

Feedback Form

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

Feedback Provided by:

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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 17, 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?	The EDA anticipates that LDCs will evolve concurrent with the proliferation of DERs, e.g., becoming distribution system operators, and look forward to reviewing options that support this evolution.

Potential Impacts to Stakeholders

Topic	Feedback
Are there additional potential impacts to stakeholders that have not been explored in the white paper?	<p>Among the impacts not identified or adequately scoped in the paper are:</p> <ul style="list-style-type: none"> • the need for amendments to the statutory framework (e.g., so that distribution-integrated resource planning can support LDCs owning and operating DERs, whether connected directly to the distribution system or behind-the-meter; to eliminate restrictions based on capacity). • The position of the IESO's operating demarcation point appears to be solely within its discretion and control. We encourage the IESO to revisit this position. • Whether the IESO can procure DERs or DER provided services through centralized procurements • Whether the ownership of a DER is a relevant consideration (e.g., LDC ownership vs third-party ownership) • The IESO's dispatch systems are claimed to have capacity constraint that are neither scoped nor quantified; the EDA proposes that the IESO quantify the maximum number of devices that it can dispatch and the processing time that would be required to generate dispatch instructions to every device. • The IESO's materials reference that more market participants increase competitiveness. What the IESO's materials do not address is whether including DERs in the IESO administered market will have a significant or material impact on competition, and conversely if the IESO is concerned that its market lacks adequate levels of competition that can only be addressed by permitting DERs to participate. • The IESO's materials explore whether to permit DERs<1MW to participate and whether to permit small devices to aggregate. A complete analysis would also consider the impacts to the marketplace of lowering the minimum size constraint that generators must satisfy and the impact of permitting the aggregation of small generators.

Implementation Considerations

Topic	Feedback
Are there additional implementation considerations that have not been explored in the white paper?	<p>Two overarching questions are left unanswered in this white paper.</p> <p>Question 1: What is the inherent need of DERs to participate in the IAMs?</p> <ul style="list-style-type: none"> The EDA proposes that DER owner/operators should have the choice of who issues dispatch instructions to their device(s), and not that the IESO should have the ability to 'reach into' the LDC's service area when issuing dispatch instructions. LDCs have specific operational issues to manage and the value proposition of the DER will differ depending on whether it is to be used to address a distribution issue, a transmission issue or a supply issue. <p>Question 2: What is the maximum number or capacity of DERs that the IESO can dispatch and how much time does the IESO require to prepare dispatch instructions?</p> <ul style="list-style-type: none"> LDCs and DERs will need to understand the IESO's requirements and capabilities to develop the appropriate tools that will enable DERs to effectively participate in their chosen market. Quick response resources will be advantaged in the Enhanced Real-Time Unit Commitment if dispatch instructions take hours to prepare such that the data supporting the instructions is effectively stale.

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?	<p>The EDA suggest that the IESO prepare that DERs generally can provide any and all of the products/services that are the subject of IAM. Some DERs will be capable of instantaneous responses in energy markets and others will be capable of participating in black start markets. The IESO should consider whether its products/services markets are designed too narrowly for DERs to participate (e.g., rotating machine Operating Reserve excludes photovoltaic devices, several storage technologies would need to be coupled with suitable inverters to participate in such a market).</p>

General Comments/Feedback

LDCs can effectively own and operate and host DERs and may eventually become distribution system operators. DER owners should be able to choose which markets they participate in. LDCs are best positioned to maximize the value and benefits of DERs to distribution systems and to the customers served by those systems. LDCs are uniquely able to coordinate the dispatch DERs, either at the device specific level or in aggregate to manage power flows so that customers are served safely, reliably and at the lowest sustainable cost.

LDCs will work with their customers, DER proponents and other third parties, and utilize their own assets, including DERs, to benefit all parties.

We encourage the IESO to explore all options that foster the responsible adoption of DERs, whether connected to the IAM or a distributor's infrastructure.