

# IESO Response to Feedback

## DRWG Meeting: September 12, 2017

Participant	Feedback	IESO Response
Powerful Solutions	Furthermore, DR that could be activated on short notice could provide System Flexibility that is currently not recognized. For example, it could avoid start up costs for conventional generation, provide 30 minute and 10 minute Operating Reserve to meet system requirements, and avoid price spikes that might otherwise occur.	<p><i>The IESO held a public information session on November 10 to discuss expanding participation in operating reserve. The IESO is interested in hearing from stakeholders regarding interest and potential for expanding participation in the OR market from additional resource types. The presentation from that session is located at:</i></p> <p><a href="http://www.ieso.ca/-/media/files/ieso/document-library/public-info-session/2017/epor-20171110-presentation.pdf?la=en">http://www.ieso.ca/-/media/files/ieso/document-library/public-info-session/2017/epor-20171110-presentation.pdf?la=en</a></p> <p><i>DR working group members may provide feedback on this initiative to <a href="mailto:engagement@ieso.ca">engagement@ieso.ca</a>.</i></p>
Powerful Solutions	In the current scenario, DR participants are paid a fixed fee for being available for DR, and not paid for the activations. Depending on the circumstances, the activations could range from quite costly to imperceptible. For participants that must curtail manufacturing production, or operate on-site generators to provide the Demand Response the utilization payments could be quite high, while for the "Smart" technologies mentioned, the utilization costs could be quite low, or zero. It is recommended that participants be paid a fixed (monthly) fee and a utilization fee for each time that demand response is activated. The fee structure should be tailored to each	<p><i>Thank you for your feedback. Utilization payments will be an agenda item for discussion at the November 16 DRWG meeting.</i></p>

	<p>participant such that the utilization payment reflects the costs to the participant when Demand Response is taken.</p>	
EnerNOC	<p>At this time, the market does not need the resource to displace efficient and cost effective energy, but it should procure the DR resource to ensure the system meets its resource adequacy needs during times of system stress. In the Ontario system today, DR should be treated as a capacity resource. EnerNOC recommends a reliability based trigger, such as an EEA event, for the resource procured through the demand response auction.</p>	<p><i>Capacity from dispatchable loads and HDR resources are procured through the DR Auction. Dispatchable loads are currently subject to reliability-based activations from the EOSCA list as are CBDR resources and other generation resources. The IESO is proposing to add HDR resources to the EOSCA list for the 2017 DR Auction, which will be effective at the start of the summer commitment period on May 1, 2018. This proposal will be discussed further at the upcoming DRWG meeting on November 16.</i></p>
Powerconsumer Inc.	<p>In the presentation, slides 3 and 4 explain the IESO's decision to delay making changes until required for the 2018 DR Auction, and to run the 2017 auction under the existing rules. Can we have more detail on "data issues" mentioned in slide 3 that necessitated this delay? Maybe a review of the data and subsequent analysis would be a good topic for a webinar sometime soon.</p>	<p><i>The data issues related to manual interventions that resulted in historical shadow prices that were not reflective of actual demand conditions and therefore did not provide an accurate picture of expected in-market activations. The data issues have subsequently been fixed and shadow prices are no longer subject to manual interventions.</i></p> <p><i>At the September 12 DRWG meeting, the IESO provided a summary of historical shadow price observation. When a revised proposal is made, the IESO will provide data for the working group to review.</i></p>
Powerconsumer Inc.	<p>The timeline for changes to HDR cannot be developed in isolation of the role of HDR (and its successors) in the future Ontario energy market. Critical paths for market renewal contemplate material changes in market design, changes that stand to deliver real benefits to customers. These changes are contemplated to be in place by 2020, and the DRWG</p>	<p><i>The IESO agrees that the changes to HDR should be aligned with the development efforts from the Market Renewal project. For the 2018 DR work plan development, the IESO is proposing to update the goals of Demand Response to include "alignment with the Market Renewal program".</i></p>

