

Expanding Participation in Operating Reserve and Energy

Stakeholder Engagement Plan

Draft Posted: May 5, 2020

I. Introduction

The IESO is continually striving to increase competition to drive more efficient outcomes and improve system reliability. Through various forums, stakeholders have indicated their interest in providing greater competition to the IESO-administered markets to enable new revenue streams.

As the supply mix continues to evolve, the IESO has a need for a greater quantity and diversity of resources that can provide Operating Reserve (OR) to maintain reliability of the system at least cost to ratepayers. OR is standby supply that the IESO can quickly call upon in the event of an unexpected mismatch between generation and consumption and is co-optimized with energy, requiring resources to be enabled to participate in both energy and OR.

In order to explore potential market development options to enable further resource participation in the OR and energy markets, the IESO launched the Expanding Participation in Operating Reserve and Energy (EPOR-E) as an initiative within the IESO's Market Development Advisory Group (MDAG). In 2019 the EPOR-E initiative was identified as a priority initiative for the 2020 MDAG work plan. On April 2, as part of an MDAG webinar, the IESO presented the scope of work and first phase of this project, detailing the IESO requirements for participation in the energy and OR markets. Due to the detailed nature of this initiative and its high priority as identified by stakeholders, the IESO is launching a broader stakeholder engagement separate from the MDAG. More details on the interaction between this stakeholder engagement, MDAG and other ongoing IESO stakeholder engagements is described in the approach section below.

This engagement plan outlines the objectives, approach, timeline and considerations for engaging stakeholders. This engagement plan may be subject to review and updates as the process evolves. All comments and enquiries on this engagement can be directed to engagement@ieso.ca.

II. Stakeholders and Communities

The IESO encourages all interested parties to participate as described in the Approach section below. The IESO anticipates that this initiative will be of particular interest to demand response participants, storage providers, generators, industry associations, consumers and consumer groups, energy technology companies and other energy solution providers.

III. Engagement Objectives

The objective of this stakeholder engagement is to identify high-value projects that that will increase participation in OR and energy.

Through this engagement, the IESO will seek feedback from stakeholders on:

- The review of requirements and participation models for OR and energy market participation and how they align with the design and limitations of different resource types
- Identifying options that can be developed to align market participation requirements and the limitations of resources types that are identified
- Evaluating the identified options in order to identify high-value opportunities for market changes

IV. Approach

This engagement plan will be implemented in accordance with the IESO's [engagement principles](#).

This is a public engagement process. All materials related to this initiative will be posted on the dedicated IESO engagement webpage. In addition, any information and feedback supplied by interested parties will become part of the public domain. Information and feedback that is marked confidential will be treated accordingly by the IESO.

Success on the EPOR-E initiative will require collaboration between stakeholders and the IESO so that there can be better mutual understanding of the requirements, capabilities, and interest in evolving the market. There will be opportunities for stakeholders to provide input through in-person meetings, webinars, and written feedback. In some instances, the IESO may hold targeted meetings to gather feedback from specific stakeholders with a particular interest and/or knowledge of an issue. The IESO will consider all relevant input and illustrate how feedback was considered in the development of the final outcomes.

The scope and deliverables of this initiative are related to initiatives under discussion in other IESO engagement forums which could affect the deliverables of EPOR-E. These interrelated engagements are primarily:

- [Energy Storage Advisory Group](#) (ESAG) where the storage design project has been initiated which will help identify the necessary updates to market rules, IESO tools and processes that would enable storage to compete in IESO-administered markets (IAMs) and to move towards a technology-neutral marketplace. ESAG and the storage design project are primarily concentrating on directly-connected storage, whereas EPOR-E will look at opportunities for hybrid and behind-the-meter storage resources. Integration of

hybrids and behind-the-meter storage may require changes that are being considered in the storage design project.

- [Innovation and Sector Evolution White Paper Series](#) where pathways to participation for distributed energy resources in the IAMs are being explored. This initiative will provide the initial research and development of findings for DER integration into the IAMs. EPOR-E will use these findings and determine if there are possible opportunities for projects to be considered in the short-term before the Market Renewal Program.

The EPOR-E initiative will coordinate to ensure information and stakeholder feedback is shared between these initiatives and considered in the development of the final report. The EPOR-E initiative will report back to the MDAG regularly to provide updates on progress and to gather advice that may inform the final report.

More details on the Approach can be found in the Scope of Work for this initiative found on the stakeholder engagement web page.

V. Proposed Engagement Schedule

Anticipated timing for this engagement is presented below.

Timing	Activity
May 2020	EPOR-E initiative launched as separate stakeholder engagement
July 2020	<u>Engagement webinar</u> Review stakeholder feedback on Phase 1 memo and complete Phase 1. Begin Phase 2 work on development of options for aligning IESO requirements and resource participation models
Q3 2020	<u>Engagement meeting/webinar</u> Status update on Phase 2 work, discuss option formation <i>Schedule additional meetings as required for option development</i>
Q3 2020	<u>Engagement meeting/webinar</u> Finalize identified options for aligning IESO requirements and resource participation models and begin discussing Phase 3 on evaluation of options for future market development opportunities
Q3 2020	Publish Phase 2 Memo on options for aligning IESO requirements and resource participation models for stakeholder comment

Timing	Activity
Q4 2020	<u>Engagement meeting/webinar</u> Discuss evaluation of options for future market development opportunities
Q1 2021	Publish Phase 3 Memo on evaluation of options for future market development opportunities for stakeholder comment
Q1 2021	Publish draft report summarizing EPOR-E findings and next steps for stakeholder comment
Q1 2021	<u>Engagement meeting/webinar</u> Review stakeholder feedback on draft report
Q1 2021	Publish final report summarizing EPOR-E findings

VI. Additional Background and Resources

For more information and background on this engagement, please visit the engagement webpage.

Related Engagements:

- [Market Renewal Program](#) (MRP)
- [Capacity Auction](#)
- Increasing Competition in Ancillary Services
- [Demand Response Working Group](#) (DRWG)
- [Market Surveillance Panel](#)
- [Market Development Advisory Group](#)