

Comments to:  
Independent Electricity System Operator  
(IESO)

- Stakeholder Engagement for Demand Response  
Working Group on July 15, 2016

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Submission by  
City of Toronto



## BASELINE METHODOLOGY FOR RESIDENTIAL DR

### Evaluation Step (Slide 9)

**IESO** “The selected alternative will not replace the existing baseline methodology. It will add an option that can be applied if it is more accurate.”

**IESO** “Residential participants are different from C&I because residential loads are highly-weather sensitive”

**Recommendation:** The City of Toronto agrees with the IESO and recommends that all alternative baselines be participant agnostic.

### IESO: Evaluation Criteria (Slide 10)

**Recommendation:** The City recommends that the IESO run a simulation of the proposed alternative baseline methods to demonstrate the variability in capacity.

**1) IESO “Accuracy”:** *Is the methodology reflective of the typical resource’s consumption pattern?*

**Recommendation:** The City recommends that the IESO add additional criteria for the IESO to obtain confidence of DR **Capacity availability**; including how new alternative baselines will identify available capacity during non-peak and or winter periods.

**2) IESO -Robustness:** “Will the methodology continue to be valid as DR programs grow?”

**Question:** Can the IESO provide define “**DR programs grow**”? Is the IESO referring to the Capacity market integration?

### Other Details

**Request:** In an effort to provide accurate feedback and create value for electricity consumers the City requests details associated with the ownership and responsibility for maintaining the existing Peak Saver units? (Customer/ Utility/ IESO)

## UPDATE ON TARGET CAPACITY

**IESO Proposal:** *Provides clarity on long term DR growth to meet provincial targets and a stable business environment for:.... The IESO to integrate DR into established energy markets and monitor performance*

**Comment:** The City supports the IESO’s commitment to meeting Provincial target of ~2,400MW Demand Response capacity, and recommends that the IESO evaluate strategies for ensuring that this commitment will be met **post Demand Response -Capacity market integration**.

**Request:** Would the IESO provide updated information on the local regional DR projects?

## Commitment Periods in the DR Auction

**Recommendation:** In an effort to maximize the opportunity for summer based DR the City recommends that the IESO evaluate the opportunity to shift the 2 commitment periods. The First will be a four (4) month period from May –August. The Second will be an eight (8) month period from September – April.

**Question:** Can the IESO provide details if a participant can switch resources for different months of the commitment period. For example can an aggregator enroll resources with high weather variability for peak heat days and utilize other resources for availability/dispatch during non-peak days. **(Shared DR Capacity)**

Procurement and Programs/ Paradigm Shift/ An Evolving World (slides 7-11)

*IESO "Uncertainty limits growth and value, leading to unrealized market potential"*

*IESO "Establishing an enduring mechanism with clear and transparent rules provides participants long-term certainty as to how resources will be procured"*

*IESO "Participant risk is reduced through stability of auction mechanism and clear growth targets certain businesses require shorter term commitments while others prefer a long term arrangements"*

*IESO (Slide 13) With respect to the DR Auction, the IESO is aware that stakeholders have differing opinions on the length of the Commitment Periods*

**Comment** The City recognizes the IESO goal of seeking greater certainty, and commitment to transparent rules and recommends that the IESO evaluate additional factors for increased certainty.

- Many Demand Response Projects require investment including Equipment, Customer Support and Training
- The IESO has introduced a capacity swap that will provide ample opportunity for managing any short term commitment risk.

**Recommendation:** In consideration of the IESO's commitment to reduce participant risk, the City recommends that the IESO verify if participants could provide greater market value through longer commitment periods.