

DRWG Workplan Discussions

Demand Response Working Group

March 6, 2017

Objective

- Review feedback of DR priorities received from DRWG members
- Participate in a collaborative process today to identify items from the larger priority list to create a manageable list that will form the 2017 DRWG workplan

Background

- At the last DRWG meeting on January 31, the IESO requested working group members evaluate their top DR priority items according to the agreed upon evaluation criteria and submit them to the IESO for development of the 2017 DR workplan
- The 2017 DRWG workplan will consist of a list of priority initiatives that both stakeholders and the IESO will work on together through the DRWG to propose changes on or have further discussion, which may lead to changes

Agreed Goals for Demand Response

Updated January 31, 2017

Develop DR to ensure it can compete with traditional sources of supply

- Lower cost through competition by increasing participation and expanding opportunities for new technologies and capabilities
- Reduced emissions
- Broader economic benefits to Ontario businesses and residences
- Capable of providing energy, capacity and ancillary services

Develop an auction platform as an alternative to traditional procurements

- Lower cost relative to alternative procurement means
- Provide flexibility to respond to changing system conditions
- Showcase and test auction mechanism in the Ontario market
- Provide a clear, long-term path to the sector

- Higher level goals and objectives for DR, updated to reflect feedback from the Jan 31 DRWG

Evaluation Criteria

Updated January 31, 2017

- Although a full cost-benefit analysis of each item is not feasible or practical the IESO believes the following criteria could be used to effectively assess each priority item:
 1. Compatibility with goals for DR
 2. Electricity market benefits
 - e.g. materiality, competition, efficiency, broader market benefits
 3. Ease to implement (assess likely costs)
 - e.g. time, effort, cost, IESO internal constraints
 4. Timeline/Urgency for implementation
- Evaluation criteria has been agreed upon with DRWG members at the January 31, 2017 meeting

Summary of Stakeholder Priorities

Category	Item
External to IESO	Easy access to residential measurement data
	Commitment to DR Auction capacity in LTEP
Broader Market	Reduce minimum energy market resource size
	Peaksaver transition
	Reciprocal settlement terms for IESO and MPs and intermediate dispute mechanism
IESO and DRWG	Preparation for future Incremental Capacity Auction
	Allow capacity transfers within commitment period and between zones
	Eliminate virtual zonal DR limits
	Longer commitment periods for some DR
	Varying DR Capacity Obligations
	More efficient contributor management data entry process for aggregated resources
	Automated measurement data submission capability
	Less stringent ROI requirements
	Allow dispatchable loads to be contributors in HDR resources
	Automated notification for standby and activation notices
	Maintain standby notice
	Eliminate or shorten standby notice
	More flexible dispatch duration
	Utilization payment
	Improved test dispatch structure
	Review effectiveness of historical 15/20 baseline for HDR resources
Create new peak DR resource for weather-sensitive loads	

Stakeholder Feedback

- Thank you to all DRWG members for the time and consideration involved in providing feedback
- Nine participants submitted feedback and all of the 22 priority items were identified by at least one participant as “high priority”
- The 2017 workplan will not be able to accommodate all items
- The task of the DRWG is to identify which items are a priority for the 2017 auction, which items warrant further exploration (either through discussion and / or analysis) and which items can wait for future workplan

Shortening Priority List

IESO is proposing a three step process:

1. Today's goal is to shorten the priority list so it reflects the views of the DRWG as a whole
 - Item identified as a priority for the 2017 auction
 - Item flagged for additional analysis/exploration
 - Item flagged as can wait for future workplan
2. The IESO will then take the list back in order to review against internal capabilities and develop a proposed workplan
3. The proposed 2017 workplan will be presented to the DRWG at the next meeting for discussion and finalization

Today's Discussion Sessions

- Morning Session:
 - The purpose of the morning session is for the DRWG members to break out into small pre-defined groups
 - Each group will discuss each of the 22 priority items in context of the agreed upon criteria and identify their top priority items
- Afternoon Session:
 - Each group will present their top priority items and provide an explanation why it should be on the workplan
 - All attendees will have the opportunity to discuss each item
 - Goal is to finalize a list of the highest priority items to be considered for the 2017 workplan

Consideration for Group Discussions

- All priority items will be considered during the group sessions
- The following slides provide some points to consider for some of the priority items to help guide discussions. Other considerations include:
 - Some of the items identified may be more efficiently served in other initiatives
 - Some require more effort to implement than others
 - Discussion amongst DRWG members would help to propose an appropriate approach

Consideration for Group Discussions

Easy access to residential measurement data

- There are other initiatives such as government's Green Button initiative and an upcoming engagement to discuss third-party access to meter data through the MDM/R

Commitment to DR Auction capacity in Long-Term Energy Plan

- The IESO has provided technical advice through the Ontario Planning Outlook
- Government launched consultations to seek input from all stakeholders into development of LTEP; consultations are now closed
- Final LTEP is expected in the coming weeks

Consideration for Group Discussions

Reduce minimum energy market resource size

- Modifying minimum energy resource size will be costly and time intensive to implement, impacting many different aspects of the IESO organization
- The Market Renewal project could be a better venue to review the minimum market energy size

Reciprocal Settlement Terms for IESO and MPs and a new intermediate dispute mechanism

- This would be a significant policy change for the IESO and would need to be addressed under a separate engagement initiative

Consideration for Group Discussions

Longer commitment periods for some DR capacity

- While some participants are interested in longer commitment periods, others are not in favour of it
- This approach might significantly impact the long term efficiency of the auction design
- Important to ensure alignment between DR Auction and a future incremental capacity auction (ICA)
 - commitment period length will likely be an important topic at an upcoming ICA stakeholder engagement meeting in 2017

Consideration for Group Discussions

Preparation for Future Incremental Capacity Auction (ICA)

- It is expected that DR Auction capacity will be incorporated into an ICA and compete against all capacity suppliers
- Ensure alignment in DR design to ensure DR can compete effectively in the future ICA

Consideration for Group Discussions

Peaksaver Transition

- There are no plans to continue to fund Peaksaver resources
- Evolution of Peaksaver resources will need to be determined
- Potential for a large amount of competitive DR capacity

Consideration for Group Discussions

Improving Utilization of Demand Response

- Greater economic utilization of DR further promotes the value of DR as a competitive resource to meet system needs
- Priority items include:
 - Standby and activation notice
 - More flexible dispatch
 - Utilization payment
 - New resource types

Next Steps

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