

IESO Engagement

From: Utilia Amaral
Sent: May 23, 2017 3:18 PM
To: IESO Engagement; Gordon Drake
Subject: Feedback regarding Notification and Activation of HDR Resources and Utilization Payments

Hello,

Thank you for providing us with the opportunity to provide IESO and other members of the DRWG with feedback on the various options related to Notification and Activation of Hourly DR Resources and Utilization Payments. Please find below Nest's recommendations and feedback.

Standby Notice:

We support the removal of the Standby Notice requirement or reduction of the 4 hour scheduling requirement to 1 hour (Option 1 and Option 2) Because preparation is minimal for load reduction within the residential sector, the standby notice is not integral.

Activation Notice:

Nest supports reducing the Activation Notice from 2.5 hours to 2 hours before the event. This change should give the IESO a little more flexibility and a little better view of what will happen later in the day by reducing by a half hour. But, 2 hours still gives residential DR providers plenty of notice to provide "pre-cooling" to their customers in order to help them ride through the activation.

Activation Length:

Nest recommends that the Activation Length be "up to" 4 hours but not less than one hour versus a 4-hour block IESO should have the discretion to call a 1, 2, 3 or 4 hour event in order to meet the needs of the day. Less than 1 hour activation can lead to measurement and evaluation difficulties due to smaller sample sizes of data so we recommend that 1 hour be the minimum. Greater than 4 hours taxes the willingness of customers to participate as any benefit from pre-cooling will have been long gone and internal house temperatures will have risen, potentially leading to a bad customer experience and increasing customer drop outs.

It should also be noted that if changes are made to activation notice criteria, parallel changes should also be made to activation length. If a DR event is called to meet a 1 hour need, it should only be dispatched for 1 hour. This approach will avoid unnecessary complexity by requiring a set 4 hour block (if the Activation Length is maintained) and fill a gap in capacity.

Exploring Utilization Payments for DR Activation:

Nest supports engaging an independent consultant with expertise in DR and electricity markets to study this issue further. Utilization payments could provide additional incentives for market participants to justify investment costs. Nest would be happy to provide assistance on this matter as it evolves.

Nest looks forward to continuing to provide feedback on this important initiative.

Regards,

Utilia Amaral