

Feedback Form

eDSM Commercial HVAC DR Program: Design Updates & Next Steps – October 16, 2025

Feedback Provided by:

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Date: November 4, 2025

To promote transparency, feedback submitted will be posted on the engagement page unless otherwise requested by the sender.

- ☐ **Yes – there is confidential information, do not post**
☒ **No – comfortable to publish to the IESO web page**

Following the eDSM Commercial HVAC DR Program: Design Updates & Next Steps (October 16, 2025), engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed. The presentation and recording can be accessed from the [Electricity Demand Side Management \(eDSM\) Framework](#) engagement webpage.

Note: The IESO will accept additional materials where it may be required to support your rationale provided below. When sending additional materials please indicate if they are confidential.

Please submit feedback to engagement@ieso.ca by November 5, 2025.

General Comments/Feedback

Baseline Methodology

Weather-normalized baseline, will the IESO publish the baseline model or parameters so that participants can simulate their expected performance? Access to the same temperature adjustments and regression method would allow program participants to validate how their actual load would be modeled into a baseline. We would also appreciate clarity on whether there will be an opportunity to review and validate the baseline methodology with participants ahead of the program's full launch. Establishing a transparent process to address concerns or discrepancies early on will help ensure confidence in the fairness and accuracy of performance measurement from day one.

Incentive Structure (Enabling Payment)

The eDSM team proposes a \$20/kW "enabling incentive" for first-time contributors. We appreciate the intent to offset upfront metering and controls costs, but we seek transparency on how this level was determined. Was the \$20/kW benchmark based on analysis of actual equipment or installation costs? Did IESO review what other provinces' running a similar program set the incentives to when setting this amount? It would be helpful to know if programs like BC Hydro's or Nova Scotia's were considered. We also request clarity on eligibility: what exactly qualifies a contributor as "first-time"?

Capacity Payment and Small-Scale Participation

The program links seasonal payments to the IESO Capacity Auction clearing price, when applied to smaller contributors, particularly those with limited curtailment capacity, the combined seasonal and enabling incentives may fall short of covering the actual costs associated with technology upgrades, site coordination, and ongoing participation. For many commercial buildings in this situation, the financial return may not justify the effort and investment required to take part in the program.

We are concerned that smaller commercial sites may find this signal too weak to participate. In practice, smaller contributors face proportionally higher per-kW costs (for controls, verifications, etc.). If the capacity-based reward is minimal, even with the enabling bonus, small facilities may conclude the payback is too long. We suggest IESO consider whether the current model (one flat seasonal payment plus a one-time bonus) will truly motivate broader participation. At minimum, we encourage IESO to increase the capacity payment and not tie the price to the Capacity Auction clearing price.

Comparison to Other Jurisdictions

By comparison, other jurisdictions have offered significantly higher incentives. For example, Nova Scotia's recent DR initiative pays **\$100/kW** for DR capacity, and BC Hydro's program offers roughly **\$50/kW**. These programs demonstrate that industrial and commercial participants can receive a much stronger upfront signal. We urge IESO to recognize these differences and consider whether Ontario's proposed incentives will be competitive enough. Ensuring that the payment levels are in line with peer programs could help attract early adopters and build momentum.

Thank you for considering these comments. Rodan commends IESO's efforts to develop the Commercial HVAC DR program and look forward to continued collaboration to ensure it succeeds.