

Demand Response Working Group (DRWG) Meeting Notes – May 30, 2017

Date held: May 30, 2017	Time held: 10am-12pm	Location held: Four Points Toronto Airport
Registered to attend		(R) Registered
City of Toronto	Cheng, Jessie	R
City of Toronto	Koff, Chaim	R
City of Toronto	Poto, Angelo	R
Honeywell	Roberston, Jack	R
Enbala	Thompson, Jonathan	R
Energate Inc.	Cochrane, Mike	R
Energent	Thoms, Douglas	R
Honeywell Smart Grid Solution	White, Jeff	R
Hydro One	Bettencourt, Alex	R
Hydro One	Malozewski, Mernaz	R
Nest Labs	Amaral, Utilia	R
Northland Power	Samant, Sushil	R
OhmConnect	Kooiman, Brian	R
Rodan Energy Solutions	Goddard, Rick	R
Rodan Energy Solutions	Quassem, Farhad	R
Rodan Energy Solutions	Grod, Adrian	R
Rodan Energy Solutions	Ingram, Rachel	R
Rodan Energy Solutions	Dudka, Marko	R
Tembec	Laflamme, Serge	R
IESO	Kamstra, Pat	R
IESO	Hartland, Mark	R
IESO	Chapman, Tom	R
IESO	Drake, Gordon	R
IESO	Grbavac, Jason	R
Registered to participate via teleconferencing		
AMP Solar Group	Luukkonen, Paul	TC
Customized Energy Solutions	Tinkler, Mark	TC
Energate Inc.	Szijarto, Rick	TC
Energy Hub	Kier, Laura	TC
EnerNOC, Inc.	Griffiths, Sarah	TC
Good Company Associates	King, Robert	TC
Great Circle Solar Management Corp	Warnock, Melanie	TC
Hamilton Utilities Corporation	Crown, Mike	TC
MSP	Koetsier, John	TC
NRG Curtailment Solutions, Inc.	Moore, Michael	TC
NRG Curtailment Solutions, Inc.	Goka, Nekabari	TC
Opower/Oracle	Lopez, Alex	TC
Alectra	Carr, Daniel	TC

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Resolute Forest Products	Degelman, Cara	TC
Voltalis	Cassoudebat, Olivier	TC

All meeting material is available on the IESO web site at: <http://www.ieso.ca/en/sector-participants/engagement-initiatives/working-groups/demand-response-working-group> .

Item 1 – Peaksaver transition

Pat Kamstra provided an update on the *peaksaver* program transition. The IESO sees its role as facilitating the introduction of *peaksaver* resources into the DR auction, and is technology neutral on whether *peaksaver* devices or new load control technologies are utilized.

Member Questions and Comments, with the IESO's response in italics:

A member asked that if the IESO's role is as a facilitator, what does that mean in terms of the aggregator or LDC?

The IESO manages the DR auction and wants to ensure that barriers are reduced, but it is not the IESO role to try to influence outcomes. The peaksaver device itself is owned by the customer, and the aggregator and/or LDC has the relationship with the customer.

A member commented that previously we had talked about how to make *peaksaver* competitive, but it seems as though there has been a change in direction.

The IESO has introduced an alternative baseline that is more appropriate for Residential DR, and other changes were made as well, as discussed at the April 6th meeting. Peaksaver is another source of Residential DR. We recognize there are still stakeholder concerns such as minimum capacity, access to meter data, and so on. The transition plan requires peaksaver resources to move to the DR auction to the extent possible over the next few years.

A member asked if third parties will be able to utilise these *peaksaver* devices.

Third parties (non-LDCs and new aggregators) will be able to aggregate peaksaver devices and offer this capacity into the DR auction. The IESO does not own or operate the peaksaver network but will provide the information we have for access to the devices. The last peaksaver evaluation provides some anonymized peaksaver data. Consent (to participate and share meter data) must be provided by the peaksaver resource to the aggregator, and retained by the aggregator.

A member asked that if the IESO cannot help with the issue of competitiveness around *peaksaver* devices, should this be addressed to the Ministry or OEB? Could the IESO or LDC at the least inform the customer of alternatives available by including information its website?

