

Comments of OhmConnect, Inc.
In Response to the Demand Response Working Group (DRWG) November 16, 2017 Meeting

Submitted by	Company	Date Submitted
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1. INTRODUCTION

OhmConnect, Inc. (OhmConnect) appreciates the opportunity to submit comments to the Independent Electricity System Operator (IESO) on the presentations to the DRWG from the November 16, 2017 meeting. We have identified, and respond to in these comments, four general topics posed by the IESO:

1. IESO's proposal to include Hourly Demand Response (HDR) resources on the Emergency Operating State Control Actions (EOSCA) list for the 2017 Demand Response (DR) Auction;¹
2. Eliminating the Standby notice for HDR resources to improve availability to respond to system conditions and reducing HDR resource activation lead time;²
3. Feedback on testing of HDR resources; and³
4. The existing DR work plan and additional work plan items to be considered for the 2018 DR work plan.⁴

2. COMMENTS

IESO's proposal to include HDR resources on the EOSCA list for the 2017 DR Auction

The IESO proposes to add HDR resources to the list of Emergency Operating State Control Actions.⁵ This would enable the IESO to issue Standby and Activation Notices for HDR resources during an emergency operating state, which is triggered in advance by the issuance of a NERC Energy Emergency Alert 1 (EEA-1).⁶ The IESO plans to keep the existing operating parameters for in-market activations for these alternative activations from control actions that are triggered by an EEA-1.⁷

¹ See November 16, 2017 "Improved Utilization of HDR Resources" presentation, at Slide 11.

² Ibid.

³ See November 16, 2017 "Testing of Hourly Demand Response Resources" presentation, at Slide 9.

⁴ See November 16, 2017 "2018 DR Work Plan" presentation, at Slide 9.

⁵ See November 16, 2017 "Improved Utilization of HDR Resources" presentation, at Slide 5.

⁶ Ibid., at Slide 6.

⁷ Ibid.. at Slide 7.

OhmConnect supports efforts to increase utilization of DR resources and supports this IESO proposal. We appreciate that the IESO will seek to maintain activation consistency by treating all activations the same, whether they are in-market or control actions. However, we believe it would be beneficial to continue the discussion from the November 16th DRWG meeting regarding how the IESO will consider the factors that may or may not lead to a dispatch of HDR resources during an EEA-1 event, given that the IESO must still choose whether or not to initiate a HDR dispatch. For example, dispatches for several days in a row could lead to customer fatigue, and therefore it may be prudent to space out these dispatches. In addition, we believe the DRWG should continue its exploration of other methods that may increase utilization. To this end, OhmConnect remains supportive of transitioning the activation duration to a one-up-to four hour dispatch, and looks forward to further discussion on the potential impacts of a utilization payment.

Eliminating the Standby notice for HDR resources to improve availability to respond to system conditions and reducing HDR resource activation lead time

The IESO has requested stakeholder feedback on whether standby notices should be maintained by the IESO, citing PJM and NYISO as two jurisdictions that do not have a similar feature.⁸ OhmConnect generally supports enabling DR to have increased responsiveness to market conditions. However, OhmConnect's experience with residential DR has also demonstrated that, while automated devices (e.g. smart thermostats and smart plugs) do not require advanced notification, reductions due to behavioral actions are larger and more consistent when some form of advanced notification is given to the customers. As another point of reference, HDR-equivalent resources (Proxy Demand Resources, or PDRs) participate in the California Independent System Operator (CAISO) Day-Ahead market, which effectively provides Demand Response providers with one-day advance notice of activation.⁹ In addition, participation in the Day-Ahead market will occasionally necessitate that resources bid into the Real-Time market via the Residual Unit Commitment (RUC) process. Similar to the Day-Ahead results, these RUC commitments are also known once the Day-Ahead market is run, giving Demand Response providers effectively one-day notice that their resources *may* be called via the Real-Time market.

The IESO also requested feedback on whether the activation notice lead time could be decreased from three hours to forty-five minutes. As noted above, OhmConnect believes there is likely value in maintaining some form of advanced notification. Removing the standby notification could be offset by maintaining or even increasing the activation notice lead time in order to retain the ability for Demand Response Market Participants (DRMPs) to provide advance notification to customers. Conversely, removing the standby notification and decreasing the activation notice lead time could increase the challenges some customers face in maximizing their reductions during events. We support further discussion within the DRWG on how to balance the need for flexibility with the benefits of advanced notification.

