

Stakeholder Feedback and IESO Response

Interruptible Rate Pilot: Overview of Draft Rules and Contract – February 7, 2023

Following the February 7, 2023 engagement webinar on the Interruptible Rate Pilot (the “Pilot”), the Independent Electricity System Operator (IESO) received feedback from participants on how the design proposal was captured and detailed in the draft Pilot documents.

The IESO received public feedback submissions from:

- [AMPCO](#)
- [Atura Power](#)
- [EnPowered](#)
- [General Motors of Canada](#)
- [Siemens Canada](#)
- [StormFisher Hydrogen](#)

The presentation materials and stakeholder feedback submissions have been posted on the [Interruptible Rate Pilot engagement page](#). Please reference the material for specific feedback as the below information provides excerpts and/or a summary only.

Notes on Feedback Summary

The IESO appreciates the feedback received from stakeholders. A summary of the feedback on the draft Pilot documents is provided below, together with the IESO’s responses. Stakeholder feedback in respect of a future interruptible rate pilot or program that is tailored for hydrogen producers is not included in this summary, but is appreciated and will be considered as the IESO continues to engage with the hydrogen sector stakeholders.

Draft Pilot Rules

Most stakeholder feedback submissions included comments on the draft Pilot Rules, the majority of which were questions seeking to clarify the impact of one or more provisions in the draft Pilot Rules, as summarized in the table below. One submission sought clarity on the rationale for a particular provision in the draft Pilot Rules, and two other submissions included general comments for consideration with respect to the draft Pilot Rules.

Capitalized terms used but not defined in this document have the meaning ascribed in the Pilot’s Appendix 1 – Standard Definitions document posted on the [Interruptible Rate Pilot engagement page](#).

Feedback	IESO Response
Clarity was sought on the rationale for the requirement of Dispatchable Loads to remove Operating Reserve Offers for the entire day if a Long-Notice Event is called.	The IRP Contract has been revised to require that Operating Reserve Offers be removed for any hour that is an Interruption Hour (regardless of whether in respect of a Short-Notice Event or Long-Notice Event). This change has been captured in section 2.5(b) of the IRP Contract.
With respect to section 10.1 Assignment and Change of Control of the Pilot Rules, it was suggested that Applicants should have the ability to assign their Application to an Affiliate similar to the provisions for a Participant to assign the Agreement outlined in the IRP Contract sections 13.5 (b) and 13.6 (b).	As the time period between the Application submission to the contract offer and execution is fairly short (i.e., March 2023 to May/June 2023), the IESO is not anticipating a need for Applications to be assigned prior to contract execution. Following contract execution, the Assignment and change of Control provisions in the IRP Contract will apply.
Does an Applicant have to be a Market Participant under the IESO Market Rules at the time of application or can the Applicant become a Market Participant at a later date, if offered an IRP Contract.	In the final versions of the Pilot Rules and IRP Contract, it is clarified that Applicant is not required to be a Market Participant when the Application is submitted, but must commit in writing to becoming a Market Participant on or before the Market Participation Deadline.

Feedback	IESO Response
<p>Clarity was sought on incentive payments and the treatment of interruptible loads greater than 50 MW, and included the following questions:</p> <p>Will there be a cap on incentive payments? I.e. can a customer with more than 50 MW of interruptible load be allowed to contract for 50 MW while still gaining benefit from additional load they can remove from the grid? Can incentive payments be used to make it economical for interruptible loads over 50 MW to participate?</p> <p>Related to above: if a customer has significantly lower "Status Quo GA Costs" from ICI than with the IRP, will that be accounted for? Can they still get cost savings through ICI from dropping below a max interruptible demand of 50 MW during events?</p>	<p>A Load Facility participating in the Pilot with 50 MW of Interruptible Demand would receive an Over-Performance Adjustment if it reduces Actual Demand in Interruption Hours below the Over-Performance Threshold.</p> <p>Please note that the Over-Performance Factor is set at 0.90, which reduces the benefit of the Over-Performance Adjustment. Please see section 1 of Exhibit F – <i>Calculation of Monthly Settlement</i> in the Pilot Contract for further details.</p> <p>As per section 2.2(h) of the Pilot Rules, a Load Facility participating in the Pilot must do so with the entirety of its Peak Demand (i.e. no "partial participation"). This means that the Load Facility cannot participate in Industrial Conservation Initiative (ICI) with part of its Demand and in the Pilot with another part of its Demand. Additionally, the Load Facility's Demand cannot be subject to an Existing Contract as outlined in section 2.2(l)(i) of the Pilot Rules.</p>
<p>A stakeholder asked whether event specific interruption conditions will be posted for each individual event, or just a general list of possible ones.</p>	<p>Exhibit E of the IRP Contract - <i>Interruption Conditions and Procedures for Interruption Events</i> will outline the Interruption Conditions in response to which the IESO may (but would not be required to) declare Interruption Events. Please note that an up-to-date version of the exhibit will be housed on the Pilot's Website (and Exhibit E of the IRP Contract will point to the Website).</p> <p>At this time, the specific Interruption Condition(s) in respect of an Interruption Event is not expected to be referenced in Interruption Notices.</p>

