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IESO – Demand Response Working Group  
RE: Comments on Demand Response Working Group September 30, 2016

Hydro One is pleased to see the progress that has been made towards incorporating residential demand response (DR) into the IESO Demand Response Auction. DR, in general, and residential DR, in particular, provides a unique opportunity for demand-side resources to compete on a level playing field with supply-side resources.

Hydro One supports the IESO's efforts to select a baseline methodology that allows for an accurate, robust and feasible evaluation. However, the IESO should also prioritize strategies that allow Auction Participants to maximize the residential capacity that can be bid into the market. In the long-term, such strategies will promote market efficiencies that will benefit the IESO-controlled grid and generate savings for Ontario's electricity consumers.

That said, Hydro One has a concern with how the IESO intends to incorporate residential DR into the DR Auction. The concern relates to the proposed Randomized Control Trial (RCT) baseline methodology. Should the IESO choose to proceed with the RCT baseline with Treatment and Control groups of equal size, Hydro One proposes slight modifications to the strategy for assigning customers. During the DR Working Group presentation, the IESO suggested that Treatment and Control groups be randomly assigned on a monthly basis. These groups would remain fixed throughout the month. Instead, Hydro One recommends that residential resources be randomly assigned into two groups at the start of the Commitment Period. These groups can then alternate as Treatment and Control groups on an event-by-event basis. These modifications can maximize the capacity delivered during DR events, particularly during hot months when residential DR resources may be called upon during consecutive days. This strategy was successfully used to evaluate DR impacts during Hydro One's Bring Your Own Thermostat Pilot. Hydro One would be happy to share more details on the Pilot's DR evaluation approach, which was developed by an independent EM&V contractor.

Thank you for this opportunity to provide comments.

Sincerely,

George Katsuras  
Manager, Business Integration  
Strategy & Conservation