

March 19th, 2018

IESO Stakeholder Engagement
Submitted via email

Re: Demand Response Working Group Feedback – Meeting of March 1st, 2018

EnerNOC, an Enel Group Company, is a trusted partner helping enterprises develop, execute, refine customized energy management strategies to reduce costs, manage risk, and maximize the value of emerging energy technologies. EnerNOC is the global leader in demand-side flexibility services, providing large energy users access to more demand response and demand management programs worldwide than any other provider. EnerNOC is pleased to provide comments in response to the IESO Demand Response Working Group (DRWG) meeting of March 1st, 2018.

1. Options to Improve Utilization

EnerNOC has continued to support improving the value of the Hourly Demand Resource for the IESO including supporting the inclusion in the OESCA list, and advocating for the removal of the 4 hour day ahead scheduling barrier. Although EnerNOC recognizes that the Demand Response Auction (DRA) is a transition auction in advance of the development of the Incremental Capacity Auction (ICA) which will procure a different capacity product, the DRA was developed based on the legacy Ontario Power Authority's DR3 program – a contract based program focused on meeting the peak needs of the province. The ICA has not defined a capacity product, nor has it make key decisions on how resources will be treated. Many high level design decisions have not been made. Therefore, the HDR resource does not know what it will be transitioned to, under the proposed ICA.

The standby trigger provides a signal to customers to prepare their operations for activation. Customers take this notice seriously. An issue with moving to a \$100 price trigger for a stand by notice is that there may be false positives for activation which will lead to a false sense of actually being activated. EnerNOC outlined this issue in our comments after the January 30th DRWG meeting.

2. Utilization Payment

EnerNOC supports continuing to discuss the role of energy/utilization payments for DRA participants at the DRWG. As noted above, the DRA is a transition auction based on contracts and program rules developed by the OPA and transitioned to a market mechanism basically through negotiations with the IESO, holders of OPA contracts and other interested demand response participants. During the development of the DRA, rules were designed that met the needs of the DR market participants and the system operator, which included not continuing with utilization payments for the dispatch of HDR resources.

However, when the ICA is in place and demand side resources are participating in the energy market, utilization payments for all dispatched resources must be part of the settlement process. When a demand side resource curtails load due to a dispatch from the system operator, based on an energy market bid due to the must offer requirement of the capacity supply obligation obtained in the capacity market, it should be settled in a similar manner to a traditional resource. Responding to a dispatch signal, a demand side resource is providing incremental value to the power system, and therefore should be compensated through utilization/energy payments. Both the demand response

resource and a generator provide a MW of electricity, both are 'electricity resources' and therefore both should be compensated equivalently. This is the argument that was confirmed by the United States Supreme Court in the FERC Order 745 ruling in 2016.

EnerNOC looks forward to continuing its participation in the DRWG as well as the consultation for market design of the Incremental Capacity Auction, among the other topics in the Market Renewal Project. Please reach out if you have any questions or require further information.

Yours truly,



Sarah Griffiths
EnerNOC, an Enel Group Company.