

IESO Demand Response Working Group Update

April 28, 2020

The IESO is continuing to adapt to the COVID-19 situation by being flexible to stakeholders' needs during this time and by utilizing various mediums to keep stakeholders informed and engaged. The purpose of this document is to update Demand Response Working Group (DRWG) stakeholders on the work that is being done to move the 2020 DRWG Work Plan items forward and other items that have been discussed in this engagement forum. This update and related materials can be found on the [DRWG web page](#). Questions and feedback on the information included in this newsletter update can be sent to engagement@ieso.ca and if a discussion is needed, teleconferences can be organized with relevant IESO staff.

Message from Demand Response Working Group Chair – Candice Trickey

It has been approximately two months since our last DRWG meeting in February and now that things have settled into a new normal, I thought it was a good time to provide an update on what has been happening at the IESO and in the demand response sector from our perspective. First, an update from me, I've moved into a new role that was previously held by Jessica Savage, as Director of Corporate and Regulatory Affairs. Jessica Savage will now lead the IESO's Innovation, Research and Development efforts while Katherine Sparkes is on maternity leave. While this means a different portfolio of files, some new and some familiar from previous roles at the IESO, I will retain my position as Chair of the DRWG and look forward to continuing the progress we have made on the important work taking place in this forum.

During these weeks of quarantine, we've been monitoring developments in the demand response sector and have tried to stay in touch with stakeholders. We recognize that many Demand Response Market Participants (DRMPs) are experiencing challenges due to the continuing impact of COVID-19. As communicated on April 20, the IESO encourages DRMPs to submit a Notice of Force Majeure if COVID-19 is adversely affecting their performance and the ability to meet their obligations secured in the December 2019 Demand Response Auction. The IESO also recognizes that there may be other challenges over the next few months and would like to have further discussion with the DR community to both fully understand the concerns and develop solutions to mitigate these concerns. We will be scheduling a meeting as soon as possible to further discuss the issues that the DR community is experiencing due to the health crisis.

Regarding DRWG initiatives, I am pleased to report that the 2019 work plan initiatives are now effective as per the market manuals posted on the IESO website, as part of the most recent baseline process. This includes the following initiatives:

- HDR Out of Market Activation Payments
- HDR Testing
- Meter Data Management, Contributor Management, VEE Methodology and DR Audits

As for the ongoing work on the 2020 work plan initiatives, we hope that you find this written update and accompanying materials useful.

COVID-19 Ontario Electricity System Impacts

The IESO control room is starting to notice new electricity demand patterns emerging during the pandemic, with greater residential electricity use and the weekday morning peak occurring later and ramping up more gradually. More information on this can be found [here](#).

On April 23, the IESO delivered a public webinar on how the IESO is actively assessing the impact of COVID-19 by closely monitoring demand, revising forecasts, adapting business practices and responding to changing system needs. A recording of this webinar can be found [here](#).

Stakeholder Engagement Update

In recent months, the IESO has heard from stakeholders that there is a need for greater coordination in the IESO's engagement activities to increase the efficiency of engagements and provide increased clarity to stakeholders regarding how engagements fit together. To respond to this, the IESO has launched a new [stakeholder engagement framework](#). Upcoming DRWG meetings will be scheduled on the engagement day dedicated for IESO advisory and working group meetings. The next DRWG webinar will be scheduled for the advisory/working group engagement day in June, which has yet to be confirmed. DRWG stakeholders will be notified when the date is set and how to register for the session.

Feedback and Action Items from Previous DRWG Meetings

Feedback and IESO Response from February 25 DRWG Meeting

At the February 25 DRWG meeting, the IESO presented its plan to address the 2020 DRWG Work Plan priority items including plans to investigate current baseline methodologies and the in-day adjustment factor for hourly demand response resources. As part of this presentation, found [here](#), the IESO requested feedback from stakeholders on the jurisdictional scan that the

IESO would conduct to inform the development of options to address these items, specifically whether there were any jurisdictions the scan should focus on aside from the methodologies used in PJM and MISO's markets. Two stakeholders, Advanced Energy Management Alliance (AEMA) and Rodan, provided feedback in response to this request. Below is the IESO's response to this stakeholder feedback.

