

Feedback Form

White Paper Part II: Exploring Expanded DER Participation in the IESO-Administered Markets – November 19, 2020

Feedback Provided by:

Name: Katherine Hamilton

Title: Executive Director

Organization: Advanced Energy Management Alliance

Email: [REDACTED]

Date: December 9, 2020

Following the November 19, 2020 webinar to discuss Part II of the Exploring Expanded DER Participation in the IESO-Administered Markets white paper, the IESO is seeking feedback from participants on the draft paper, including on the participation options, which will inform planning for future work to enable DERs. The IESO will work to consider feedback and incorporate comments as appropriate and post responses on the engagement webpage.

The referenced presentation can be found under the November 19, 2020 entry on the [Innovation and Sector Evolution White Paper Series webpage](#).

Please provide feedback by December 10, 2020 to engagement@ieso.ca. Please use subject: *Feedback: DER White Paper*. To promote transparency, this feedback will be posted on the [Innovation and Sector Evolution White Paper Series webpage](#) unless otherwise requested by the sender.

Thank you for your time.

DER Participation in IAMs

Topic	Feedback
Which of the options would be most effective to encourage DER participation in the IAMs? Why?	<p>AEMA supports the options documented in the DER White Paper and the recognition that FERC 2222 has now required wholesale market operators in the US FERC jurisdictions to create participation models for DER aggregations. AEMA recommends that IESO continue to follow the progress being made at the ISOs as they develop their FERC 2222 compliance, while continuing to work with Ontario Market Participants and interested stakeholders to develop an Ontario DER participation model.</p> <p><i>Adjusting the minimum size threshold</i> – Enabling resources < 1 MW to participate in the IAMs is key for extracting value from current and future resources that will be installed in Ontario. The electricity system is moving away from large-non flexible resources towards small, flexible de-centralized supply resources. IESO has recognized this through the implementation of a LMP under MRP; other ISOs have recognized this by reducing minimum size to 100 kW. To enable valuable resources the ability to participate and therefore provide value to the IAM, the minimum size should be lowered.</p> <p><i>Permitting alternative telemetry sources</i> – New sources of data collection needs to be enabled as alternative telemetry sources can reduce complexity and expense which would make participation in the wholesale market more economically viable. This starts with the idea that IESO does not need a communication stream from each resource. Under an aggregator model, the aggregator provides the data. A balance needs to be struck between the operation of the system and the resource’s delivery of commodity or services (ie. different requirements for regulation service versus 30 minute operating reserves).</p> <p><i>Modify Aggregation Composition</i> – The aggregation model puts the responsibility to meet the dispatch notice/capacity obligations with the aggregator. The incentive schemes that exists today in the Capacity Auction demonstrates the need for the aggregator to ensure it ‘shows up’. By allowing the aggregator to be the participant, the IESO should remove itself from ‘looking inside’. By moving to a ‘virtual power plant’</p>

Topic	Feedback
	model, the IESO will need to value the response and not how it was achieved. This is not a new concept; it is a practice other jurisdictions have used for many years including PJM.

Potential Impacts to Stakeholders

Topic	Feedback
Are there additional potential impacts to stakeholders that have not been explored in the white paper?	Competition and a 'level playing field' need to be top priorities for the implementation of DERs and a DER strategy. If there are limits to competition, then the market will be negatively impacted. It is important that greater clarity and certainty are provided to regulated entities, non-regulatory utility affiliates and third-party energy service providers, to ensure all parties are competing on a level playing field. This will lead to customer protection in the rapidly changing and increasingly competitive energy markets. Transparency and accountability are key to ensure that competitive affiliate service companies are not subsidized by the regulated utility, resulting in an inefficient market, which could lead to higher costs borne by the ratepayer.

Implementation Considerations

Topic	Feedback
Are there additional implementation considerations that have not been explored in the white paper?	<p>To ensure effective implementation of DER resources, AEMA recommends the following points be considered:</p> <p>Transparency and Decision Making: To enable an understanding of risk to the market participant, reforms need to occur with governance and the decision making process. Please refer to the December 3rd presentation by AEMA at the DRWG.</p> <p>Enabling Measurement and Verification Alternatives: Best practices for M&V need to be introduced for DER resources (including the HDR resource). This includes the evaluation of baselines calculations and the impact of in-day adjustments; choice for baselines; and the allowance of multiple aggregations per zones.</p>

Looking Ahead to Implementation

Topic	Feedback
Which wholesale products/services would DER owners/aggregators seek to provide in the IAMs if these options were implemented in the future? Using what technologies? Are there specific options that would allow these products/services to be offered?	AEMA is focused on enabling the participation of all resource types that can provide value to the IAMs and that are technically capable. This includes: <ul style="list-style-type: none">- Eliminating data barriers to enable residential DR to participate in the Capacity Auction- Allowing aggregated HDR to participate in Operating Reserve similar to other markets- Decreasing minimum participation size of dispatchable loads to allow for participation in energy and OR of smaller demand side resources including those with behind-the-meter energy storage systems- Non-wire alternatives for transmission needs – procurement of energy storage.

General Comments/Feedback

Advanced Energy Management Alliance (“AEMA”) is a North American trade association whose members include distributed energy resources, demand response (“DR”), and advanced energy management service and technology providers, as well as some of Ontario’s largest consumer resources, who support advanced energy management solutions due to the electricity cost savings those solutions provide to their businesses. The comments herein represent those of the organization, not those of any individual member.