



September 15, 2020

IESO Stakeholder Engagement  
Energy Payments for Economic Activation of Demand Response Resources

*Submitted via email*

**Re: AMPCO Submission - Energy Payments for Economic Activation of Demand Response Resources**

AMPCO is the voice of industrial power users in Ontario. Our mission is industrial electricity rates that are competitive and fair.

Attached are AMPCO's comments on the materials presented by the IESO on August 26, 2020 on the subject of Energy Payments for Economic Activation of Demand Response Resources. AMPCO appreciates the opportunity to provide such feedback.

Best Regards,

*[Original signed by]*

Colin Anderson  
President

# Energy Payments for Economic Activation of Demand Response Resources

## Submissions of the Association of Major Power Consumers in Ontario (AMPCO)

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### INTRODUCTION

AMPCO provides Ontario industries with effective advocacy on critical electricity policies, timely market analysis and expertise on regulatory matters that affect their bottom line. We are the forum of choice for major power consumers who recognize that their business success depends on an affordable and reliable electricity system.

These submissions are in relation to the materials presented by the IESO on August 26, 2020 on the subject of Energy Payments for Economic Activation of Demand Response Resources. AMPCO's members are major power consumers, responsible for over 15 TWh of annual load in the province. A robust and affordable energy supply is critical to the success of their businesses, which is why AMPCO has an interest in this consultation.

AMPCO appreciates the opportunity to provide feedback.

### AMPCO POSITION

AMPCO is disappointed with the cursory attention paid to its request made on August 24, 2020 for additional discussion in regards to the options presented by the IESO in this engagement. It appears to AMPCO that the IESO has no appetite for any further stakeholdering of this item.

Accordingly, AMPCO accepts that the IESO will take no further action at this time on the general subject of "Energy Payments for Economic Activation of Demand Response Resources", but understands that this subject will be revisited at some point in time downstream of the implementation of the Market Renewal Program.

During the interim period between now and when the IESO revisits this issue, in order to respect the intent of the observations advanced by the Ontario Energy Board (OEB) in its Decision and Order in EB-2019-0242<sup>1</sup>, AMPCO recommends that, for economic activations of DR, the IESO should implement an administrative payment approach equal to the one currently used for non-economic activations of DR in Ontario. While AMPCO maintains that this approach is not optimal<sup>2</sup>, it is preferred over no payment at all because it at least recognizes the DR participant costs that otherwise will go completely uncompensated, counter to what the OEB envisioned. Additionally, as the IESO has pointed out itself, such payments would likely be made on a very infrequent basis. For these reasons, AMPCO considers this a reasonable interim measure.

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<sup>1</sup> “...When considering market changes, *the IESO should examine the total costs and compensation available to capacity market participants*, whether that compensation is in the capacity market or the energy market, and whether that compensation is an out-of-market payment or some form of energy payment. *The priority is to ensure that there is no unjust discrimination for or against any class of market participants*. This is particularly relevant as the capacity market continues to expand by adding other types of resources.” **[emphasis added]** - EB-2019-0242 Decision and Order, pp 27

<sup>2</sup> As set out in AMPCO’s submission to the IESO filed on June 15, 2020