

Feedback Form

Distributed Energy Resources (DER) Market Vision and Design Project – June 22, 2022

Feedback Provided by:

Name:

Title:

Organization: Convergent Energy + Power

Email:

Date: July 14, 2022

Following the June 22nd public webinar on the DER Market Vision and Design Project, the Independent Electricity System Operator (IESO) is seeking feedback from participants on the options to the Phase I Questions for the foundational DER model(s), and any key considerations for the IESO to take into account as options are assessed for the Phase 1 Questions.

The referenced presentation can be found on the [DER Market Vision and Design Project webpage](#).

Please provide feedback by July 14, 2022 to engagement@ieso.ca. Please use subject header: *DER Market Vision and Design Project*. To promote transparency, this feedback will be posted on the [DER Market Vision and Design Project webpage](#) unless otherwise requested by the sender.

The IESO will work to consider and incorporate comments as appropriate and post responses on the webpage.

Thank you for your contribution.

Phase I Questions

Topic	Feedback
<p>Has the IESO identified the appropriate options to the Phase I Questions for the foundational DER model(s) for this project? If not, please provide details on additional options for consideration and associated rationale for the option.</p>	<p>Yes, the options identified as potential resolutions to each of the Phase I Questions posed were appropriate and helpful in guiding the development of a DER Market Participant Model. They help break down the scope of the Key Focus Areas (i.e. - (i) participation & aggregation, (ii) eligible services, (iii) IEO-Distributor Coordination, and (iv) metering and settlement) into the core components of a market participant model that we must solve for.</p> <p>Convergent offers one specific suggestion to add as an additional sub-feature under Question 7 (“IESO - Distributor Coordination”) to define a process to ensure dual participation by DERs in multiple programs across the transmission and distribution systems. DERs represent existing infrastructure and supply solutions for both the IESO and distribution systems across Ontario, and to preserve the reliability those DERs offer the DER Market Participant Model should explicitly preserve dual-participation and established a process by which this can be established on verified.</p> <p>Convergent greatly appreciates the effort IESO Staff is putting into developing this with ongoing stakeholder engagement and mapping out a deliberative process that will help ensure the long-term viability of a DER Market Participant Model on the IESO system.</p>

Based on the criteria outlined in this presentation, are there any key considerations you would like the IESO to take into account as we assess options for the Phase I Questions?

As stated above, Convergent appreciates the considered approach the IESO is taking to developing and implementing a DER Market Participant Model. The long-term benefits of a well-structured participant model will facilitate more informed system planning and investment decisions in DERs over the long run. However, we are concerned the criteria IESO proposes to guide the development of a participant model (*June 22, 2022 DRMVP Design meeting materials slide 9*) does not properly capture all of the risks and benefits DERs provide the electric system in the near-term. Specifically, no identified criteria evaluate or capture the benefit of DER speed to market. The IESO identified criteria properly include Reliability under the Risk category but limit the evaluation exclusively to real time operations with the singular focus of “reduc[ing] negative impacts to operability.” The referenced Reliability Benefit of “Energy Value Extraction” is unreasonably limiting because the Reliability advantages DERs provide far exceed that narrowly identified Benefit. There should be new criteria included with language something along the lines of *reduce time of attracting new resources* with the identified Benefit something along the lines of *Resource Planning Efficiency Extraction*.

The supply shortfall coming over the next few years is a clear issue that IESO Resource Planning must address. The need to send a market signal attracting new resources is so extreme that the IESO has RFPs offering long-term out-of-market contracts; but out of the many unique variations of the long-term RFPs, all of them explicitly prohibit DERs as a solution. Barriers to DER market entry are being delayed and perpetuated while market participation considerations for other resource owners are being disregarded in favor of long-term fixed contracts.

