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IESO – Demand Response Working Group  
RE: Comments on Demand Response Working Group July 15, 2016

Hydro One would like to take the opportunity to provide comments on the proposed approach from the July 15, 2016 Demand Response Working Group (DRWG). Hydro One would be supportive of incorporating residential demand response (DR) into the IESO Demand Response Auction to take place later in 2016. Hydro One sees residential DR as an untapped resource that could aid the system during peak demand times while returning value to Local Distribution Companies (LDCs) and customers.

For residential DR to be effective, Hydro One encourages the IESO to adjust the market rules/manuals and dispatch processes to ensure LDCs can attract and retain residential customers as part of their DR capacity.

Weather-sensitive DR resources like air conditioning should be included in the DR market as these end use load curves match the peak load curves of the entire system. Other jurisdictions have been wrestling with the issue of allowing pre-cooling strategies. Hydro One supports the inclusion of these strategies to enable longer and deeper DR results from residential customers.

Hydro One also sees an opportunity for non-weather sensitive DR resources such as residential electric hot water heaters. Through its smart grid pilots, Hydro One has had good experience in shifting electric water heating demand away from peak periods with benefits for both the grid and the customer. This strategy has also been touched upon through Ontario's *peaksaver* Program, and has been more thoroughly explored in other jurisdictions as well.

Regarding baseline methodologies, Hydro One encourages the IESO to explore methodologies that would be robust and defensible while allowing auction participants to maximize the residential capacity that can be bid into the market. To avoid the burdensome costs associated with performing Evaluation, Measurement & Verification on an ex-post basis each year, Hydro One also recommends that deemed values be developed based on an ex-ante analysis for 1-in-10 weather years.

Thank you for this opportunity to provide comments.

Sincerely,

George Katsuras  
Manager, Business Integration  
Strategy & Conservation