

Comments to:
Independent Electricity System Operator
(IESO)

Stakeholder Engagement for Demand Response
Working Group on April 6, 2017

Submission by

City of Toronto

April 20, 2017

Peaksaver Transition Feedback

Peaksaver – IESO “2017- DRWG *“There has been a significant investment in peaksaver devices; this investment should be recognized, and a transition approach should be brought forward”*

Comment: The City supports the approach for preserving the value of an existing asset.

Some Comments issued from the DRWG included:

- ***Multiple activations***
- ***Shorter Notice***
- ***Availability is correlated to weather***

When compared to traditional CBDR resources Peaksaver represents an asset that can be activated more often with a shorter availability period.

Comment: The City recommends that the IESO evaluate the value of these resources and if the Capacity market is the recommended tool for this unique asset.

Recommendation #1: The City recommends that the IESO model how a low priced 100 MW resource will impact the energy price for the summer peak.

Recommendation #2: The City recommends that the IESO utilize a process similar to the DR Pilot and allow providers to compete for capacity. The Residential DR should include a maximum daily bid price ie \$40/mWh and a minimum number of activations

Challenge: The current policy requiring Residential DR participants to have access to energy consumption data will limit competition for an RFP.

HDR Energy Market Participation Timeline Presentation Feedback

Slide #10 Stand By Notice & Potential Options

Standby Notices.

Comment: The City does not support the elimination of standby notices.

Standby Notices enable participants to maintain bids in the energy market, increasing the value and market benefit from DR.

Existing participants. Participants that require pre-activation such as Ice arenas require notice and to verify ice temperatures.

Future Market Participants. With the rapid technology development of energy storage, energy developers may require advanced notice to (Pre-charge) store energy.

Recommendation #1: The City recommends that the IESO redefine the time period for a standby activation to align with the proposed minimum length of activation.

Recommendation #2: The City of Toronto recommends that the IESO amend the Market Rules to allow a DR resource to remain in the market regardless of the price and activate if economic. (Assuming that the IESO introduces a utilization payment for DR resources)

Question: Due to the effect of weather on residential resources and limited requirements for standby- Would the IESO consider a non- market based standby notice for residential DR?

For Example: If the temperature is below 30°C all residential DR bids will be removed.

Slide 13 Activation and Duration Potential Options

Activation Notice Time

Comment: The City would support a reduction to “2 hours” if the updated “Notice Time” demonstrates value for the system.

Recommendation: the City recommends that the IESO evaluate historical location based pricing to verify that updating standby notice time would result in increased activations.

Duration of Activation:

The City supports a reduction in the activation to allow resources to participate for shorter periods, however resources shall be capable of achieving longer activations if required.

Criteria to send activations:

Recommendation #1: The City recommends that the IESO redefine the criteria to send activations to align with the proposed minimum length of activation.

Recommendation #2: The City recommends that the IESO amend the Market Rules to allow a DR resource to remain in the market regardless of price and activate if economic. (Assuming that the IESO introduces a utilization payment for DR)

Utilization Payment:

Recommendation The City recommends that the IESO add a Utilization payment to support resources that can activate at lower prices.

Challenge – Participant Free Riders – Facilities going off line for 4-6 hours can bid a negative price and ensure that they are economic.

Impact on Baseline (IDA)

Comment: The IESO baseline for C&I customers includes an In-Day adjustment that supports participant with increased consumption due to weather. Participants with operational requirements to curtail on peak days are excessively penalized.

For Example: A participant with a 3 MW baseline and a commitment to curtail 1 MW. During the morning hours the facility experiences an operational shift and reduces consumption to 2 MW. During the DR activation they are prepared to curtail an additional 1 MW, however the adjusted baseline will require further curtailment to meet the 1 MW.

Comment #2: Increased complexity including shorter standby, activation notification, and activation period will further complicate the challenges associated with the in-day adjustment.