

Comments to:
Independent Electricity System Operator
(IESO)

Stakeholder Engagement for Demand Response
Working Group on March 1, 2018

Submission by

City of Toronto

2018 DR Work Plan Presentation

Facilitating DR Input into ICA

IESO "DRWG can be utilized as forum for more focused discussions on the impact of particular ICA design decisions"

Question: Can the IESO clarify how the Demand Response Working Group (DRWG) would be integrated into the Stakeholder Engagement for the Incremental Capacity Auction

For Example: How will the DRWG discussion align with ICA timelines? If the DRWG identifies a constraint will they opportunity to bring the findings back to the ICA – SE (Stake holder engagement)?

Comment: The City supports the plant to utilize the DRWG to facilitate new DR into the ICA

New Webpage

Comment The City is supportive of the DRWG goal to develop a new webpage for Demand Response,

Recommendation: The City recommends that the IESO include economic impact data demonstrating how DR can support a more efficient market

IESO Utilization Payment Presentation

*IESO "The historical contracting programs required DR energy bids to be priced at \$200/MWh. majority of DR bids were priced by participants much higher than \$200/MWh **Implies DR participant's value of energy consumption is much higher than this level"** (Slide 7)*

Question: Has the program experience from CBDR with utilization payments demonstrated that resources are capable of delivering DR specifically when earning revenue to defray the activation costs?

Recommendation: Based on the goal for **fairness** among participants the City recommends that the IESO consider the participant perspective, the economic risk associated from repeated activations and inability to recover costs. In summary utilization payments to generators provide compensation for all costs from activation while DR participants risk multiple activations with no correlating method for cost recovery.

Utilization Payment during EOSCA

Comment: *The IESO DRWG indicated broad support for the EOSCA these activations can occur even if the DR resource bid is below the market clearing price. This creates a cost for the resource which will not be "saved" by curtailment*

Question: Would the IESO consider Utilization payments for EOSCA activations?

Demand Response Testing Presentation -

Question: As the DR Auction expands to include shorter and increased activations, would the IESO consider a shorter activation adequate for DR testing?

Recommendation: The City recommends that the IESO accept shorter DR activations as meeting DR Auction test requirements.

- Maximizing the Value of HDR Resources through Improved Utilization Presentation

2018 DR Auction and Beyond (Slide 2)

IESO *"The IESO has been working with stakeholders to discuss ways to increase utilization of Hourly Demand Response (HDR) resources"*

IESO Criteria for Demand Response (Slide 4)

1. *Must support efficient dispatch and evolve the effectiveness of the DR resource*
2. *Is likely to increase the number of Hourly DR Activations to demonstrate DR value when economic*

Question: Recognizing the potential for an increase in standby notices would the IESO consider reevaluating the penalty associated with a missed activations?

Comment: The IESO evaluation demonstrates on Slide 16 that for \$100/ Standby would have resulted in a maximum of 24 standby notifications. This is a significant amount of summer standby notices and may have a significant effect on operations.

Recommendation: The City recommends that the IESO implement a phased in approach for changes to the standby notice. For the 2018 Auction (2019 delivery) resources could be issued a standby notice if one hour is \$200 and then shift to a \$100 standby for the 2019 Auction (2020 delivery).