

IESO York Region Non-Wires Alternatives (NWA) Demonstration Project and Innovation and Sector Evolution White Papers – Feedback Form

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Following the December 12, 2019 public webinar outlining the concept design of the IESO York Region NWA Demonstration project and the white papers on NWA Markets and Transmission-Distribution Interoperability, the IESO is seeking feedback from participants on the draft white papers and specifically on the design of the demonstration project.

Feedback received will be considered in order to shape the design for the demonstration project, including processes, timelines, resource eligibility, and service agreement of the demonstration. The IESO will work to consider and incorporate comments as appropriate and post responses on the engagement webpage.

The referenced presentation and white papers can be found under the December 12, 2019 entry on the [Innovation and Sector Evolution White Paper Series Engagement Webpage](#).

Please provide feedback by January 10, 2020 to engagement@ieso.ca. Please use subject: Feedback: IESO York Region NWA Demonstration Project. To promote transparency, this feedback will be posted on the [Innovation and Sector Evolution White Paper engagement page](#) unless otherwise requested by the sender.

Thank you for your time.

IESO York Region NWA Demonstration Project

Topic	Question	Feedback
Concept Design of York Region NWA Demonstration Project	How can participation in the demonstration auction be maximized?	To ensure competition can be maximized and efficiency is achieved in this initial demonstration project, Enel X recommends that the IESO/Alectra share the breakdown of load in the region. Once capacity has been awarded in the auction, all participants with a supply obligation should be given the list of customers for the region. In other jurisdictions with similar type programs/partnerships this does occur including Consumers Energy in Michigan and Tucson Electric Power in Arizona.

What are challenges/opportunities to the adopted T-D model?

Enel supports the adoption of the Independent DSO model. This will enable competition among 3rd party developers/aggregators and provide a level playing field.

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Are demonstration timelines reasonable?

For Demand Response resources (independent and through aggregation) the timelines (Q4 2020 to May 1, 2021) are reasonable. However, if the resource requires capital expenditure, then with the current utility CIA timelines and processes, resources such as behind-the-meter battery energy storage systems (BESS) may not be installed in time for the beginning of the delivery period. Under the current regime, for capital intensive DERs such as batteries, Ontario project developers need approximately 9 to 12 months to site, receive approvals and install projects. If the proposed timelines remain, then Enel X recommends that projects in the territory that receive an obligation be 'fast-tracked' and readiness for May 1st, 2021. Enel X also recommends that HONI work in tandem with Alectra to ensure projects are able to meet the demonstration timelines. Finally, Enel X recommends that interconnection progress reports to the IESO be mandated to ensure that interconnection and permitting delays are handled in a timely manner.

Are the proposed eligibility requirements reasonable?

Enel X questions the ability to not be able to participate in the IAMS as well as the York Demonstration Project. The ability to 'stack' revenues and values ensures an efficiency for the resource, as well as the system operator. Similar 'pilots' such as Con-Ed BQDM have allowed resources to participate in the utility market as well as the NYISO administered markets.

Are there other issues that are important to the success of the demonstration?

Enel X recommends that the IESO review the financial parameters of the Con-Ed BQDM projects. If the IESO is seeking to have the supply obligations filled by demand response resources, then the compensation model (local energy/capacity) will work. However, if the IESO expects capital intensive projects to participate such as BTM BESS or non-dispatchable DERs, then it may be more appropriate to use a up-front compensation model. BQDM awards dollars up front for the capital costs in exchange for a defined availability requirement over a number of years, while also allowing projects to earn energy/capacity market revenues from the utility. These revenues are in addition to revenues from other markets such as participation in the energy and Ancillary Services markets; but allow capital-intensive projects to competitively bid. With this model, ConEd is avoiding a \$2B investment in transmission infrastructure in the Brooklyn/Queens neighbourhood.

Additionally, Enel X encourages that the IESO explore secondary market structures such as the Value of Distributed Energy Resources ("VDER") tariff currently employed by Con-Ed. This tariff specifies a tariff-based value – often based on prevailing market rates – which

allow the further expansion of DERs up to a defined capacity limit in localized networks.

NWA Markets White Paper	Are there other concepts from the NWA Markets White Paper that are worthwhile to explore in the demonstration?	Other system operators like PJM have explored the ability to aggregate resources of different types in the capacity market, such as variable generation sources like wind and solar with DERs or with Demand Response. Exploring this type of market participation further could lead to an increased participation of DERs in the Ontario IAM and local markets.
Transmission-Distribution Interoperability White Paper	Are there other concepts from the Transmission-Distribution Interoperability White Paper that are worthwhile to explore in the demonstration?	Enel X supports the objectives of the Interoperability White Paper; but, encourages the IESO to consider the impact of additional telemetry requirements on the cost of DER project installations. Where possible, Enel X encourages the usage of shared frameworks for providing telemetry to system operators.

General Comments/Feedback:

Enel X, part of the Enel Group, is a trusted partner helping Ontario enterprise develop, execute and refine customized energy management strategies to reduce costs, and manage risk. Enel X is the global leader in demand side flexibility services, providing large energy users and businesses access to more demand response and demand management participation in markets worldwide than any other provider.

Enel X supports the concept of the York Region NWA Demonstration Project and will continue to work with IESO and other stakeholders to move forward ideas, projects and markets that support transparency, efficiency and competition for the benefit of the electricity system and the ratepayer.