

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 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?	A way for DER's, either directly, through an aggregator, or perhaps through the LDC's to participate in the IAM is most beneficial as it will give access to thinks like capacity auctions, operating reserve revenues etc. Most important is the certainty of revenue sources for potential DER owners as they are much less likely to invest (than say larger merchant players) without more certainty, either through longer term auctions, contracts and other revenue sources.

Potential Impacts to Stakeholders

Topic	Feedback
Are there additional potential impacts to stakeholders that have not been explored in the white paper?	Given that many/most DER's are connected at the LDC level, there is a structural rates problem with the LDC's. LDC's return on investment is based on asset base ... poles and wires. DER's can reduce the need for LDC investments and growth, so they are not motivated and in fact disincentivized to adopted DER's in their areas.

Implementation Considerations

Topic	Feedback
Are there additional implementation considerations that have not been explored in the white paper?	Not discussed is the rates issues faced by DER owners from the LDC's. Costs like standby charges and gross load billing are a major impediment to DER growth.

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?	DER's can provide things like operating reserve, power factor correction, demand response. Capacity (either through auctions or fixed contracts) of course would also be available from DER's if permitted.

General Comments/Feedback

In summary,

- 1) DER's are now generally acknowledged across North America as a group of technologies that can be at a scale to have meaningful and important contributions to the overall electrical system
- 2) DER's in Ontario are still relatively small due to
 - a. Structural disconnect with LDC's ... they earn a rate of return on invested assets .. and DER at the margin decreases the level of invested assets for the LDC's. Many LDC's say they welcome DER's, but some don't really welcome the added complexity and potential impact on rate of return.
 - b. Confusing rules and challenges with connections
 - c. Risk of rate & policy changes
 - d. Uncertainty and high costs around proposed/actual standby charges and/or gross load billing. LDC's continue to push for full cost recovery without any recognition of DER benefits and diversity of resources
 - e. Inability for DER's to get full value from such things as operating reserve or participate in capacity auctions.