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?	IESO should allow Aggregators to self-select weather-sensitive loads into the Commercial HVAC program. Voltus believes the most straightforward way for IESO to administer this program is by creating an additional "HDR" resource category within the Online IESO and EMI frameworks. This would enable aggregators to enroll customers in the Commercial HVAC program using the existing Contributor Management process. Since this process already includes utility bill submissions, it provides IESO with the necessary information to assess customer readiness and metering capabilities. It is worth noting here, that PJM enables this type of resource through its Capacity Auction and assigns a different Effective Load Carrying Capacity (ELCC) to Summer-only resources (UCAP Qualification factor).
Topic	**Feedback**

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?	Voltus is concerned that the proposed payment structure will significantly limit participation in the program. The average rooftop unit (RTU) in Ontario is manually controlled and approximately 200 kW in size. Based on the Summer 2025 clearing price, assuming 82 business days and 10–15 dispatches per year, the resulting payment per curtailment event would range from approximately $360 to $500. This level of compensation is unlikely to be sufficient for most customers to justify the operational adjustments required—such as scheduling personnel, installing automation controls, and managing tenant comfort and complaints. To enable meaningful and widespread participation, we estimate that compensation per event would need to be 10 times higher. This could be achieved through a combination of higher pricing (e.g., based on long-term average pricing) and a reduced number of required dispatch events per season (e.g., 5–8 events). Multi-day consecutive events are challenging for all customers, and particularly so for HVAC loads, where occupant comfort is impacted. To support sustained participation during extended heat waves, the program could consider introducing a fixed energy payment structure that provides stronger incentives for continued performance across multiple days. An example is that the DR programs in New York (both the Special Case Resources program and utility programs), program operators increase the energy payment rate for the fifth event in the season and it is applied to all remaining events. This significantly increased performance and helps customer engagement. In this example, IESO would compensate Commercial HVAC sites for energy using the existing $1,999.99/MWh minus the Day-Ahead price for the first 4 events, and then graduate it to $3,500/MWh for every event after.
Topic	**Feedback**

Eligibility Requirement – Program Participants: What would be a reasonable minimum DR threshold for the Program to consider; what other eligibility elements should be considered?	Any limits required by the IESO should be set at the zonal level to ensure that all sites capable of responding to the program remain eligible. Voltus also believes that Commercial HVAC should remain aggregatable with existing HDR portfolios in EMI to reduce barriers to entry and ensure competition in all zones. Voltus also recommends that the program be inclusive of weather-sensitive loads that can curtail more than just their HVAC systems. While HVAC is typically the primary source of curtailment for these sites, they must be permitted to reduce load from other on-site systems. Furthermore, the current HDR Program is not well-suited to accommodate the operational characteristics of these sites.
Topic	**Feedback**
Eligibility Requirement – Program Contributors Are there any additional factors or considerations we should take into account?	
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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?	A day-ahead stand-by notification with a dispatch signal provided by 12:00 p.m. on the day-of should be sufficient. Voltus would like to see clearly defined event or price triggers—similar to those used in the HDR program (e.g., system load forecasts exceeding 23 GW, day-ahead prices above $400/MWh in any program hour, or an EEA1 declaration). These clear criteria would help us support our customers in anticipating and preparing for potential dispatch events.
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?	The Capacity Auction baseline methodology with a weather adjustment factor is a helpful approach. However, we recommend widening the weather adjustment factor range to 0.5–1.5 to better account for the variability in HVAC system consumption patterns and provide a more adequate buffer. When assessing capacity performance, Weather scaling factors, similar to what ERCOT uses for Weather-Sensitive ERS could be used to right-size performance in any given event. For example, if a site performs at 250kW on a 35 degree day, but 350 kW on a 40 degree day, its capacity performance is taken from the hotter day.

General Comments/Feedback