Draft Comments to the IESO on Demand Response Priorities

1) Peaksaver PLUS. Stakeholders raised many concerns about the Peaksaver programs. In particular, these resources have a competitive advantage in that the bidder will have preferred access to customers, competitive information, and "free" physical assets.

   Though these assets were government funded, we believe there may be a number of reasons why customers prefer to use much newer connected thermostats for DR. We are not especially concerned about the early subsidies for one way communicating switches, which may be credited with opening customers to the idea of such interaction with their devices. And, we understand the desire of the Province to obtain all the value possible from its investments. However, we must make sure that customers are able to easily switch to programs which use their newer thermostats should they choose to do so.

   We are concerned that administrators of these programs may have a special advantage when marketing any new residential DR programs, and request that third-parties have equitable treatment on access to participating customers for DR programs going forward.

   Although it may not be tenable to simply release the names and contact information of customers to marketers, it does seem reasonable to ask all utilities to inform all participating customers that the Peaksaver program is ending and that the Province and the electric system operator are transitioning to a more modern, market environment. Utilities should provide customers with information about any service provider that has qualified to participate in the IESO market, including a link to these providers' websites.

   Finally, regarding program evaluation data, because the Peaksaver programs were publicly funded, we request that the utilities make public, in an anonymized manner, all program data available. This data should include, but not limited to:

   a) Marketing information (email, direct mail etc., and examples of those materials) used for Peaksaver programs and all success metrics associated with those tactics (click rates, enrollment rates);
   b) Participation data for all events in Peaksaver program history (number of opt outs, full participants, ineligible devices etc.), and c) load shed data by aggregation and device. All of this information should be provided by zone and LDC.

2) Operating Changes:

   (a) Standby notice and advanced notice: early standby notice is more of a concern for some large customers and customers without enabling technology. Aggregators of residential

customers enabled with connected devices or energy management systems, can respond relatively quickly, with little advanced notice.

As noted by Honeywell representative Jack Robertson at the DRWG, however, day ahead, or early morning notice does allow sufficient time to do some pre-cooling or other forms of preparation to "tune" load aggregations. The IESO concern that pre-cooling could antagonize the peak demand at the wrong time is understandable, but can be addressed in a number of ways.

If the IESO sees value in also having more flexible resources that do not require significant advanced notice, and that can be called multiple times in a day, perhaps it should investigate the creation of a second product. This would seem to be the best way to retail the larger blocky loads that require advance notice, as well as reward the aggregations of more flexible resources appropriately.

(b) Event lengths: This is a really important factor for including a wider range of possible participants, especially residential customer load resource aggregations. Weather sensitive loads are variable, but predictable, coincident with peak, but of limited duration. The IESO should think of them as a peaking product, or limited duration product. These loads can help manage the peak, and may not truly be required for the 4 hour minimum for any one event.

3) Auction requirements

(a) 1 MW requirement: It is imperative that this issue is addressed. As explained in multiple comments by many stakeholders over the past couple years, the requirements to aggregate 1 MW by zone and LDC are unduly burdensome. This minimum size is much too big, especially for new market participants. Additionally, because the current system requires aggregators to create data sharing systems with each utility, it will be very hard for them to be able to aggregate 1 MW, in year one, by zone and LDC.

(b) Varying DR capacity obligations: As explained in previous comments, monthly commitment variability will provide the IESO with the most load reduction possible and will most efficiently utilize the IESO's DR resources. In the current construct, demand response providers must bid the minimum load reduction they are able to achieve for the entire six-month delivery period. Meaning, a seasonal resource that may be able to provide more load drop in August must bid the amount they are able to provide in May. As a result, the IESO is not taking advantage of the entire resource available and will be spending more money than necessary to achieve its DR goals.

4) Baselines.

(a) The current control group construct says that there must be a minimum of 350 participants. This is much too large, adding significant cost for residential load aggregations, and the IESO is not capturing as much load shed as it reasonably can. The control group should be large enough that there are statistically significant limits on the impact that random fluctuations in individual usage can have on the baseline (and hence on reduction estimates). However, it should not be so large as to compromise the ability of the aggregation to provide the most load shed possible, or exclude smaller aggregations from participating. A baseline working group in California has recently established one hundred homes as the minimum acceptable control group size. A minimum control group size of two hundred homes is more appropriate than the current 350 for the IESO. In addition, the CA process is recommending that aggregators should be able to use control groups covering multiple sub LAPs (more than one zone), even if loads must be bid by zone. If the IESO cannot soon reduce the number of zones, or the minimum load required per zone, because of systems limitations, this simplification for use of control groups would be particularly important.

(b) The IESO should adopt alternative baseline methodologies so that smaller aggregations can more easily meet their minimum load response threshold. A CAISO working group recently proposed two additional baselines based on extensive field data: a 4 day weather matching baseline using maximum temperature with a +/- 40% day-of adjustment and a highest 5/10 day matching baseline with a +/- 40% day-of adjustment. We request the IESO also include these.