⁸ See November 16, 2017 "Improved Utilization of HDR Resources" presentation, at Slide 12.

⁹ See May 5, 2017 "Demand Response User Guide."

Feedback on testing of HDR resources

At the DRWG meeting the IESO presented the current testing procedures for HDR resources.¹⁰ During the presentation, stakeholders suggested that the IESO provide test notifications by email along with the existing telephone notification. OhmConnect supports further consideration of this suggestion.

The existing DR work plan and additional work plan items to be considered for the 2018 DR work plan

The IESO requested both feedback on the current proposed 2018 DR work plan, and suggestions for additions to the work plan. OhmConnect agrees with the IESO that the open items from the 2017 work plan -- in particular, improved utilization of HDR resources and utilization payments -- should continue to be addressed in 2018. In addition, we suggest that the IESO consider two new work plan items:

1. Coordination with the Incremental Capacity Auction (ICA) project.
2. Construction of a webpage that lists Demand Response Auction Participants (DRAPs) and/or DRMPs.

Coordination with the Incremental Capacity Auction project will be helpful for the members of the DRWG to further understanding of how proposals for the ICA may impact DR resources. In addition, the DRWG may be able to provide the ICA with insights or even existing processes from the current DR Auction – for example, the pre-qualification process for DRAPs. We believe this work plan item meets the current evaluation criteria. It is directly related to the goals for DR, which include ensuring DR can compete with traditional sources of supply (which will occur once DR is transitioned to the ICA) and aligning DR with Market Renewal, of which the ICA is a component. The work plan item has electricity market benefits due to its relation to the ICA, which itself has broader market benefits. The work plan item will ease implementation for both the DRWG and the ICA project by minimizing any duplication of efforts. Finally, the work plan item has a high urgency of implementation given the timeline of finalizing the ICA project.

OhmConnect also proposes that the DRWG explore the creation of an IESO-hosted webpage that lists DRAPs and/or DRMPs. This webpage will provide DR providers a centralized resource to which they can direct customers in response to inquiries from customers seeking additional confirmation that the DR provider is a legitimate market participant. OhmConnect's experience is that residential customers often are unfamiliar with DR in general, and can therefore be skeptical when considering whether to participate in a DR program without a pathway to confirm the DR provider is indeed a participant in the IESO's DR auction. This webpage could be fairly simple in construction and format. For example, in California the CAISO simply lists all Demand Response Market Participants by ID and

¹⁰ See November 16, 2017 "Testing of Hourly Demand Response Resources."

name;¹¹ alternatively, the California Public Utilities Commission provides a general FAQ, the Demand Response provider's name and contact information, and areas of operation.¹² The intent of the webpage would be purely informational. This proposal for a webpage helps meet the goals for DR by minimizing potential barriers to participation with traditional sources of supply. The proposal also provides broader market benefits by further "unlocking" the potential of Demand Response customers. The webpage should be easy to implement, dependent on the construction of the page itself. Finally, ideal timing would be completion prior to May 1, the first date of delivery in the upcoming DR Auction.

3. CONCLUSION

OhmConnect thanks the IESO for considering our comments. In addition, we are appreciative that the IESO allotted time during the November DRWG meeting for presentations from the Ministry of Energy and Navigant that provided updates on both the expansion of Green Button and the exploration of a utilization payment. OhmConnect believes that solidifying a pathway for customers to share data with third parties will bring significant benefits to Ontario, including broadening the ability for residents to participate in Demand Response. We look forward to discussing with the DRWG how the Green Button implementation will impact DR in Ontario. In addition, we look forward to reviewing and discussing the final paper by Navigant that will contain their findings regarding utilization payments.

¹¹ See "Demand Response Market Participants," available at <https://www.caiso.com/Documents/ListofDemandResponseParticipants.pdf>.

¹² See "Consumer FAQ on DR Providers (also known as Aggregators)," available at <http://www.cpuc.ca.gov/General.aspx?id=6306>.