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September 17, 2020

VIA ELECTRONIC MAIL TO ENGAGEMENT@IESO.CA

RE: Energy Payments for Economic Activation of Demand Response Resources

To the Independent System Operator of Ontario (“IESO”);

This feedback is submitted in response to the materials presented by the IESO on August 26, 2020 regarding the Energy Payments for Economic Activation of Demand Response Resources engagement. Advanced Energy Management Alliance (“AEMA”) appreciates the opportunity to provide feedback to the IESO.

AEMA is a North American alliance of providers and supporters of distributed energy resources, including demand response (“DR”) and distributed generation, united to advocate for policies that empower and compensate customers appropriately in a manner which contributes to a more efficient, cost effective, resilient, reliable and environmentally sustainable grid. The views expressed in this letter represent those of the organization as a whole, not of any individual companies.

AEMA is disappointed that the IESO has advised that it does not see any value in this engagement moving forward and has declared its intention to discontinue any further stakeholder activities in respect of this important issue. AEMA does not support the analysis performed and the conclusions reached in the Energy-Market Payment Options for Demand Response in Ontario report, prepared by the Brattle Group for the IESO. Brattle’s analysis and conclusions are clearly based on the current construct of the market and the Global Adjustment. It is evident that IESO intends to accept Brattle’s conclusions

at this time; however, AEMA expects that the issue of Energy Payments for Economic DR Resources will be revisited in the future after implementation of the Market Renewal Program and that the IESO's position will be reassessed in accordance with market construct developments and changes.

Until such time as the Energy Payments issue is reconsidered by the IESO (for which AEMA and its members will continue to advocate), AEMA strongly recommends that the IESO implement an administrative payment approach for economic activations of DR identical to the approach currently applied for out-of-market activations of DR in Ontario. This action will at least acknowledge to some degree the shut-down costs for which DR participants would otherwise be entirely uncompensated under the current "no payment" approach. While this is not the ideal solution, it is regarded by AEMA as a reasonable interim measure.

The need for comparable revenue streams and a level playing field between resource types is now even more important given the recent announcement that the IESO will be procuring 0 MW in the Winter 2020 Capacity Auction. The lack of any revenue streams for the demand response resources will ensure that the resource will no longer be available to participate in the Ontario electricity market/system.

AEMA appreciates consideration of our feedback and looks forward to continuing to work with the IESO to ensure customers are being well served and save on energy bills in a sustainable fashion. Please do not hesitate to contact me at [REDACTED] [REDACTED] ([REDACTED]) regarding specific recommendations herein.

Best regards,



Katherine Hamilton
Executive Director, AEMA