

March 16, 2018

Independent Energy System Operator  
Ontario, CA  
engagement@ieso.ca

Re: Comments on March 1, 2018 Demand Response Working Group

Dear IESO Stakeholder Engagement Team,

NRG Curtailment Solutions Canada, Inc. (NRGCS) is a leading provider of load curtailment services serving industrial and commercial customers in markets across North America. NRGCS is pleased to provide comments on the issues that were raised at the March 1, 2018 Demand Response Working Group meeting. We recognize that in order to utilize Hourly Demand Response (HDR) more efficiently and to smoothly transition HDR into the Incremental Capacity Auction (ICA), modifications to the Standby Notice trigger are a vital next step.

### **NRGCS supports aligning the DR Auction with the Incremental Capacity Auction (ICA)**

NRGCS continues to support the alignment of rules for the Demand Response Auction (DR Auction) with the advances of the ICA design. Rule changes that harmonize the DR Auction with the ICA proposed design will both support competition and facilitate the transition of demand response resources from the DR Auction to the ICA. And, defining a capacity product that recognizes the unique characteristics of diverse technologies is crucial for developing flexible and robust market rules. NRGCS will continue to provide consultation to the ICA working groups to ensure that dispatchable demand response continues to bring value to the grid.

### **Improving the Utilization of the Hourly Demand Response Resource**

NRGCS supports economic dispatch of resources when they are most valuable to the system, and for the time periods the resources are needed. Thus, the IESO's proposal to include HDR to the Emergency Control Actions (EOSCA) List increases the number of times when demand response resources will benefit the system, and NRGCS agrees with this change.

Recognizing the legacy of current HDR activation rules, inherited from Ontario Power Authority's DR3 capacity-based program, NRGCS supports evolving the HDR program rules to ensure that demand response resources continue meeting system needs. This includes the IESO's proposal to change the event activation duration from a full 4-hour window to a window of one hour up to four hours. NRGCS agrees that if grid conditions are such that only one hour of demand response activation is needed, demand response accordingly should be dispatched only for one hour. Not only will this change increase flexibility of the system, it also will result in an efficient dispatch and yield prices that reflect the true costs of delivering power to customers.

NRGCS also agrees that the adoption of a price-based trigger for a Standby Notice could improve demand response real time availability and, therefore, demand response utilization; but cautions that a \$100 shadow price trigger could negatively affect participation. Any changes to the Standby

Notice should be carefully crafted to ensure that only Standby Notices that are likely to result in actual activations are called. Customers view a Standby Notice as a signal that they will be activated later in the day, and thus take steps to prepare their facilities to lower consumption in response to a dispatch signal. Standby notices are helpful, especially for resources that need time to prepare their facilities for load reduction. Thus, an efficient and right configuration of standby notice ought to reflect an actual likelihood of activation in real time.

An analysis of historical prices, as discussed on March 1 at the Demand Response Working Group, revealed that if a \$100 price-based trigger is adopted there would be a significant increase in Standby Notices without a sizable change in the number of real time activations. If demand response resources are continuously put on standby without corresponding activations in real time, unintended false starts may occur. This could negatively impact customer satisfaction and adversely affect program participation. Likewise, program performance could be jeopardized where customers lack confidence that a Standby Notice will result in an actual dispatch.

Under current HDR program rules, standby notice is the only mechanism enabling demand response resource utilization in real time (*e.g.*, HDR resources must be scheduled by 7am in the predispach timeframe to be utilized for the rest of the day). However, NRGCS recommends further analysis of the Standby Notice price trigger, as well as further review of the HDR rules in order to improve the real time availability of demand response resources. If such rules are properly designed, demand response operational availability and flexibility can be maximized, further improving HDR utilization and the transition to ICA.

Thank you for the opportunity to submit these comments. Please do not hesitate to contact me with further questions.

Respectfully,

Julia Popova  
NRG Curtailment Solutions Canada, Inc.