Much has been learned about the supply shortfall and demand acceleration since the DERMVP process initiated last year [*IESO Annual Acquisition Report April 2022*]. We have also learned about the physical reliability potential and use cases DERs provide Ontario [*DER Potential stakeholder session June 22, 2022*]. Those insights underscore the importance of evaluating a DER Participation Models for the ability to attract new market investment in a timely way. Convergent's above proposed criteria will enhance the value of this already very well thought out IESO engagement process, but also supports other adjustments to the DER Market Vision & Design Project process that would accomplish the same objective. Specifically, to expand the scope of this design process to reflect the need for interim "market participation" solutions so the IESO can capture the near-term reliability benefits that greater control and visibility of DERs on the system provides.

The proposed out-of-scope items (*June 22, 2022 DRMVP Design meeting materials slide 13*) are also counter to the goal of interim near-term DER market access options. Consistent with the above interests in expanding scope of this design process, we propose the out-of-scope items be stricken. Similarly, we ask the IESO reconsider the following response to stakeholder feedback at the June 22 meeting "*Enhancements requiring changes to major tools such as the Dispatch Scheduling and Optimization (DSO) engine post-MRP will be considered for enhanced participation models rather than the foundational*" (slide 16). According to the IESO identified schedule, this broadly defined prohibition on changes until consideration of enhanced participation models delays meaningful participation of DERs in markets as solutions to supply needs *until 2026*. This unnecessarily strands existing assets during

Topic	Feedback
	<p>a time of supply shortfall and economic downturn.</p> <p>Moreover, we are concerned that this protracted timeline will make normal system operations much more complicated during stressed conditions because of the lack of IESO visibility into the use, operations, and consumption patterns of the DERs that do exist. If DERs are not effectively used now to address the supply shortfall, they will by default create operations and planning problems for the IESO in the future. There is no neutral way to resolve this; if DERs are not part of the solution from the beginning they can make the problem worse.</p> <p>We appreciate all the thought and effort IESO has put into building a resilient market participation model for DERs, and fully support that effort, however we strongly believe the effort should be expanded to consider <i>interim market participation options for DERs</i>. Currently there are 3 DER focused groups that IESO staff is coordinating – DERP, DERMV & the DER Roadmap – and we believe now is the time to better harmonize those efforts. We believe the consolidation of those very similar efforts will facilitate more efficient use of IESO Staff and Stakeholder time (IESO description of 3 engagements copied below). Each process has individually yielded so much value and we believe now is the time to merge those efforts where possible to focus <i>on interim solutions for DER market participation</i>.</p>

General Comments/Feedback

Convergent sincerely appreciates the IESO efforts toward enhancing DER market participation and the opportunity to provide feedback. For ease of reference, the 3 IESO descriptions of the above referenced stakeholder engagements focused on DERs

We look forward to ongoing opportunities to work with the IESO on this matter.

DERP June 22, 2022

Distributed Energy Resources (DERs) have emerged as a major trend impacting the electricity grid and wholesale electricity markets. The IESO understands that effectively enabling DERs will provide significant benefits to the electricity grid, to consumers, and to the environment. The IESO is thus seeking to gain a better understanding of DERs, including their ability deliver system services, their cost effectiveness, and the most appropriate pathways to enable their uptake.

DERMV June 22, 2022

Distributed Energy Resources (DERs) have emerged as major players in the electricity sector in Ontario and across jurisdictions around the world. Ontario communities are increasingly expressing preferences for the source of their energy, and DERs can provide them with an opportunity to express and realize those preferences. The IESO is thus seeking to determine how to cost-effectively enhance the value DERs can provide to Ontario's electricity system by expanding participation in the wholesale markets.

DER Roadmap May 11, 2022

The DER Roadmap engagement will establish IESO objectives, initiatives and timing for DER integration. The Roadmap will be developed with stakeholder input and with regards for other key IESO initiatives (e.g. Resource Adequacy and Enabling Resources Program), and will clearly articulate the IESO's actions for integrating DERs and can also be used as a tool to help ensure coordination across the sector.