

Demand Response Working Group

September 2019: Response to Stakeholder Feedback on Out of Market Activation Payments – HDR Proposal

Following the IESO's presentation at the September 4 DRWG meeting on the proposal to provide payments to hourly demand response (HDR) resources when activated out-of-market, stakeholders were invited to provide comments and feedback on the proposal, as well as the market rule amendments and manual concepts by September 11, 2019. The IESO received feedback from:

Advanced Energy Management Alliance
Rodan Energy Solutions

This feedback has been posted on the IESO [DRWG webpage](#).

Note on Feedback Summary

The IESO appreciates the feedback received from stakeholders on the Out of Market Activation Payments – HDR Proposal. This stakeholder feedback is important to the collaborative approach the IESO has committed to. Below, the IESO has provided a summary of specific feedback or questions that require a response at this time, as well as the IESO response. As noted above, full feedback submissions can be viewed from the DRWG webpage.

Stakeholder Comments and IESO Responses

The IESO proposed the following payment approach for compensating HDR resources for out of market activations:

1. Capacity Based test activations – payments based on fixed payment of \$250/MWh curtailed
2. Emergency Operating State Control Actions Activations – payments based on a participant's (Bid-HOEP) x hours of curtailment

The IESO presented the market rule amendments to enable this proposal, as well as the market manual concepts; stakeholders were asked to review and provide feedback, including alternative language, on these proposed changes.

Design Element / Issue	Stakeholder	Summary of Feedback	IESO Response
<p>Out of Market Activation Payments – HDR Proposal Market Rule Amendments and Market Manual Concepts</p> <p>Stakeholders were asked: <i>“In your view, are there any adverse effects (not identified in a previous answer) that may be caused by implementing these proposed changes, either to consumers or market participants?”</i></p>	AEMA	<p>The current Market Manuals will treat the payment differently for tests and for EOSC activations, however both activations will be out of market and therefore the costs will be similar theoretically. HDR resources have recommended that similar to other markets, if resources are only going to be paid \$250 for their tests, instead of their bid price, then HDR resources should be able to schedule their own tests within agreed upon parameters, similar to other jurisdictions. AEMA recommends that IESO review PJM Manual 18 (section 8.7) that outlines ELRP’s current DR testing standards. Further rationale for this point is included in comments submitted during the Stakeholder Engagement on this topic at the DRWG.</p>	<p>As discussed at the September 4 DRWG meeting, and in the materials (found here) maintaining the current process for scheduling testing is important to help demonstrate the reliability of the HDR resource and is consistent with how other resources are tested (such as unit-readiness tests and operating reserve tests).</p> <p>With respect to providing advance notice of tests, the IESO will continue to notify participants one day in advance of tests. If a participant’s full capacity obligation is not available for the test, the participant can adjust its bids so as to reflect the current capability of the resource.</p>
	Rodan	<p>The Market rule changes will treat the payment for tests and for EOSC activations differently, while the costs associated with both curtailments is likely identical. Rodan has recommended that acceptance of \$250/MWh for tests would be palatable but only if the IESO permits self-scheduling of tests, within reasonable parameters, in order to reduce costs for participants.</p>	

Design Element / Issue	Stakeholder	Summary of Feedback	IESO Response
<p>Out of Market Activation Payments – HDR Proposal Market Manual Concepts (Manual 5.5: Physical Markets Settlement Statements)</p>	<p>Rodan</p>	<p>Agree with Equation 1 as long as HDRs are allowed to self-schedule tests, otherwise HDRTAPR should be replaced with HDRBPh.</p> <p>Self-scheduling is permitted, within reason in PJM. PJM DR participants schedule their own tests and must notify PJM of the intent to test 48 hours in advance of the test. DR aggregators can also re-test specific customers if they deliver at least 75% of their obligation in the first test to get closer to 100%.</p>	