiana's electric utilities and the understanding that other RERRAs may be impacting the DER aggregation landscape in Indiana. We believe the Commission laid a strong foundation rooted in Indiana's traditionally regulated environment under the demand response (DR) aggregation construct in IURC Cause No. 43566. We encourage the Commission to build upon that foundation through the following recommendations with an emphasis on allowing market participation without compromising an electric distribution company's (EDC's) ability to manage, control, and maintain the reliability of its system. Overall, the Commission can address many issues within its rulemaking to create a fair marketplace for DER aggregation and standard "rules of the road." However, we believe the Commission should stop short of any one-size-fits-all approaches, such as generalized tariff constructs, as the Commission rightly did in IURC Cause No. 43566. In this vein, we offer the following recommendations for the Commission's consideration.

1. We recommend the Commission prohibit DERs from dual participation in both retail and wholesale program offerings. Retail and wholesale programs for DER assets reward DERs for their benefits to the system. However, most retail programs (e.g., excess distributed generation, net billing, or net metering) are built on cost-based principles that do not contemplate the asset not being available to the local market during the highest cost times, splitting those benefits, or the ability for the DER asset to choose what services to offer and when. Thus, if dual participation is allowed, EDCs will need to re-evaluate and retool existing retail program offerings based on different value assumptions for the retail market. Although this re-evaluation would be necessary to avoid unfair cost-shifting, this may disadvantage customers who do not participate in either program and customers participating solely in retail programs.

2. We recommend the Commission establish clear and explicit requirements for a registration process for third-party aggregators with the RERRA and EDC before the RTO registration process. Each EDC must have ample time to comprehensively study and model potential DER aggregation impacts for safe and reliable distribution system operations. Recommended rule elements would include:

- Registration of the third-party DER aggregator with the RERRA (for electric distribution cooperatives, a registration process would be built by their Boards of Directors). The registration process should allow the RERRA and EDC to evaluate the third-party aggregator's necessary financial, managerial, and technical capabilities. DER aggregators registered with the RERRA should be publicly available for customers to ensure the DER aggregator can do business within Indiana.
- A requirement for fully executed interconnection agreements for all assets participating in the aggregation.
- An engineering analysis by the distribution utility of each participating DER to assess the distribution system impacts. The engineering analysis would review the total number of participating assets and their effects on the system, separate from each DER asset's distinct interconnection agreement evaluations.
- Clear guidance that an EDC may require the third-party aggregator to cover any upgrade costs necessary to effectuate the requested aggregation, as identified by an engineering analysis.
- A minimum 12-month waiting period before DER assets may switch between retail and wholesale program offerings.
- A final notice to be issued by the EDC stating that it has received all necessary information and is ready for the third-party aggregator to proceed with the RTO registration process, without any triggers for automatic approval.

3. We recommend the Commission set a baseline of standards and expectations for the operations and operational-related information that must be shared between the EDC, DER aggregator, and RTO. Although there are likely shared data requirements and elements that each distribution utility will need, we urge the Commission to establish a *floor*, not a *ceiling*, of expected operations and information sharing requirements for wholesale programs. As mentioned above, distribution utilities in Indiana are not homogeneous, so the requirements for metering, telemetry, market participation data, and other necessary requirements will likely vary. Recommend rule elements would include:

- Minimum cybersecurity standards to enable the safe sharing of customer data.
- Operational agreement that the third-party aggregator will immediately respond to any directives issued by the RTO and/or EDC to override specific or aggregated DERs.
- Agreement that the third-party aggregator will provide all necessary EDC-specified metering, telemetry, and market participation data to ensure real-time reliability and prevent potential double-dipping.
- The ability for the EDC to require additional metering equipment on the participating customers' premises, such as an additional meter and/or control technologies to control DERs for emergency/reliability purposes remotely, or to review market settlement data to prevent double-counting between wholesale and retail tariff participation.

4. We recommend the Commission adopt a set of customer-oriented requirements that allow customers to make fully informed decisions about participation in DER aggregation. Given that DER aggregation business models and offerings may vary from one aggregator to another, especially as they evolve over time, we suggest the Commission require third-party DER aggregators to provide clear, easily understood information to potential customers about the choice to participate among and between retail and wholesale options with their DER investments. Customers should be clear-eyed about the financial impacts of their decisions. Recommended rule elements would include:

- Clear customer-oriented materials (e.g., marketing, fact sheets, and/or contracts) that plainly state the third-party aggregator is not affiliated with their electric service provider.
- Clear expectations of the potential for additional utility metering data and usage information to enable participation in the aggregation services being offered, as well as clear communication about the inability to participate in any retail tariff offerings (e.g., net metering or excess distributed generation tariffs) that may conflict with the aggregation services being offered and thus be considered prohibited double counting.
- Financial calculators for customers based on either historical performance or (if historical performance is unavailable) reasonable variables and assumptions allow customers to understand potential financial outcomes associated with participating in DER aggregation (i.e., avoid the “too good to be true” sales pitches).
- The duration of time that the DER aggregator guarantees their compensation, if any.
- Contact information for the appropriate RERRA and EDC regarding any questions, concerns, or disputes.
- Additional customer protection standards the Commission may deem necessary that require DER aggregators to conduct their business honestly and transparently and eliminate the ability for bad actors to do business in Indiana.

Thank you again for the opportunity to provide these comments. We appreciate your consideration of the above and look forward to continued engagement with the Commission on this important topic. If you have any questions, please do not hesitate to contact me.

Sincerely,

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