

Energy Payments for Economic Activation of DR Resources

Meeting date: 10/10/2019

Meeting time: 1:00 p.m.

Meeting location: Vantage Venues 150 King St W, Toronto

Chair/Sponsor: Dale Fitzgerald, Senior Advisor, Stakeholder Relations, IESO

Scribe:

Please report any corrections, additions or deletions by e-mail to engagement@ieso.ca

All meeting material is available on the [IESO website](http://www.ieso.ca/en/Sector-Participants/Engagement-Initiatives/Engagements/Energy-Payments-for-Economic-Activation-of-DR-Resources) at: <http://www.ieso.ca/en/Sector-Participants/Engagement-Initiatives/Engagements/Energy-Payments-for-Economic-Activation-of-DR-Resources>

Organization	Name of Participant	Attended (A) or Webinar (W)
AMPCO	Anderson, Colin	A
Bruce Power	Zhang, Alvin	A
Centrica Business Solutions	Cavan, Peter	W
CPower	Hourihan, Mike	W
CPower	Widdup, Brad	W
Customized Energy Solutions	Withrow, David	W
Ecobee Inc.	Ercolani, Julia	A
EDF Renewables	Thornton, David	W
Edgecom Energy	Nafissi, Dara	W
Edison Energy	Wang, Cynthia	W
Enel X	Chibani, Yanis	A
Enel X	Griffiths, Sarah	A
Ministry of Energy	Kersman, Paul	W
Energy Storage Canada	Rangooni, Justin	W
EnPowered	Roth, James	W
Essex Energy Corp	Casey, Patrick	W

Organization	Name of Participant	Attended (A) or Webinar (W)
Essex Energy Corporation	Calibani, Marco	W
Essex Energy Corporation	Casey, Patrick	W
Essex Energy Corporation	Ray, Steve	A
Great Circle Solar Management	Cimino, Andrew	W
Great Circle Solar Management	Macabales, Deonnie	W
Great Circle Solar Management	Wharton, Karen	A
Ivaco Rolling Mills 2004 LP	Abdelnour, François	A
MAU/MSP	Sitnik, Egor	A
Ministry of Energy	Akhter, Freed	W
Northland Power Inc.	Samant, Sushil	A
Northland Power Inc.	Zajmalowski, Michael	W
NRG Curtailment Solutions, Inc.	Ainspan, Malcolm	W
NRG Curtailment Solutions, Inc.	Briggs, Kara	W
NRStor Inc.	Bruno, Juliana	W
Ontario Energy Board	Cincar, Chris	W
Ontario Power Generation	Kim, Jin	A
Power Advisory	Lusney, Travis	A
Rayonier Advanced Materials	Laflamme, Serge	W
Resolute Forest Products	Degelman, Cara	A
Resolute Forest Products	Thiboutot, Martin	W
Rodan Energy Solutions	Forsyth, Dave	A
Strapolec	Tzolov, Marty	A
TC Energy	Kuntz, Margaret	W
Toronto Hydro Electric System	Marzoughi, Rei	A
TransAlta	Codd, Chris	A
Voltus Energy	Grav, Jorgen	W

Organization	Name of Participant	Attended (A) or Webinar (W)
Consultant	Amaral, Utilia	A
IESO	Barrett, David	A
IESO	Fitzgerald, Dale	A
IESO	Short, David	A
IESO	King, Ryan	A
IESO	Trickey, Candice	A
IESO	Nollert, Beverly	A
IESO	Umeike, Ekene	A

Agenda Item 1: Welcome and introductions - Candice Trickey

The IESO welcomed stakeholders to the meeting, provided an outline of the day's agenda as well as an overview of the issue to be addressed through this stakeholder engagement.

Agenda Item 2: Engagement plan overview and approach - Dale Fitzgerald

The IESO provided a brief description of the plan for this stakeholder engagement, including the intention to reach a decision by June 2020.

The IESO acknowledged stakeholder feedback that had been submitted in response to the release, in August, of the draft engagement plan. The IESO also explained that in response to a stakeholder inquiry, submissions of information and analyses will be accepted from stakeholders and the IESO will consider whether to include them in the research to be carried out for this engagement.

- Discussion of the issue - Beverly Nollert

The IESO presented an overview of the energy payment issue as well as a proposed problem statement for stakeholder feedback. The problem statement is the main question that needs to be answered by the IESO at the end of the engagement.

Issues and questions raised by stakeholders included a request for more clarity on the objectives of the proposed study, whether the proposed research is going to re-examine all the issues that have been thoroughly debated in the US and whether "energy payments" and "utilization payments" are one and the same. There was also a comment that the scope of work appears to be broadening to a point where the risk of delays is heightened.

The IESO clarified that the objective of the work is to determine whether demand response resources should receive energy payments for in-market activations; the answer to which will depend on whether there is an overall net-benefit to consumers over the long-term, as identified through the research and analysis.

The IESO also explained that its consultants had expressed confidence in their ability to complete a fairly broad scope of work within the stipulated timeline, it is open to working with stakeholders to prioritize and further refine aspects of the proposed scope of work.

Regarding “energy payments” and “utilization payments”, the IESO explained that utilization payments are sometimes associated with administrative payments that are not linked to market prices of electricity when activation occurs, whereas “energy payments” typically refer to payments that are linked to the market price of electricity when activation occurs.

Agenda Item 3: Draft research and analysis scope to be undertaken to inform the IESO’s decision on the issue - Beverly Nollert

The IESO proposed a draft decision framework for stakeholder comment which includes the proposed criteria that the IESO will use in determining the answer to the problem statement as well as research and analysis to which the criteria will be applied. The IESO noted that the research and analysis will be supported by the Brattle Group and reviewed the proposed scope for stakeholder feedback. The IESO also noted that scope of the research and analysis will be considered in the context of the current market design as well as the expected future, post-Market Renewal Program (MRP), market design.

Issues and questions raised by stakeholders included requests for clarification on what the IESO means by “long-term” in the context of net-benefits, whether “net-benefit” in the proposed decision framework is the same as in the Net Benefits Test from FERC Order No. 745 as well as whether some of the arguments for and against energy payments that were examined in the Navigant paper (such as harm to other suppliers or the economy) have been scoped out of the proposed research by criteria focused on benefit to consumers. A stakeholder also proposed an additional criterion for the decision framework that will focus on fair and equal treatment to supply and demand side resources.

In relation to the use of “long-term”, the IESO explained that no specific duration has been determined but the intention is to indicate an emphasis on the lasting implications to consumers. The IESO clarified that net-benefit referred to in the proposed decision framework is not the same as in the FERC order and its assessment will likely be broader than FERC’s Net Benefit Test. The IESO also explained that the proposed criteria are not intended to scope out any of the discussions from the Navigant paper and that the research findings will inform the relative importance of different factors in determining whether there is a net-benefit, to consumers.

The IESO welcomed the suggested addition to the criteria and added that it will be considered along with other stakeholder feedback.

Agenda Item 4: Break-out discussion on draft research and analysis scope - Beverly Nollert

The meeting included an opportunity for stakeholders to break out into three small groups and discuss the following focal question:

- What are the potential pros and cons of providing DR resources with energy payments for in-market activations?
- Stakeholders recorded key discussion points on flip charts and reported them back to other meeting participants in plenary form. A summary of these break-out discussions has been posted to the Energy Payments for Economic Activation of DR stakeholder engagement webpage.

Agenda Item 5: Summary of discussion and adjourn - Candice Trickey

The IESO thanked stakeholders for their contributions to the day's conversation and once again invited them to submit written feedback on all aspects of the stakeholder engagement.

The meeting adjourned at 4 p.m.