

# Demand Response Working Group – *Feedback Form*

Meeting Date: June 19, 2019

<b>Date Submitted:</b> <i>07/05/2019 updated 07/19/2019</i>	<b>Feedback provided by (optional):</b> Company Name: Advanced Energy Management Alliance Contact Name: Katherine Hamilton Phone: [REDACTED] Email: [REDACTED]
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Following the June 19, 2019 meeting of the Demand Response Working Group (DRWG), the Independent Electricity System Operator (IESO) is seeking feedback from participants on questions posed during the presentation. The presentation can be accessed from the DRWG engagement [webpage](#).

**Please submit feedback to [engagement@ieso.ca](mailto:engagement@ieso.ca).** To promote transparency, this feedback will be posted on the DRWG engagement webpage unless otherwise requested by the sender.

Section	Question/Topic	Stakeholder Feedback
<b>Revised DRWG 2019 Work Plan</b>	<p><b>Please provide feedback by July 5, 2019</b></p> <p>Stakeholders are asked to review the revised DRWG work plan and identify:</p> <ul style="list-style-type: none"> <li>• Items missing from the revised work plan; either specific issues to be addressed within the more general work plan items (e.g. simplify testing process) or areas to address that are missing altogether</li> <li>• Concerns with proposed next steps and alternatives for consideration</li> <li>• Concerns with timelines proposed and preferred timeline including rationale for why alternate timeline is needed</li> </ul>	<p>AEMA supports the priorities outlined in the DRWG work plan.</p>
<b>Testing of HDR Resources - Proposal</b>	<p><b>Please provide feedback by July 5, 2019</b></p> <p>Seeking stakeholder feedback on the proposal</p>	<p>AEMA supports the proposal to reduce the 4 hour test requirement if “HDR resources successfully demonstrates performance through a 4 hour test or in market activation”. As noted in previous comments, and in the data presented at the DRWG, there is no added value to the IESO for having a test last 4 hours, however the cost to customers is substantial. If the IESO is to maintain discretion to increase the test duration back up to the 4 hours at any time, then AEMA members ask that a discussion take place in advance of a test between the IESO and the market participant to ensure an understanding of the reasons for a 4 hour test.</p>
<b>Cost Recovery for Out-of-Market Activation of Hourly DR Resources – Proposal</b>	<p><b>Please provide feedback by July 5, 2019</b></p> <p>Seeking stakeholders feedback on concept and design considerations</p>	<p>AEMA supports the IESO proposal for cost recovery by market participants for out-of-market activations. As noted in the IESO staff presentation at the DRWG, the proposal is appropriate “as testing or emergency activation can occur at a price below bid price of an HDR” and that consistent treatment is occurring with other resources.</p>

		<p>AEMA recommends that the IESO should use the energy bids as representative costs to the out-of-market action to determine compensation. Hourly Demand Response (HDR) resources are comprised of a number of different constituent businesses, each with their own curtailment costs. By utilizing the energy bid, market participants will be able to submit as many price-quantity pairs as are necessary to represent the activation cost of their HDR resources. Additionally, these same energy bids should be the cost-basis for activation payments – AEMA recognizes that this last point is under consideration by the IESO.</p> <p>Some HDR contributors may have shutdown costs which exceed the current energy market price cap, but AEMA believes this approach will give market participants the flexibility needed to reflect a substantial portion of activations costs while limiting the administrative burden to both the IESO and market participants. Finally, there will be no need for additional data requirements, as market participants will already need to supply measurement and data verification of the dispatch/test. From an administrative stand-point, this also creates the least amount of administrative burden in determining the price of the dispatch.</p> <p>As noted in previous comments to the IESO at the DRWG as well as the Incremental Capacity Auction and Transition Capacity Auction stakeholder engagements, undue discrimination has been introduced against the demand response resource in the expanded TCA by requiring them to compete with resources who receive additional revenue sources. This has undermined competition and market confidence, and AEMA will continue to work with IESO and other stakeholders on the energy payments discussion. Providing cost recovery for out-of-market activations is good start in the near term.</p>
<b>Energy Payments for Economic Activation of DR Resources -</b>	<p><b>Please provide feedback by July 19, 2019</b></p> <p>Seek stakeholder input on approach to</p>	<p><b>Submitted – July 19<sup>th</sup>, 2019</b></p> <p>AEMA supports the compensation of DR resources in economic</p>

<p><b>Proposal</b></p>	<p>conducting the analysis</p> <ul style="list-style-type: none"> <li>• What is the appropriate analysis to complete?</li> <li>• Who is best to complete the analysis?</li> <li>• Who else should be consulted?</li> <li>• When is a decision required by?</li> </ul>	<p>activations and supports AMPCO’s comments on this topic in their July 5<sup>th</sup> filing, now posted on the IESO DRWG webpage. Compensation for activations and following dispatch orders should be consistent for all resources, and IESO analysis has already determined that compensation is appropriate.</p> <p>As stated in previous comments and publicly at the DRWG, the MOCN consultation sessions, SAC and Technical by AMPCO and AEMA members, principles of non-discrimination, fair treatment and level playing fields have already dictated that compensation is appropriate. Further information on this will be shared with IESO.</p> <p>The analysis that needs to be completed should focus on how best to implement compensation for loads, with consistency being a paramount criterion. If the TCA is unable to be postponed, then the implementation of compensation for economic activations should coincide with the Out of Market compensation implementation date scheduled for May 1<sup>st</sup>, 2020.</p> <p>With the July 16<sup>th</sup> announcement from IESO CEO Peter Gregg, stating that work on the ICA would now be stopped, it is even more important that the rules of the TCA be right from its inception since it will be the procurement mechanism for capacity for the foreseeable future.</p>
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**Other Comments/Feedback:**

The Advanced Energy Management Alliance (“AEMA”) is pleased to provide comments on topics of importance to the membership, presented at the June 19 Demand Response Working Group (“DRWG”). AEMA is a North American trade association whose members include distributed energy resources, demand response (“DR”), and advanced energy management service and technology providers, as well as some of Ontario’s largest consumer resources, who support advanced energy management solutions due to the electricity cost savings those solutions provide to their businesses.

