

Demand Response Working Group – *Feedback Form*

Meeting Date: June 19, 2019

<p>Date Submitted: 2019/07/05</p> <p>Resubmitted: 2019/07/19 with additional comments</p>	<p>Feedback provided by (optional):</p> <p>Company Name: Rodan Energy Solutions Inc.</p> <p>Contact Name: _Rick Goddard</p> <p>Phone: [REDACTED]</p> <p>Email: [REDACTED]</p>
---	--

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. To promote transparency, this feedback will be posted on the DRWG engagement webpage unless otherwise requested by the sender.

Section	Question/Topic	Stakeholder Feedback
<p>Revised DRWG 2019 Work Plan</p>	<p>Please provide feedback by July 5, 2019</p> <p>Stakeholders are asked to review the revised DRWG work plan and identify:</p> <ul style="list-style-type: none"> • 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 • Concerns with proposed next steps and alternatives for consideration • Concerns with timelines proposed and preferred timeline including 	

	rationale for why alternate timeline is needed	
Testing of HDR Resources - Proposal	<p>Please provide feedback by July 5, 2019</p> <p>Seeking stakeholder feedback on the proposal</p>	Rodan supports the proposal for reduced testing hours for resources that have previously demonstrated their capability to the IESO. We suggest that market rules and manuals state clearly what actions will be taken under specific circumstances to avoid conflicting interpretations in the future (e.g. minimize the use of phrases such as “the IESO <i>may</i> ...” to reduce potential ambiguity as to what the IESO <i>will</i> do).
Cost Recovery for Out-of-Market Activation of Hourly DR Resources – Proposal	<p>Please provide feedback by July 5, 2019</p> <p>Seeking stakeholders feedback on concept and design considerations</p>	<p>Rodan supports the IESO’s proposal to compensate DR participants for out-of-market activations as an interim step to providing energy payments and access to ancillary markets.</p> <p>Basing compensation on energy bids seems to be the common-sense approach, as this is an existing process that already reflects the cost of dispatch. Using this mechanism will have the lowest administrative impact and will maintain forward compatibility with future energy payments.</p> <p>Basing compensation on fixed proxy value as was done for DR3 and CBDR limits the ability of participants to indicate their costs, and using a customized proxy of activation costs for each contributor as determined by the IESO would add unnecessary complexity and administrative burden to the program (particularly for aggregators).</p>
Energy Payments for Economic Activation of DR Resources - Proposal	<p>Please provide feedback by July 19, 2019</p> <p>Seek stakeholder input on approach to conducting the analysis</p> <ul style="list-style-type: none"> • What is the appropriate analysis to complete? • Who is best to complete the analysis? • Who else should be consulted? 	<p>Rodan supports this initiative and expects it to be an integral feature of the TCA/ICA. IESO should not lose sight of the fact that energy payments are only one aspect of what is required for the capacity market to foster truly equal and fair competition across resource types. Access to ancillary services must also be part of the plan.</p> <p>Additional Comments provided on July 19:</p> <p>Rodan supports the compensation of DR resources in economic activations and supports the comments submitted by AMPCO on this topic in their July 5th</p>

	<ul style="list-style-type: none"> When is a decision required by? 	<p>filing, now posted on the IESO DRWG webpage. Rodan also supports to comments from the AEMA ion this issue submitted July 19th. 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>Rodan (and others including the AEMA and AMPCO) have consistently commented and others at the DRWG, the MOCN consultation sessions, SAC and Technical Panel, principles of non-discrimination, fair treatment and level playing fields have already dictated that compensation is appropriate.</p> <p>The TCA should be postponed until this issue is resolved. The study that is contemplated by the IESO should focus on how best to implement compensation for loads, with consistency being a key criterion.</p> <p>As work on the Incremental Capacity Auction has been stopped, it is of crucial 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>
--	---	--

Other Comments/Feedback:

Additional Notes on HDR Testing

As noted during the session, Rodan takes issue with the IESO methodology for comparing HDR with the testing success of other resources. In particular, the comparison between dispatchable loads and HDR in point 2, sub point 2 of slide 24 of the session presentation is not a fair one, since the testing for dispatchable loads is markedly different (e.g. the average of 3 intervals for DL, versus all intervals for HDR). To be clear, Rodan is not advocating for changes to how DLs are evaluated, since we are aware that DLs must demonstrate a high level of proficiency in order to qualify and remain as DLs. We are pointing out when resources are assessed using different M&V approaches, there isn't a 1:1 comparison, which produces stats that are not particularly indicative.

DRWG participants are in general agreement that there is a need to show better test results. Understanding the root causes of failure should include comparisons to non-DR resources that are tested using comparable M&V, be they dispatchable loads in our own province or demand response resources in other jurisdictions.

In the larger context, Rodan would like the IESO to consider the general applicability of using the 5-minute interval test to indicate the quality of the resource:

- Does the current HDR interval test provide a meaningful measure of capacity or capability? Obviously, a resource that cannot deliver is less valuable than one that can. However, it does not follow that a resource that has one or two low intervals is completely without utility. The current rules suggest a resource that misses a single 5-minute interval over 4 hours has the same operational value as a resource that misses them all. There must be a reasonable benchmark that makes sense.
- For demand response, interval performance is computed by comparing the load against calculated *hourly* (average) baseline values. Rodan would be interested to hear the IESO's comments on the legitimacy of comparing instantaneous 5-minute interval load data against a 1 hour computed baseline to indicate performance.

Rodan's position remains that resource testing is necessary and justifiable when conducted in a reasonable fashion. However, we believe that an hourly metric is far more meaningful as a capacity test, and that while interval performance should carry a reliability penalty, it should not be used in the manner it is being used currently to determine overall compliance.