



## **IESO Stakeholder Engagement**

### **Voltus feedback on DRWG 2019 Work Plan**

Voltus manages over 1,500 MWs of Demand Response across the US and Canada, and is an active market participant with over 50 MWs of Demand Response resources committed with the IESO. As a result of the changes to Hourly Demand Response (HDR) implemented for this season, and the introduction of a Transitional Capacity Auction (TCA) as a replacement to the annual Demand Response Auction (DRA), Voltus suggests the following improvements to the HDR resource requirements to ensure just and equal treatment of Generators and Load Resources.

#### **Changes due to increased competition in the TCA:**

Now that generation and load resources are competing for capacity head to head, the IESO needs to change requirements that unfairly increase the cost to participate for demand response resources and that are not applicable to generators. Voltus suggests changes to the following areas:

#### Measurement and Verification:

- As discussed in the DRWG on April 25th, meter data submission should be done on a contributor level, and should only be required for months with tests/events, and the DRMP should submit all data required to calculate the baseline with a deadline of at least 45 days after month end.
- Performance and baseline calculations should be calculated at the contributor level to 1) increase accuracy for individual contributors; 2) increase processing speed by avoiding delays caused by individual contributors; 3) avoiding data quality issues impacting resource level performance which otherwise would have been limited to individual contributors.
- The performance calculations should be floored at zero, by contributor, to avoid negative effects of non-participating customers. Resources should not be penalized by contributors that opt-out on dispatch day when their load is above their baseline. Baselines are intended to measure what load would have been, absent a DR dispatch, so in these cases actual load is the best representation of their baseline.
- The adjustment should be optional and added on a contributor level to allow ample time for industrial (non-weather sensitive) loads to perform shut down processes. In fact, one of the primary baseline recommendations Voltus makes is that the baseline adjustment window should never overlap with a ramp window. Therefore we also recommend that the baseline adjustment be simply the two hours prior to the activation notice being posted. Otherwise, contributors are unfairly penalized while they ramp down in advance



of an event (which is behavior we want to encourage in order to lessen peak loads on peak days)

- The IESO should formalize the “passing” criteria of the test and should not require a retest of a resource that has passed a test until the next capability period. This is standard practice across other ISOs
- Multiple aggregations should be allowed within the same Zone. This is standard practice across other ISOs

#### Documentation needs:

- The IESO should provide documentation on how the audit process is conducted and criteria that are evaluated.
- We request clear guidelines laid out in market manuals on processes to follow in the case of accidental issuance of standby and activation notices, or lack thereof for both tests and events.
- The IESO should formalize the exceptions that are made for contributor management deadlines with contested contributors (*The problem of interdependencies*). Voltus suggest that the contributor default end date is set to the end of each commitment period. However, to avoid significant increased administrative burden, there should be a way to add previously registered contributors without filling out the “new contributor application.”

#### Energy payments:

- Compensation should be given to DR in the form of energy payments per hour for activations, equal to the higher of the LMP and the Resource Bid Price just as it will for generation resources. This is standard practice across other ISOs

#### Participation in Operating Reserves:

- Loads that are available to curtail on shorter notice and have the ability to be on standby more frequently should be allowed to participate in Operating Reserves. However, if their operation schedule or load fluctuation would stop them from entering as a single resource under the current rules, participating in an aggregation would be possible. Opening OR for DRMP virtual aggregations would greatly increase the available resources for the IESO to fill its reserve margin. HDR resources should address



emergencies only, and thus be put on standby only in such cases. Other ISOs report<sup>1</sup> aggregated load resources being more reliable than generators in spinning reserves.

#### Variable dispatch length should apply to both events and test

- Real events can now be called anywhere from 1-4 hours; however, tests are still required to be 4 hours long. Historical test results<sup>2</sup> presented by the IESO in the DRWG on April 25th show that ~70% of contributors who fail in the first hour would also fail the next 3 hours. Meaning that a 1-hour test would be sufficient to test if these contributors were compliant. This shows that test length is not correlated with performance, and we therefore suggest that tests should be reduced to 1 hour.
- Partial re-testing of resources should be allowed to avoid retesting of contributors that filled their obligation. Other ISOs<sup>3</sup> have had success with partial retesting. For example: *If a DRMP shows greater than or equal to 80 percent test compliance across a portfolio of contributors, only noncompliant contributors are eligible for retesting.*

#### Zonal Obligation Transfer

- DRMPs should be able to transfer zonal obligations to other zones where they have an obligation as long as it does not introduce a new binding constraint in the electric zone. The zonal constraints that are introduced for the DR Auction should also be the limit for obligation transfers between DRMPs.

By introducing generation as participants in the TCA, the IESO is accelerating its efforts to fill a capacity shortfall estimated to happen in 2023. However, this need should not overshadow the need for fair and equal competition. The existing market rules are fundamentally discriminatory against DR Aggregators and the IESO should consider implementing these changes to equally compensate market participants that compete to provide the same services.

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<sup>1</sup> <https://cdn.misoenergy.org/20140709%20DRWG%20Item%2007%20DRR%20Providing%20Spin177531.pdf>

<sup>2</sup> <http://www.ieso.ca/-/media/Files/IESO/Document-Library/working-group/demand-response/drwg-20190425-dr-testing-update.pdf?la=en>

<sup>3</sup> [https://www.monitoringanalytics.com/reports/PJM\\_State\\_of\\_the\\_Market/2011/2011-som-pjm-volume2.pdf](https://www.monitoringanalytics.com/reports/PJM_State_of_the_Market/2011/2011-som-pjm-volume2.pdf)