Stakeholder	Feedback	IESO Response
AEMA	Regarding the 2020 DRWG work plan, although ranked as a "secondary level of focus", the need to reduce barriers to residential DR is still a top priority for AEMA members. Efficient data access, such as Green Button Connect, is key for DR to thrive in Ontario. AEMA recommends that IESO and the Ministry of Energy, Northern Development and Mines work together to move forward on reducing barriers to data access; AEMA welcomes updates at the DRWG as well as an opportunity to provide input to the Ministry.	This initiative has been given a secondary focus in 2020 as work plans must be balanced against other IESO priorities and resource constraints. The IESO is open to giving this initiative more focus once the other two work plan initiatives have been completed and move to implementation as required.
Rodan	Regarding the baseline methodology jurisdictional scan, in addition to MISO and PJM, consider: - NYISO: Last 10 days used for baseline, 2 hour IDA window. - ISO-NE: Highest 10 of last 30 days, 3 interval IDA window.	These jurisdictions have been added to the scan.
Rodan	Regarding DR Market Rule/Manual changes Four change documents pending:	The June 2020 Capacity Auction design required capacity storage resources to register as dispatchable resources, therefore, standby and activation notices would not apply. HDR resources

Stakeholder	Feedback	IESO Response
	<ul style="list-style-type: none"> - HDR Out-of-Market Activation Payments - looks okay, payments will even playing field with generators - Updates to Defined Terms - looks okay - Changes to Capacity Auction Settlements - looks okay - Changes to Satisfy a Capacity Obligation - storage gets 1 hour activation notice vs 2.5 for loads – is standby different as well? 	<p>receive standby notification by 7 am day at hand and are activated 2.5 hours prior to the activation hour.</p>

Action Items from February 25 DRWG Meeting

During the DR Testing Update presentation at the February 25 meeting, there were two requests by stakeholders that the IESO committed to provide a response on. These two requests and the IESO’s response is provided below.

Stakeholder Request: Can the IESO provide DRWG stakeholders with testing analysis, similar to this presentation, based on the new DR testing criteria that allows HDR resources to qualify for 1-hour tests? DRWG stakeholders may be able to determine if the new testing rules may promote a better testing response.

IESO Response: This request is in reference to the [proposed changes for HDR testing](#) presented at the September 2019 DRWG meeting. Following this meeting, the IESO posted [testing scenarios and illustrative examples](#) on the DRWG webpage. If the new HDR test criteria was applied to the same Summer 2019 DR test results, 11% of HDR resources would qualify for reduced testing for the next obligation period. Some additional considerations to note:

