

Feedback Form

Distributed Energy Resources (DER) Market Vision and Design Project – September 20, 2022

Feedback Provided by:

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Recommendations for Foundational Models

Topic	Feedback
<p>Are the IESO's recommendations appropriate for foundational models? Do any recommendations risk inhibiting DER(A) participation in wholesale markets?</p>	<p>In review of the IESO's recommended foundational models, Toronto Hydro-Electric System Limited ("Toronto Hydro") respectfully relays two concerns:</p> <ol style="list-style-type: none"> <li data-bbox="516 348 1529 898">1. At present, the proposal excludes local distribution companies ("LDCs") from participating as a foundational model DER or DER(A) on the basis that "distributor participation in IESO markets is subject to legislation (the OEB Act) and regulatory interpretation of that legislation".¹ While it is fair for the IESO to require proposed registered market participants demonstrate compliance with law, it should not presume LDC participation is currently prohibited. To the extent that the proposed participation by distributors requires consideration and interpretation by the OEB, Toronto Hydro requests that exercise take place prior to the Market Design phase. Any such conclusion by the IESO without this interpretation would be premature and may inhibit DER(A) participation in wholesale markets by creating barriers and inefficiencies to DER benefit stacking (i.e. DERs providing services to both the bulk and distribution system). <li data-bbox="516 945 1529 1415">2. In regards to developing non-performance charges due to distributor overrides², Toronto Hydro encourages the IESO to consider how non-performance charges apply to DERs serving both bulk-system and distribution-system functions. Under a dual participation model, as being explored through Toronto Hydro's GIF pilot, there may be instances where a DER is providing service to the distribution grid that may also be benefitting the bulk grid. Without proper coordination, however, it could appear as though the DER is not responding to IESO instructions. It is critical that IESO and LDCs work together to ensure that non-performance penalties are appropriate to encourage participation in IAMs from DERs connected to the distribution system and contracted to perform distribution services.
<p>Based on the recommendations, are there key options that should be prioritized for the enhanced models?</p>	

¹ IESO, *Distributed Energy Resources (DER) – Market Vision and Design Project, September 20, 2022 presentation*, at slide 22, available at: <https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/dermvdvp/dermvdvp-20220920-presentation.ashx>

² *ibid*, see slide 34.

General Comments/Feedback

Toronto Hydro appreciates the IESO's commitment to sector evolution and the efforts of IESO staff to enable new pathways for DER participation in wholesale markets. As a leading enabler of non-wires alternative solutions at the distribution level, Toronto Hydro notes LDCs are uniquely positioned to enable DER integration, given their visibility into distribution system needs and hosting capacity, as well as customer relationships. LDCs can be an important partner to the IESO in developing participation models that encourage market participation while driving rate-payer value.