Feedback	IESO Response
<p>One stakeholder commented that the 25% load reduction will be a challenge when running three-shifts (24hrs/day).</p>	<p>Note that the eligibility requirement in section 2.2(g) of the Pilot Rules requires that Interruptible Demand be equal to at least 25% of its Peak Demand for at least four (4) consecutive hours. As noted in Appendix 1 – Standard Definitions, Interruptible Demand is equal to the difference between the Peak Demand and Contract Demand. Please see slide 28 of the February 7, 2023 presentation for a diagram illustrating these concepts. Additionally, please note that an Interruption Event may be declared at any time of day if any of the Interruption Conditions (as outlined in Exhibit E of the IRP Contract) is present on the Ontario Transmission System or in any applicable IESO Electrical Zone.</p>
<p>With respect to slide 16 of the February 7 presentation, clarity was sought on what it means that the facility must be able to participate with its entire peak demand.</p>	<p>As per section 2.2(h) of the Pilot Rules, a Load Facility participating in the Pilot must do so with the entirety of its Peak Demand (i.e. no “partial participation”). This means that the Load Facility cannot participate in ICI with part of its Demand and in the Pilot with another part of its Demand. Additionally, the Load Facility’s Demand cannot be subject to an Existing Contract as outlined in section 2.2(l)(i) of the Pilot Rules.</p>
<p>Can a load facility receive benefits under the Northern Energy Advantage Program (NEAP) and also participate in the pilot?</p>	<p>Yes, Load Facilities may have contracts under the NEAP and also be eligible to participate in the Pilot.</p> <p>Participation in the NEAP does not meet the definition of an Existing Contract under section 2.2(l)(i) of the Pilot Rules. An Existing Contract is defined as any physical or financial purchase contract for energy, capacity, or ancillary services or any other contractual arrangement with the IESO, a Transmitter or a Distributor in respect of the Facility’s Peak Demand.</p>

Draft Pilot Contract

Two stakeholder feedback submissions included feedback on the draft Pilot Contract. These points are summarized in the table below.

Feedback	IESO Response
<p>One stakeholder suggested that if a facility is overachieving or underachieving a contracted demand outside of the dead-band, the amount deducted or incented in both scenarios should be the same.</p>	<p>Please note that there is a symmetry in the Non-Performance Adjustment and the Over-Performance Adjustment.</p> <p>The Non-Performance Factor is set at 1.1 and the Over-Performance Factor is set at 0.9. The factors have, in effect, a 10% impact regardless of the direction of the adjustment.</p>
<p>A risk participants face is having consecutive days with events. The Pilot contract seems to allow up to 15 events per year in the pilot to take place in successive days.</p>	<p>Thank you for this feedback.</p> <p>As stated in the February 9, 2023 directive from the Minister, the Pilot is intended to enhance demand management on the electricity system with the potential to reduce the cost of Electricity service for all consumers.</p> <p>To reduce this cost, the IESO is seeking to have Interruptible Demand available during periods of system stress, which often span several days.</p> <p>The inclusion of the Non-Performance Adjustment in the Pilot recognizes that Participants may not be able to respond to all Interruption Events.</p> <p>That said, for the purposes of this Pilot, the IESO has revised the IRP Contract to limit the number of consecutive days with Interruption Events to three (3) – please refer to section 4.2(d) of the IRP Contract.</p>

Draft Forms

Only one stakeholder feedback submission included feedback on the draft forms, and those points are summarized in the table below.

Feedback	IESO Response
<p>It was noted that the Application Form is difficult to follow and fill in, and that less of the form contents are being auto-populated by IESO than was expected.</p> <p>It was further noted that the Load Reduction Plan is also a very detailed document to fill in.</p>	<p>Thank you for this feedback. A revised, final Application Form has been posted.</p> <p>The information sought in the Application Form and Load Reduction Plan is required to establish that the Applicant has satisfied all of the Eligibility Requirements and for the ranking and selection of Applications.</p>

General Feedback/Comments

One stakeholder feedback submission included a general question, which is detailed in the table below.

Feedback	IESO Response
<p>One stakeholder inquired whether the load drop from the IRP will be considered reliable enough to be accounted for in capacity needs for the Capacity Auction, or into demand forecasts.</p>	<p>The questions relate to matters that will be investigated as part of the Pilot, to support the IESO in appropriately integrate an enduring interruptible rate program in its systems and processes following the Pilot.</p>