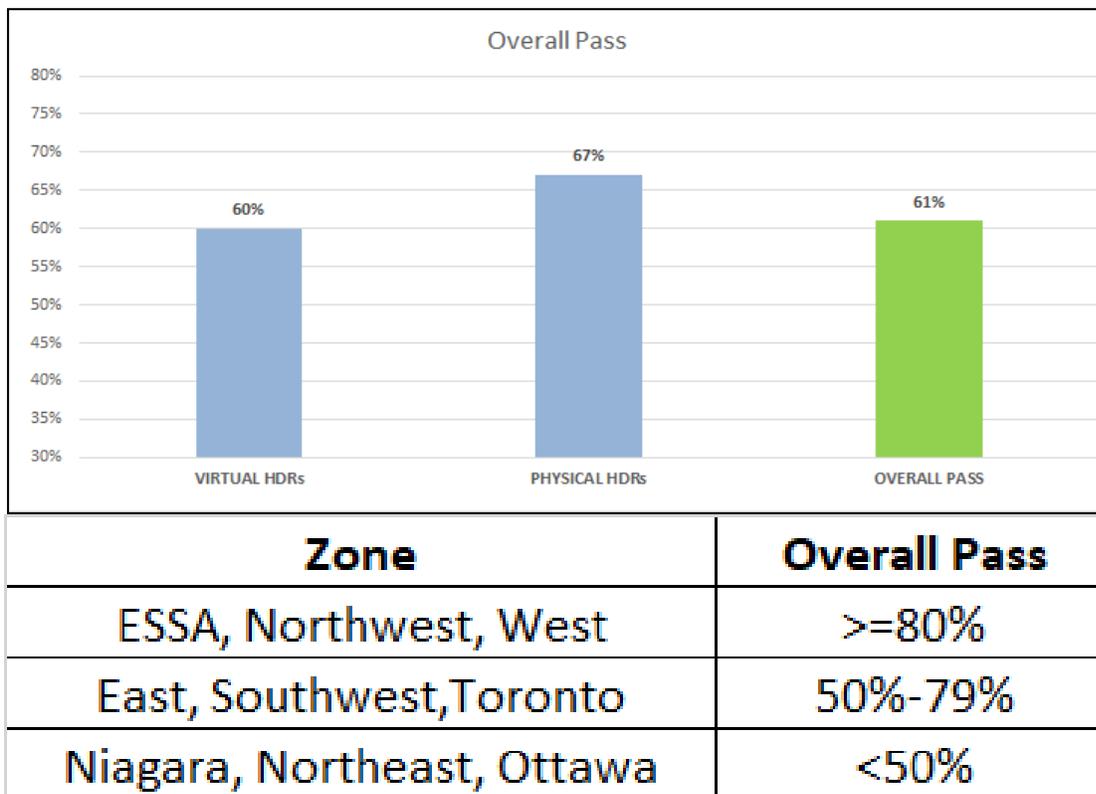
- Compared to the current HDR testing methodology, performance under the new HDR testing is based on delivering capacity obligation instead of bid quantity
- In most cases, HDR resources bid less than their capacity obligation during test days
- With the new HDR testing criteria, HDR resources may still fail to qualify for reduced testing even if they do not receive capacity/dispatch charges because settlement charges are calculated based on an HDR resource’s ability to deliver bid quantity



Stakeholder Request: Can the IESO provide the detailed data that went into the DR testing calculations?

IESO Response: Please see further detail on the analysis previously provided on Summer 2019 HDR Test Results.

- As per the current HDR test performance calculation methodology, an HDR resource passes the test if it does not receive capacity or dispatch charges (as per MM5.5)
- The IESO conducted 56 HDR tests in Summer 2019, and percentage results for overall pass (61%) were presented on each test basis: 34 pass vs 22 fail



Historical Analysis of Standby Notices

At previous Demand Response Working Group meetings, stakeholders have requested additional data on historical instances of standby notices. In response to this request, the IESO has provided further analysis on historical instances of standby notices below.

Commitment Period	Count of days when a Standby Notice would have been sent using a \$100 price trigger	Count of days when a Standby Notice would have been sent using a \$200 price trigger
Winter 2017/18	26	10
Summer 2018	60	40
Winter 2018/19	33	12
Summer 2019	21	10

ICI Year	Count of days for which a Standby Notice was issued that would coincide with ICI peak days - \$100 Trigger	Count of days for which a Standby Notice was issued that would coincide with ICI peak days - \$200 Trigger
2017/18	4 of 5 peak days	3 of 5 peak days
2018/19	5 of 5 peak days	3 of 5 peak days

[Update on 2020 DRWG Work Plan Priority Items: Baseline Methodologies/In-day Adjustment Factor and Registration of Virtual HDR Resources](#)

The IESO has developed a detailed slide deck to provide updates on these priority 2020 DRWG Work Plan Items which can be found on the [DRWG web page](#). Questions, feedback and any requests for a teleconference with the IESO on the information provided in this slide deck can be submitted to engagement@ieso.ca. Please provide feedback by May 22 using the feedback form provided on the DRWG web page.