

Friday May 19th, 2017

IESO Stakeholder Engagement
Submitted via email

Dear IESO Stakeholder Engagement:

Re: Demand Response Working Group – May 11th Webinar

EnerNOC, a global provider of energy intelligence software and demand response service that has participated in demand response in Ontario since 2008, is pleased to provide comments based on discussion at the May 11th Demand Response Working Group (DRWG) May 11th Webinar. EnerNOC's comments will focus on the options presented by IESO staff on the Notification and Activation of Hourly DR Resources and recommendations on the Utilization Payment subject. As noted in previous comments, EnerNOC supports the priority of continuing to evolve Demand Response (DR) as a valuable resource for the Ontario electricity system and the contributing customers, while ensuring the strong auction platform foundation for an Incremental Capacity Auction where all resources will compete to meet the needs of the electricity system.

1. Notification and Activation of Hourly DR Resources

EnerNOC recognizes that increasing the economic dispatch of Hourly Demand Response (HDR), to make the resource more efficient and therefore more valuable to the system, can be achieved through modifying a combination of parameters including the Standby Notice Criteria, Activation Notice Criteria and the Activation Length.

EnerNOC supports the following combination of parameters:

- Standby Notice Criteria – Option 2: Reduce the 4 Hour Scheduling Requirement to 1 Hour
- Activation Notice Criteria – Option A: Activation Notice sent when DR Resource is scheduled for at least 1 hour in the 3 hour-ahead predispach
- Activation Length – Option 2: Align activation block hours with only those hours scheduled in predispach

Activation Testing:

Currently the market rules for testing the Hourly DR resource outline that all tests will be in accordance with Activation criteria in Chapter 7, section 19.4.4. EnerNOC recommends that the testing of the resource be limited to the minimum number of hours that the resource can be dispatched for under the proposed market rule changes. This may mean that changes will need to be made to the Activation Testing for Hourly Demand Response Resources market rules. EnerNOC looks forward to discussing this topic at the next DRWG meeting.

Standby Notice Criteria:

EnerNOC does not support Option 3 – Adopt a Price Trigger as Standby Criteria. Establishing an administrative price point runs counter to the notion of open market competition and work that is being done in the Market Renewal stakeholder engagement. Although some administration points will be set in the Incremental Capacity Auction, and administration points are already set in the Demand Response Auction, the point of competitive markets is to move away from administratively set data points and let the market decide through competition. Adding additional administrative points will move further away from this end goal of market renewal.

Activation Length:

EnerNOC has long advocated for a change to the 4-hour block dispatch, and therefore does not support Option 1: Maintain the 4-hour block dispatch. The IESO should dispatch resources when they are needed and for the length they are needed. The IESO should refrain from adding additional market inefficiencies which could occur if the 4-hour block dispatch leads to the distortion of real-time prices due to the DR resource being dispatched out of merit.

2. Utilization Payments for DR Activations

EnerNOC supports the proposal for the IESO to engage an independent consultant to study utilization payments for DR resources. Historically, utilization payments have been a component of all Ontario demand response programs including DR3 and Capacity Based Demand Response. Throughout North American markets, demand response resources receive utilization (or energy) payments for their activations including PJM, ISO-NE and NYSIO. The notion of demand resources receiving energy payments for their participation in the energy market was recently confirmed through a United States Supreme Court decision.

From a Market Renewal standpoint, the IESO needs to embrace best practices globally and ensure that all resources are treated comparably in the development of the Incremental Capacity Auction, including compensation for the MW they deliver. These best practices should begin with the Hourly DR resources that is procured through the Demand Response Auction.

Yours truly,



Sarah Griffiths
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