	ought to have its work done by then. The most important timeline for the DRWG is that over-arching critical path for market rule amendments as well as various other changes and consultation that will be required for ultimate convergence with future IESO markets.	
Powerconsumer Inc.	Can we request that each DRWG meeting commence with a briefing on the current circumstances of that joint path for market development? i.e., how are the parallel paths in the various engagements progressing?	<i>An update on the Market Renewal capacity stream was provided at the upcoming DRWG meeting on November 16. An update on the Market Renewal energy stream will be provided at the next DRWG meeting in January. Based on member feedback, an update on these engagements may be possible.</i>
Powerconsumer Inc.	Accessing data through the utilities is a chore for customers, is not standardized from one LDC to another, and utilities are not allowing customers easily to share their energy information with third parties. (We expect that the coming iteration of Ontario’s long-term energy plan will clarify the government’s policy intent with respect to implementation of a ‘Green Button’ standard for all customers in the province, and set a timeline to eliminate current barriers to meter data access.)	<i>The IESO acknowledges that access to residential measurement data can be a potential barrier to participation. At the November 16 DRWG meeting, the Ministry of Energy provided an update on the Green Button Initiative. A copy of the presentation will be available on the DRWG webpage. <a href="http://www.ieso.ca/en/sector-participants/engagement-initiatives/working-groups/demand-response-working-group">http://www.ieso.ca/en/sector-participants/engagement-initiatives/working-groups/demand-response-working-group</a></i>
Powerconsumer Inc.	Slides 9 through 13 summarize historical observations, considering hours in which the PD shadow price exceeded \$100/MWh. This outcome is rare in Ontario’s current market circumstance, occurring in few hours. Evidently the \$100 threshold is instrumental in limiting the frequency that HDR will be triggered.  An effective change to induce	<i>Resources with DR capacity obligations must submit DR energy bids to signal its availability to provide DR to the energy market. A DR energy bid is a bid priced between the bid price threshold of \$100 and the maximum price cap of \$2000.  The purpose of the \$100 threshold is to distinguish between a “DR reduction” and instances where economic dispatches may not be reflective of market price sensitivity, such as reductions for the Industrial Conservation Initiative (ICI). For example, resources intending to chase the 5 critical peaks could be bid at</i>

	<p>greater utilization would be to reduce or eliminate the \$100/MWh PD price threshold. The number is arbitrary and marginalizes the utility of the demand resource under contract; this parameter possibly is the factor which most drives low utilization.</p>	<p><i>very low prices in the energy market to ensure it receives a dispatch instruction to reduce load but does not reflect its energy price sensitivity. The DR Auction seeks to procure incremental DR capacity and not intended to pay for capacity that has already forecasted to not exist.</i></p> <p><i>The \$100 threshold price was selected based on observation of existing dispatchable load bid prices and was stakeholdered through the DR Auction stakeholder engagement in 2015. Current observations of energy bid prices show that resources with DR capacity obligations are bid much higher than \$100. If the DRWG believes the bid price threshold should be reviewed, it can be added to the 2018 DR work plan for further discussion.</i></p>
<p>Powerconsumer Inc.</p>	<p><b>Regarding slide 14 of the Improving Utilization of DR presentation:</b>          If economics is the base for the argument, then demand response absolutely should be considered as an opportunity to “displace large volumes of energy”, if doing so is cheaper, less risky, more efficient, and more sustainable than the alternative, and not just during times of system stress. Arguably, the more demand response is relied upon, the more serviceable and reliable it will be to meet system needs, and not just during times of system stress. Full demand-side integration demands that consumers and producers compete at the margin, and not just in circumstances delineated as to be vanishingly rare. Generators are not restrained to operate only in times of system stress, except as their own operating costs and facility limits might require: neither should be consumers.</p>	<p><i>The IESO agrees that the most economic resources should be utilized to meet system needs and DR should not be limited to be utilized only during times of system stress.</i></p> <p><i>The purpose of the slide was to suggest that all resources should be utilized based on economics and it does not make sense to use a more expensive resource if another less expensive resource is available to meet system needs.</i></p>