The DRWG is the correct forum for this discussion and we need to recognize that we are at the first stage of entry of peaksaver devices into the market. There will be a natural decline of the original devices as new

technology replaces it, but in the meantime we want to continue to extract value from peaksaver devices in the homes of LDC customers, with whom the LDC has ongoing relationships. At the upcoming meeting of the Residential working group (an LDC group), the IESO will inform LDCs about this concern and suggest possible communications with their customers regarding options to provide DR.

A member commented that LDC's will continue to maintain relationships with their customers and this will be difficult to untangle.

A member asked for clarification on the ownership of the *peaksaver* devices and how the participation of these devices occurs.

The device in the home is owned by homeowner, and once the peaksaver program ends, the device may still be used to provide DR provided that the customer has provided consent. Access to the devices occurs through the pager network, as described in the slide deck.

Another member (Rodan, the *peaksaver* program province-wide aggregation operator and dispatch administrator) was able to expand on this by informing that a device ID is needed to operate a device for the pager network (2 pager network service providers are currently used per device, as a back-up if one was to go down). The technical requirements of the pager network are frequency, service provider ID, and device serial number. Rodan agreed to provide a brief summary of the technical details.

A member asked: who can access the *peaksaver* device to offer into the energy market?

The entity with consent from the homeowner may offer the DR capacity of the peaksaver device into the DR auction and, upon clearing the auction with a capacity obligation, may bid into the energy market. At this time, the LDC has exclusive customer consent to access the device through a peaksaver program participation agreement, but this agreement will terminate when the program ends.

A member asked if the IESO has a sense of how many of the 300,000 devices are functioning.

The IESO does not have visibility to how many of these devices are working. All information we have is contained within the 2015 peaksaver evaluation document (about 0.51 kW per device on average for the 300,000 devices in 2015, which takes into account that some of the total number of devices are not providing DR).

A member asked how the MW target for the DR auction is set.

The 2013 LTEP sets out a target of reducing peak demand by 10% by 2025, taking into consideration the expiry of capacity-based demand response (CBDR), expiry of peaksaver, and the end of the DR pilot program. We need to evaluate if we are going to be able to estimate the potential for peaksaver within the DR auction target MWs to avoid an unnecessary price spike. Last year, the DR auction target was 393 MWs, and DR capacity beyond this target was procured.

A member asked for more information on the "transitional contractual approach" to mitigate unintended impacts on the auction clearing price if *peaksaver* capacity does not materialize to the extent it is included in the target MWs for the auction.

This would essentially be a short term mechanism similar to a pilot, with pricing based on the auction clearing price. This option is not the IESO's preferred approach due to the administrative burden. We have no additional information to provide at this time.

Item 2 – Notification and activation of HDR resources

Gordon Drake provided a re-cap on the work the group is doing around improving the dispatch process for Hourly DR resources. Mark Hartland then provided a summary of the analysis, which examined the results of the 6 options proposed during the May 11th webinar. Finally, Gordon Drake informed that based on stakeholder feedback, implementation reasons in terms of IT and Market Rules, and analytical results; the IESO is proposing to move forward with elements of option 4/6. Both of these options are similar in that they reduce the 4-hour scheduling requirement to 1-hour, however, in addition option 4 would require a price trigger to send a standby notice. Stakeholders were asked to provide feedback on what the standby notice price trigger should be if this option is pursued.

Member Questions and Comments, *with the IESO's response in italics:*

A member asked how the DRMP's bids factor into the proposed changes.

If option 4 is pursued a standby notice would be sent to resources based off of a pre-determined price trigger. The individual resource's bids would still be taken into consideration in the activation process.

A member asked if we are talking about a trigger price for standby notice and activation based on bid price.

One of the standby notice options looks at a price trigger for sending a standby notice to resources. The IESO will continue to weigh up the merits of this option and provide further response at the next DRWG.

Item 3 - Utilization Payments

Gordon Drake discussed the scope of the discussion paper to be compiled by an independent consultant, and asked stakeholders to provide their input on whether anything should be added to the scope. Gordon stressed that the end goal of the discussion paper is not for the consultants to provide the DRWG with a recommendation, but provide information to be discussed further within the DRWG forum.

Member Questions and Comments, *with the IESO's response in italics:*

A member asked what a utilization payment is.

A utilization payment is an energy payment for a DR activation.

Next Steps

The next scheduled DRWG is not before September; however the IESO would like to propose another meeting before then. Members are asked to send any feedback on the Option 4 standby price threshold, and dates which stakeholders are unavailable over the summer to engagement@ieso.ca