

**Comments of OhmConnect, Inc.**  
***In Response to the Demand Response Working Group (DRWG) January 31, 2017 Meeting***

Submitted by	Company	Date Submitted
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## 1. INTRODUCTION

OhmConnect, Inc. (OhmConnect) appreciates the opportunity to submit comments to the Independent Electricity System Operator (IESO) on the presentations to the DRWG from the January 31, 2017 meeting. We have identified, and respond to in these comments, three questions posed by the IESO:

1. Do DRWG members agree with the stated goals for DR and is anything missing?<sup>1</sup>
2. What do stakeholders think about the suggested criteria and is there anything missing?<sup>2</sup>
3. What are individual stakeholder preferences for Stakeholder Priorities?<sup>3</sup>

## 2. COMMENTS

*Do DRWG members agree with the stated goals for DR and is anything missing?*

In the “Update to Evaluation Criteria for DR Priorities” presentation the IESO proposes two broad goals for Demand Response (DR):<sup>4</sup>

1. Develop DR to ensure it can compete with traditional sources of supply
2. Develop an auction platform as an alternative to traditional procurements

OhmConnect fully supports this first goal of ensuring that DR can compete with traditional sources of supply. As the IESO notes in the sub-points for this first goal, there are many benefits to DR other than just the energy it can provide (e.g. additional capacity and ancillary services, reduced emissions, and broader economic benefits). We would also add that residential DR empowers customers to better understand and monitor their energy use. In addition, participating in a DR program often incentivizes users to adopt Energy

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<sup>1</sup> See January 31, 2017 “2017 DR Workplan” presentation, at Slide 4.

<sup>2</sup> Ibid., at Slide 5.

<sup>3</sup> Ibid., at Slide 8, which asks that stakeholders “[p]lease assess your priority items according to the criteria discussed at today’s meeting and provide feedback.”

<sup>4</sup> See February 7, 2017 “Update to Evaluation Criteria for DR Priorities” presentation, at Slide 3.

Efficiency (EE) technologies, such as programmable thermostats or smart plugs. All of these additional benefits (beyond just the provision of energy) must continue to be recognized so that DR is fairly valued against other more traditional sources of supply.

The IESO also states that a component of the first goal is to “lower cost through competition by increasing participation and expanding opportunities for new technologies and capabilities.”<sup>5</sup> We suggest that the IESO more explicitly affirm that “increasing participation” includes lowering barriers to participation for residential DR providers.

OhmConnect also supports the second goal of continuing the development of an auction platform for procurement of DR resources. We believe that a single clearing-price auction provides the strongest incentives for DR providers to bid in accordance with their true costs. However, we also caution the IESO against artificially constraining the amount of procurable cost-effective DR through Target Capacity limits. The IESO has previously set growth of Target Capacity for DR at 7% annually through 2025.<sup>6</sup> If there is evidence that the market for DR can grow even further, we encourage the IESO to accelerate the Target Capacity growth rate. OhmConnect also understands that the IESO is currently exploring the development of an Incremental Capacity Auction where DR can directly compete against other resources.<sup>7</sup> We strongly support such a capacity auction as a venue to ensure that all cost-effective DR is procured, provided that all benefits of DR can be fully accounted for in the auction.

*What do stakeholders think about the suggested criteria and is there anything missing?*

We approve of the four evaluation criteria proposed by the IESO in the “Update to Evaluation Criteria for DR Priorities” presentation.<sup>8</sup> We further emphasize that the primary criteria should be the compatibility of the priority item with goals for DR. However, we suggest that when assessing the ease of implementation of a priority item (i.e. the “likely costs”) that the IESO consider also the lasting benefits, which might extend well over the course of the year. We do not believe that a priority item that generates a significant *recurring* benefit to the DR auction or resource performance should be ignored because it may take extended time or effort to implement. For example, customer data access for residential DR providers is a priority item that spans across and outside of the IESO. However, addressing this problem and crafting a solution will permanently allow residential DR to fairly and confidently participate in the DR auction.

*What are individual stakeholder preferences for Stakeholder Priorities?*

OhmConnect has rank-ordered its preferences for Stakeholder Priorities below. Please note that the first two items (residential measurement data and utilization payment) greatly

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<sup>5</sup> Ibid.

<sup>6</sup> See September 30th, 2016 “Update on Target Capacity and Commitment Period” presentation, at Slide 3.

<sup>7</sup> See “Capacity Auctions”, at <http://www.ieso.ca/Pages/Ontario's-Power-System/Reliability-Through-Markets/Capacity-Auctions.aspx>.

<sup>8</sup> See February 7, 2017 “Update to Evaluation Criteria for DR Priorities” presentation, at Slide 4.

outweigh the last three items, as OhmConnect considers the first two to be blockers to participation by the residential sector.

1. Easy access to residential measurement data

A lack of a streamlined and simple process for third parties to access their customers' meter data remains the greatest obstacle to residential DR participation in the IESO market. In order to meet the IESO's goal of increasing participation in DR we strongly recommend that the IESO (with the DRWG) engage in discussion with key interested parties and stakeholders to create a data access pathway that does not disadvantage third parties (e.g. by requiring that they partner with Local Distribution Companies). We consider data access to be of utmost urgency for the DRWG so that residential DR providers have certainty towards participating in the upcoming DR auction.

2. Utilization payment

The IESO has expressed in its goals that one of the benefits of DR is that DR can provide energy (along with capacity and ancillary services). It seems natural, then, that if the DR resource is providing energy via a utilization, it should receive market compensation for this energy. We do not believe that DR is able to meet the goal of "[competing] with traditional sources of supply" when activation of these sources is not treated equally.

3. Varying DR Capacity Obligations

Allowing Demand Response Auction Participants (DRAPs) to submit bids that have varying DR capacity obligations by month will help to align the auction results with actual residential DR supply. Residential customers' loads can vary depending on the weather -- for example, as the temperature increases in the summer months, customers are more likely to use their air conditioning and therefore increase their load (along with their energy reduction potential). DR providers should be permitted to submit bids that reflect these predictable patterns.

4. Allow capacity transfers within commitment period and between zones

Supporting capacity transfers during a commitment period will allow Demand Response Market Participants (DRMPs) to take on additional capacity that might otherwise exit the DR market (via a buy-out) at no cost to the IESO. Other stakeholders have supported capacity transfers as a way to "enable market growth" so that "many more participants will be incentivized to participate" without "any adverse impacts."<sup>9</sup> We agree, and do not foresee additional negative impacts by extending the capacity transfer to during the commitment period. In addition, the DRWG could explore allowing entities to take on capacity over the amount they initially qualified for, which will assist the IESO in meeting the goal of increasing participation.

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<sup>9</sup> See July 15th, 2016 "DR Capacity Obligation Transfer Proposal" presentation, at Slide 4.

## 5. More flexible dispatch duration

Flexible dispatch durations will support the goal of “[providing] flexibility to respond to changing system conditions.”<sup>10</sup> This will allow utilizations to more accurately reflect the needs of the grid, and (by lowering the length of dispatch from four hours) mitigate any customer enrollment fatigue that may come about from frequent or lengthy dispatches.

## 3. CONCLUSION

OhmConnect thanks the IESO for considering our comments. We look forward to addressing these Stakeholder Priorities with the IESO and the DRWG in the upcoming year.

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<sup>10</sup> See February 7, 2017 “Update to Evaluation Criteria for DR Priorities” presentation, at Slide 3.