

Comments to:
Independent Electricity System Operator
(IESO)

- Stakeholder Engagement for the Demand Working Group on November 16, 2017

Submission by

- City of Toronto

December 4, 2017

TESTING OF HOURLY DEMAND RESPONSE RESOURCES

Rules around Testing – Slide 4

IESO *"The IESO may direct demand response resources to perform up to two activation tests per commitment period"*

Recommendation: The City recommends that the IESO consider an activation for the EOCSA to meet the activation test requirement. This would align with the June 18, 2015 "Activation testing" presentation Slide 7 *"No test activations will be required if resource follows dispatch instructions (DLs) or activations (HDRs) that demonstrates DR Capacity Obligation"*

Generator Testing- Testing Procedure Slide 5

IESO – *"Selected demand response participants are notified by telephone that their resource(s) will be tested on the following day"*

Question- Would the IESO be able to send an email notification as a follow up to ensure that the participant can confirm the details of the test activation?

Work Plan Feedback

IESO Feedback

IESO: *Does the working group agree with the revised goals for Demand Response?*

Comment: The City supports the plan for the DRWG to continue to develop items currently underway for the 2018 Work plan and re-evaluate all other 2017 work plan items against new suggestions from the working group.

Recommendation: The City recommends that the IESO add a 2018 goal for updating the DR baseline methodology including a revaluation of the in – day adjustment.

Recommendation 2: The City recommends that the IESO add a 2018 goal for quantifying the true financial value to the system from Demand Response.

IMPROVED UTILIZATION OF HDR RESOURCES

2018 DR Auction and Beyond - Slide 9

IESO *"The IESO remains committed to increasing utilization of HDR resources and is targeting additional improvements for the 2018 DR Auction Criteria for Improvements:*

1. *Must support efficient dispatch and evolve the effectiveness of the DR resource"*

Question: Can the IESO provide a definition of the terminology "efficient dispatch"?

Comment: Recent communication focusing on a lack of DR activations may not fully recognize the value of a reliable and flexible DR resource that provides a net reduction in system costs.

Recommendation: The City recommends that the IESO broaden the definition of an effective DR resource, to include a resource that reduces system costs by providing either:

- A) Reduced energy costs
- Or
- B) Reduced Capacity Pricing

Question: Has the IESO evaluated the system costs if traditional generators would have replaced the DR capacity for the DR Auction delivery periods?

Scheduling Flexibility (Slide 11) Standby Notice:

IESO "Eliminating the Standby notice increases the availability and opportunities for HDR resources to meet system needs "

Question: Has the IESO evaluated if the standby notice suppressed any HDR activations? Has the IESO evaluated if delaying the stand-by notice to 8 or 9 AM would support increased activations?

Question 2: If the IESO has not quantified the number of suppressed activations, would the IESO evaluate the quantity of HDR activations that could have occurred if a standby notice was not required?

Comment: Removing the Standby Notice may create added challenges and/or limit the ability of participation from resources that require a standby notice to prepare for curtailments,

For example: A water distribution facility utilizes a network of pumps to ensure adequate water pressure and delivery. Changes in consumer demand require the system to remain agile and available. If the facility is not provided with adequate notice they may have a negative IDA and require an increase in pump curtailment which may not be feasible.

Recommendation: The City recommends that the IESO maintain the standby notice

Schedule Flexibility (Slide 12) - Activation Notice Lead Time

IESO "In PJM, capacity-backed DR resources have 30 minutes activation lead time; in NYISO, capacity-backed DR resources have 2 hours"

Recommendation: The City recommends that the IESO develop exemption guidelines similar to the PJM 30-Minute Notification Time Exception guidelines available at <http://www.pjm.com/-/media/markets-ops/dsr/dr-30-min-lead-time-exception-request-form-clean.ashx?la=en>

Specifically the City has identified several DR facilities including water treatment and distribution systems that require a 4 hour lead time to ensure that reservoir flow and pressure requirements

can be met and/or manual transfer of load from grid to generators can be achieved. Allowing the facility an exemption would align with the PJM guidelines.

Waste water treatment/Water	Damage/safety Generation transfer	Manual transfer of load to power, no remote start capability. Pressure fluctuations causes damage to water system. Safety issue with raw sewage leak.
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Feedback (Slide 17)

"IESO 4. What are other ways to increase utilization of HDR resources?"

Question: Would the IESO consider introducing a voluntary activation notification;

For Example: When forecasting $\geq \$100$ / MWh the IESO would issue a request for HDR resources to lower bids and control for increased energy pricing?

Question #2: Would the IESO consider introducing a maximum DR Energy bid price ie \$200/ MWh?