

# Innovation and Sector Evolution White Papers – Feedback Form

## *Distributed Energy Resources: Models for Expanded Participation in the IESO Administered Markets*

Webinar Date: June 12<sup>th</sup>, 2019

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**Feedback Provided By:**

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Following the June 12<sup>th</sup> public webinar introducing the **Distributed Energy Resources: Models for Expanded Participation in the IESO Administered Markets** white paper topic, the Independent Electricity System Operator (IESO) is seeking feedback from participants on the scope and the research questions of the two associated white papers.

The referenced presentation can be found here:

<http://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/isewp/isewp-20190612-presentation.pdf?la=en>

The project brief related to the white papers can be found here:

<http://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/isewp/isewp-der-participation-project-brief.pdf?la=en>

**Please provide feedback by June 26, 2019 to [engagement@ieso.ca](mailto:engagement@ieso.ca).** Please use subject header: *Innovation and Sector Evolution White Paper Feedback*. To promote transparency, this feedback will be posted on the [Innovation and Sector Evolution White Paper engagement page](#) unless otherwise requested by the sender.

Feedback received will help inform the proposed scope and associated research questions in order to maximize the relevance and usefulness of the resulting research to the IESO and stakeholders. The IESO will work to consider and incorporate comments as appropriate and post responses on the engagement webpage.

Thank you for your time.

Topic	Question	Feedback
<p><b>1. Part-one: Conceptual Models for DER Integration</b></p>	<ol style="list-style-type: none"> <li>1. Are there changes that you would recommend to the scope of this paper and if so please outline the rationale?</li> <li>2. Are there changes you would like to see made to the research questions and if so please list the specific question and include the rationale?</li> </ol>	<p>The examples of DERs given in the project brief does not include energy efficiency. It should be noted that New York’s definition of DERs includes both energy efficiency and distributed generation resources.</p> <p>Further, regarding energy efficiency, how will the IESO to coordinate its work on the DER white paper with the ongoing work around the treatment of energy efficiency going forward, for example. with respect to the participation of EE in IAMs?</p> <p>The project brief does not mention Energy Transformation Network of Ontario (ETNO) recently released paper on the <a href="#">Structural Options for Ontario’s Electricity System in a High-DER Future</a>. A significant discussion point in the ETNO report is the role, responsibilities, and participation of LDCs in a high DER future (and the associated regulatory issues).</p> <p>However, neither the IESO’s project brief’s description nor research questions addresses the role and responsibilities of LDCs (and the associated regulatory issues). It is clear that</p>

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		<p>LDCs will play a significant role in the integration of DERs, the project scope and research questions should include this important issue.</p> <p>Additionally, the ETNO report states that “A key next step to help guide policy-makers is to determine how roles and responsibilities for DERs may be allocated in the future. The aims should be to maximize benefits for Ontario consumers by undertaking an objective cost-benefit analysis of the options outlined, including an evaluation of the potential for stranded assets and cost shifting among consumers.” The project brief description and research questions should explicitly address these key points.</p> <p>The project brief refers to researching “conceptual models” and reviewing academic literature. The OEA believes that it would be extremely valuable for the IESO to go beyond conceptual models/academic literature and closely examine from actual, operational models that have been adopted/implemented in other jurisdictions (e.g., regulators, system/market operators, utilities) regarding</p>

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		<p>rules for the participation of DERs in market, DER uptake, participation of different customer classes, etc.</p> <p>The OEB announced it is launching an initiative to develop a more comprehensive regulatory framework that facilitates investment and operation of DERs (<a href="#">EB-2018-0288</a>).</p> <p>How will the IESO's research and analysis co-ordinate and be consistent with the OEB's initiative?</p>
<p><b>2. Part-two: Options for enabling DER Participation</b></p>	<p>3. Are there changes that you would recommend to the scope of this paper and if so please outline the rationale?</p> <p>4. Are there changes you would like to see made to the research questions and if so please list the specific question and include the rationale?</p>	<p>See above.</p>

**General Comments/Feedback:**

The IESO is undertaking a “Non-Wires Alternative Markets” White Paper (NWA Paper) that appears to have significant overlap with the proposed DER paper. For example, the NWA paper states “The paper will set out the range of services that the electricity system requires to reliably deliver power to consumers (e.g. energy, capacity, ancillary services, etc.) and will identify the distribution and transmission level services that DERs are capable of providing [...] Building on this foundation, the paper will focus on how local prices for NWAs could be formed and potentially work as an extension of the IESO administered markets [...]. In the near term, the findings in this paper will serve as an input into the IESO’s efforts to identify and address Barriers to Implementing Non-Wires Alternatives in Regional Planning and explore DERs as potential solutions to meet regional needs.”

The DER project briefs states that “This two-part white paper series will explore pathways to expand participation of DERs in the electricity markets administered by the IESO (known as the IESO Administered Markets or IAMs) [...] The paper will then propose conceptual models for DER participation in the IAMs, and identify material barriers that either inhibit the participation of DERs through these models, and/or prevent the IESO from achieving its stated DER integration objectives.”

It is not clear what the differences (if any) are between NWAs and DERs from the two project briefs. The NWA brief suggests that IESO is using DERs and NWAs in an interchangeable manner. However, the DER project brief states that “The paper will begin by developing a working definition of DERs.” Further, both project briefs speak to barriers and participation in the IESO markets.

Given the current language used in the project briefs, the OEA recommends that the IESO make clear the distinctions and connection between the two papers as well as the definitions of NWAs and DERs.