

# IESO York Region Non-Wires Alternatives (NWA) Demonstration Project and Innovation and Sector Evolution White Papers – Feedback Form

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**Date Submitted:** 2020/01/10

**Feedback Provided By:**

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Following the December 12, 2019 public webinar outlining the concept design of the IESO York Region NWA Demonstration project and the white papers on NWA Markets and Transmission-Distribution Interoperability, the IESO is seeking feedback from participants on the draft white papers and specifically on the design of the demonstration project.

Feedback received will be considered in order to shape the design for the demonstration project, including processes, timelines, resource eligibility, and service agreement of the demonstration. The IESO will work to consider and incorporate comments as appropriate and post responses on the engagement webpage.

The referenced presentation and white papers can be found under the December 12, 2019 entry on the [Innovation and Sector Evolution White Paper Series Engagement Webpage](#).

**Please provide feedback by January 10, 2020 to [engagement@ieso.ca](mailto:engagement@ieso.ca).** Please use subject: *Feedback: IESO York Region NWA Demonstration Project*. To promote transparency, this feedback will be posted on the [Innovation and Sector Evolution White Paper engagement page](#) unless otherwise requested by the sender.

Thank you for your time.

Topic	Question	Feedback
Concept Design of York Region NWA Demonstration Project	How can participation in the demonstration auction be maximized?	<p>In order to maximize participation, the IESO and the program partners must seek to establish investment confidence in the demonstration. While we are encouraged to see that solar PV and energy storage would be eligible to participate, the longer-term revenue streams that would be available for the for such facilities is currently unclear.</p> <p>Are there plans to “grand-father” DERs that participate in the demonstration into other IESO procurements/programs or provide alternative compensation at the end of the pilot period?</p>
	What are challenges/opportunities to the adopted T-D model?	<p>The Transmission-Distribution Interoperability Paper highlights a Total TSO, Total DSO and several hybrid models, proposing an Independent Total DSO for the demonstration for simplicity of implementation.</p> <p>Exclusive focus on an Independent Total DSO could foreclose the opportunity to explore and assess both potential barriers with respect to future use of market mechanisms to secure DERs as NWAs, and the trade-offs between different DSO models.</p> <p>Furthermore, the IESO is only advancing one “procurement method” for securing NWAs via a short-term capacity auction. The capacity auction model proposed does not provide longer-term revenue assurance for investments.</p> <p>While we are encouraged by the IESO’s initiative to undertake this demonstration, we would underscore that the results of this pilot must be interpreted cautiously, lest this demonstration project bias future selection of appropriate models for the Ontario market.</p>

Topic	Question	Feedback
		<p>Following this demonstration project, we would therefor strongly recommend that additional T-D models and procurement approaches be trialled and evaluated.</p>
	<p>Are demonstration timelines reasonable?</p>	<p>In order to ensure investment confidence in the demonstration project, we would recommend that the IESO establish a clear plan for the consulation with respect to draft program rules and contracts. Currently, the timelines lack detail for when such rules/contracts would be presented for comment. It will be important to establish a clear understanding of performance requirements and participation risks.</p> <p>Is the IESO required to implement Market Rule amendments to inact this demonstration?</p> <p>The proposed lead time for project development (i.e. period between auction, award and commitment/activation periods) to develop new projects. We note that in the previously planned Incremental Capacity Auction, the IESO was lengthening the forward period to ensure new projects had sufficient time to develop (approximately 3 years.) In the proposed Capacity Auction, the IESO is lengthening the forward period from the current DR Auction despite the fact that it doesn't intend participation from newly constructed generation projects. In the most recent iteration of the FIT program awarded 18 months for new rooftop solar. While we acknowledge the time sensitivity of the pilot program, we believe that there would be benefits to lengthening the development timeframe to ensure that there are multiple projects of various technologies, resulting in more competitive bids and a more robust opportunity to for study.</p>

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	<p>Are the proposed eligibility requirements reasonable?</p>	<p>Will multi-resource DERs be eligible for participation? (e.g. storage-paired solar PV)?</p> <p>IESO mentioned that eligibility of IESO-contracted dispatchable DERs will be reviewed on an case-by-case basis. Will further information be provided as to what specifically the evaluation of eligibility will be based on?</p> <p>It is unclear why the IESO has established that previously constructed non-dispatchable DERs are ineligible to participate, while existing dispatchable DERs might be eligible. For example, if there is an existing net metered facility, could it be upgraded with storage and become eligible to participate?</p> <p>Has the IESO identified any size requirement/constraints for individual participating DERs? Has the IESO identified any constraints or targets with respect to the number of participants that it would seek to award capacity obligations to?</p> <p>Does the IESO have a vision for how aggregation of small assets (i.e. DERs &lt;100kW as classified in concept design) will occur?</p>
	<p>Are there other issues that are important to the success of the demonstration?</p>	<p>Are there plans to use the demonstration project to identify the potential for DERs to provide other ancillary benefits?</p> <p>How will results of this initiative be reviewed and validated?</p>
<p>NWA Markets White Paper</p>	<p>Are there other concepts from the NWA Markets White Paper that are worthwhile to explore in the demonstration?</p>	<p>In other jurisdictions, additional procurement mechanisms are leveraged to secure NWAs. For example, RFPs and contracts. Are there plans to consider the demonstration of alternative procurement mechanisms beyond the construct of energy and capacity auctions?</p>

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Transmission-Distribution Interoperability White Paper	Are there other concepts from the Transmission-Distribution Interoperability White Paper that are worthwhile to explore in the demonstration?	See Response to question on “What are challenges/opportunities to the adopted T-D model?”  Will cost recovery and rate impacts of the demonstration project be evaluated?
<p><b><u>General Comments/Feedback:</u></b></p> <p>CanSIA has developed this submission in consultation with the members of Nexus - a strategic project founded by CanSIA and operating in collaboration with the Canadian Wind Energy Association (CanWEA) that focuses on customer adoption of energy management technologies and enabling broader uptake of renewable energy.</p> <p>We would like to commend the IESO’s efforts in the development of both white papers, which offer valuable insight into potential future paths for the Ontario electricity market by outlining several diverse concepts, approaches and market constructs for integrating DERs and unlocking the full value they bring. We would underscore our concerns with respect to the use of capacity auctions as the sole procurement tool used within the context of these white papers – as the IESO has expressed in the launch of the Resource Adequacy engagement, other procurement mechanism may be more appropriate for new construction of resources.</p> <p>We also strongly recommend that the IESO coordinate with OEB to develop common definition of DERs among other considerations to ensure alignment with concepts from ongoing OEB engagements and initiatives.</p>		