

Energy Payments for Economic Activation of Demand Response Resources – Review of Brattle Report

May 21 2020

Purpose

- To provide stakeholders with an opportunity to ask questions on the final Brattle report entitled “Demand Response Energy Market Payment Options in Ontario” and outline next steps

Agenda

- Re-cap of objectives of Brattle report
- Re-cap of February stakeholder meeting
- Stakeholder Q&A on Brattle report (The Brattle Group)
- Next steps

Re-Cap: Objectives of Brattle Report

- Brattle's report was conducted to inform IESO and stakeholder discussions on whether and how energy market payments for demand response resource activation should apply in Ontario
- The report accomplishes this by informing the following questions:
 - What is the history and current status of demand response programs in Ontario?
 - What are the economic principles and practical considerations governing demand response dispatch?
 - How do other jurisdictions' energy markets compensate demand response energy activations?
 - What are the demand response compensation options for Ontario?
- Additionally, the report looks at other options to more fully enable demand response resources to participate in the wholesale energy market, which may help inform the participation model in the longer term

Re-Cap: February Meeting

- At the February stakeholder meeting, Brattle presented preliminary findings from its report
- These preliminary findings focused on Brattle's assessment of the following compensation options:
 - a) Status Quo
 - b) Wholesale price of electricity above a customer benefits threshold price
- Stakeholders expressed interest in learning more about the calculation of a customer benefits test in Ontario, which is a component of compensation option b)
 - These details have been provided in Appendix B of the Brattle report

Stakeholder Q&A on Brattle Report

- The Brattle report entitled “Demand Response Energy Market Payment Options in Ontario” has been posted on the engagement web page
- Johannes Pfeifenberger from The Brattle Group will provide a brief overview of the report’s recommendations and answer stakeholder questions

Next Steps

- While discussion of energy payments (i.e., payment at wholesale electricity price subject to customer benefit test) for demand response resources is complete, the IESO proposes the following next steps to discuss other Brattle report recommendations:
- Shut-down costs:
 - IESO has expanded the scope of this engagement to include shut-down costs (refer to second agenda item for this meeting)
- Payments to demand response resources that are not exposed to the wholesale electricity price (where the commodity cost is removed from the payment amount) **and** other options to more fully enable demand response resources to participate in the wholesale energy market:
 - Further discussion through the Demand Response Working Group to understand the value and stakeholder interest of these items in Ontario
 - The IESO views these recommendations as possible considerations in the longer term (i.e., post market renewal) to inform a future demand response participation model

QUESTIONS?