Feedback Form

eDSM Commercial HVAC DR Program - June 24, 2025

Feedback Provided by:

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To promote transparency, feedback submitted will be posted on the Electricity Demand Side Management (eDSM) Framework webpage unless otherwise requested by the sender.

Following the June 24, 2025 engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the new Commercial HVAC DR Program. The webinar presentation and recording can be accessed from the engagement webpage.

Please submit feedback to engagement@ieso.ca by **July 8, 2025**. If you wish to provide confidential feedback, please submit as a separate document, marked "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

Topic	Feedback
Program Enrollment: How can we best ensure that facilities demonstrate their readiness for effective participation, particularly regarding the potential HVAC DR capacity, operational parameters, and metering readiness. What additional factors should be considered?	To ensure facilities are ready for effective participation in the Commercial HVAC DR Program, there should be checks to verify each site's HVAC load curtailment potential using historical interval data, building automation system capabilities, and ensure that each facility can reliably contribute to load curtailment. Metering readiness is equally critical; facilities should provide near-real-time interval data (via LDC meters or sub-metering) to demonstrate HVAC curtailment. Additional considerations include verifying that the site is not participating in conflicting DR programs (a check during registration to avoid double enrollment either by aggregator or in multiple IESO programs).
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Incentive Structure: What is your perspective on the proposed standard payment incentive structure and payment timelines? Do you see any challenges or opportunities with this approach?	The proposed standard payment incentive structure—based on a $/MW-season model with payments issued post-season—offers a straightforward and predictable mechanism for compensating participants, which can encourage aggregator and facility enrollment. Tying incentives to average seasonal curtailment aligns well with the program's reliability and performance objectives and provides a clear financial signal for sustained participation and reliable delivery. The payment structure proposed covers incentive for delivering curtailment when called upon, will there be additional payments made to contributors for being available to provide capacity? If so, what would the price for that be? Are contributors able to opt out of a limited number of events during the season without it affecting their average capacity delivered?
Topic	**Feedback**

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Eligibility Requirement – Program Participants: What would be a reasonable minimum DR threshold for the Program to consider; what other eligibility elements should be considered?	A reasonable minimum DR threshold is 1 MW of aggregated HVAC load curtailment across enrolled facilities, which balances program impact with accessibility for a wide range of commercial participants. This ensures meaningful system contributions without excluding mid-sized aggregators or facilities. This is an Ontario-wide program, would the electricity zones be considered? If so, will the minimum threshold be for each electricity zone where an aggregator is participating in or would it be for total aggregated assets regardless of location? Additional eligibility criteria should clearly specify whether Class A sites are permitted to participate in the HVAC program.
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Eligibility Requirement – Program Contributors Are there any additional factors or considerations we should take into account?	Yes, there are factors that should be considered to enhance the effectiveness and fairness of the HVAC DR program. Incorporating a pre-season readiness paid test event can help verify that contributors can reliably curtail and report load reductions. Providing flexibility in how HVAC DR is implemented (e.g., pre-cooling, staggered curtailments, utilization of BTM batteries) can improve participation across a broader range of building types. Clear guidelines on acceptable telemetry platforms and protocols will also streamline integration and reduce technical onboarding barriers. Transparency around baseline methodologies, especially with weather adjustments, will be critical to ensure participants trust the measurement and verification process.
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Events Parameters: Are there any additional factors or considerations we should take into account? Is the notification period adequate, or would a different notification period better suit your needs and why?	An important additional factor is ensuring that participants have enough operational flexibility to respond to events with minimal disruption. For some commercial facilities, especially those with centralized control systems, a same-day notification (by 12 PM) for a 3–7 PM event is likely sufficient. However, sites with manual controls or more complex operational workflows may benefit from day-ahead or early-morning notifications to allow coordination with facility managers and HVAC technicians. It's also worth considering how frequent back-to-back activations (10–15 per season) may impact building operations or occupant comfort, especially during prolonged heat events, and whether contributors should be allowed to opt out of a limited number of events without penalty to maintain flexibility.

Topic	Feedback
Performance Parameters: Are there any additional factors or considerations we should take into account? Would using the Capacity Auction baseline methodology with a weather adjustment factor pose any concerns?	Using the Capacity Auction baseline methodology with a weather adjustment factor is generally a sound approach, as it accounts for variability in HVAC load driven by outdoor temperatures, which is critical for fair performance evaluation. However, one concern is that weather-adjusted baselines can introduce complexity and potential disputes if the adjustment methodology isn't transparent or aligned with site-specific temperature sensitivities. To mitigate this, it's important to clearly define how weather normalization is calculated and ensure participants have visibility into how their baselines and performance results are derived. Providing tools or reports that allow contributors to pre-validate their baselines using historical data would help build trust and ensure accountability.

General Comments/Feedback

Overall, the proposed Commercial HVAC DR Program is well-designed and fills an important gap by targeting flexible HVAC loads not captured in the Capacity Auction. The program's structure, aggregated participation, performance-based incentives, and a focused summer curtailment window, balances system value with participant feasibility. It also supports broader grid reliability goals and aligns with Ontario's decarbonization and electrification efforts.

That said, success will hinge on streamlined enrollment, clear M&V protocols, transparent baseline methodologies, and thoughtful consideration of participant diversity. Providing early guidance, readiness tools, and flexibility in control strategies will help ensure robust participation. Fostering collaboration with aggregators, LDCs, and technology providers will be key to building confidence and ensuring the program scales effectively over time.