

Feedback Form

White Paper Part II: Exploring Expanded DER Participation in the IESO-Administered Markets – November 19, 2020

Feedback Provided by:

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Following the November 19, 2020 webinar to discuss Part II of the Exploring Expanded DER Participation in the IESO-Administered Markets white paper, the IESO is seeking feedback from participants on the draft paper, including on the participation options, which will inform planning for future work to enable DERs. The IESO will work to consider feedback and incorporate comments as appropriate and post responses on the engagement webpage.

The referenced presentation can be found under the November 19, 2020 entry on the [Innovation and Sector Evolution White Paper Series webpage](#).

Please provide feedback by December 10, 2020 to engagement@ieso.ca. Please use subject: *Feedback: DER White Paper*. To promote transparency, this feedback will be posted on the [Innovation and Sector Evolution White Paper Series webpage](#) unless otherwise requested by the sender.

Thank you for your time.

Topic	Feedback
<p>Which of the options would be most effective to encourage DER participation in the IAMs? Why?</p>	<p>CanREA strongly supports reducing the minimum size threshold for participation in the IAMs, and disputes the suggestion that a phased approach to doing so is necessary. Neither of the proposed options for a phased implementation of lower minimum size threshold (Permitting a limited number of resources below 1 MW to participate in the IAMs and gradually increasing that limit on an annual basis; Applying a lower threshold to specific market products (e.g., energy only, capacity)) offer explanation as to how this would be undertaken in an equitable manner and over what timeline, and there are no proposed criteria for how eligible resources would be selected.</p> <p>A 100 kW participation threshold, congruent with FERC Order 2222, seems a reasonable and practical starting point in the interests of both enabling fair competition and avoiding confusion for prospective market participants. It is not credible that aligning Ontario’s minimum size threshold with the FERC standard would introduce the “risk of overwhelming the IESO’s market registration processes” as is allegedly the case in NYISO, a fully deregulated, competitive market with significant wholesale price volatility. As is extensively discussed in the Whitepaper, the vast majority of existing DER assets will remain under IESO contracts until 2030, thus providing sufficient lead time to upgrade dispatching software and network management systems as necessary.</p> <p>CanREA supports the proposal to clarify language within existing market rules so as to more clearly define requirements for prospective DER aggregators and set expectations on how applications for aggregation will be vetted by the IESO</p> <p>With regard to modifying aggregation boundaries, CanREA concurs with the view that multi-nodal aggregation merits further consideration, as this option offers greater granularity and certainty to the system operator with respect to impacts of the dispatch of an</p>

aggregated resource as compared to the Zonal or Sub-Zonal options.

With regard to modifying aggregation compositions, CanREA strongly supports moving forward with piloting mixed aggregation of dispatchable and non-dispatchable generation. Providing a pathway for existing contracted DERs to be combined with energy storage within a mixed aggregation will be a critical step forward in terms of meeting the Province's emerging resource adequacy needs, and will send a critically important signal to industry with respect to consideration of options for extending the operational lifespan of these assets post-contract. A framework for these demonstration projects, including timelines and proposed terms and conditions, should be set out as soon as possible to allow sufficient time for project planning and design, and relevant LDCs should be provided sufficient resources to fast-track any upgrades that may be required.

CanREA strongly supports undertaking research and engaging in further stakeholder consultation toward establishing a participation model for non-dispatchable generation. We concur with the IESO's view that net metering or load displacement would likely be a more desirable option for most of the province's DERs currently under contract, 90% of which are MicroFIT solar assets. However, for the more than 2,500 MW of embedded FIT and RESOP wind and solar assets, the current lack of participation options post-contract presents a significant concern from a resource adequacy standpoint. The assertion that "these resources are expected to have recovered their capital costs during the life of their contract" is too broad an assumption given that there remain significant fixed operating costs for wind projects in particular, and the emerging need to replace components or retrofit these generation assets for continued operation. That these assets will remain available post-contract should absolutely not be taken for granted.

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We would also dispute the assertion that existing wind and solar DERs would necessarily be “unlikely to change the operational behaviour of the resources operating on the distribution system”, particularly given the 10+-year time scale at stake. Many CanREA members are actively exploring options for co-locating storage with existing wind and solar assets in Ontario, and have already done so in other jurisdictions. Ultimately, it is too broad an assumption that these assets will remain non-dispatchable post-contract, and this, as much as generation forecasting needs, should factor into IESO planning.

With regard to permitting alternative telemetry sources CanREA strongly supports moving forward with piloting device-level and inverter telemetry.

CanREA supports giving further consideration to modifying the connection process for DER aggregations. As we have previously noted, there is a need for coordination with the OEB across the board, but specifically regarding linkages with the OEB’s ongoing DER Connections Review, where recommendations toward greater coordination between transmitters and LDCs, specifically regarding streamlining the SIA application process, are presently being developed as DSC modifications.

With regard to identifying system capabilities and needs, CanREA strongly supports providing detailed, precise and up-to-date public information on available hosting capacity to help guide DER development in areas of the system with the ability to accommodate new resources. In addition to enabling the streamlined interconnection of DERs on the distribution grid and enabling more effective distribution system planning, hosting capacity maps can inform pricing mechanisms for DERs based on their physical location on the grid and performance characteristics. There is ample evidence from many jurisdictions in North America, Europe and Australia regarding the feasibility and benefit of implementing distribution network capacity

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	<p>maps. Again, this merits coordination with ongoing work in the OEB’s DER Connections Review process.</p> <p>We would note that it is highly encouraging to see reference to the potential for improved identification of system capabilities and needs in the context of enabling DERs to serve as Non-Wires Alternatives, at both transmission and distribution levels. The IESO can play a key role in enabling deployment of NWAs by increasing transparency and data sharing regarding system needs between utilities, customers and service providers to determine where and when DERs and NWAs can provide value to the grid.</p>

Potential Impacts to Stakeholders

Topic	Feedback
<p>Are there additional potential impacts to stakeholders that have not been explored in the white paper?</p>	

Implementation Considerations

Topic	Feedback
<p>Are there additional implementation considerations that have not been explored in the white paper?</p>	

Looking Ahead to Implementation

Topic	Feedback
<p>Which wholesale products/services would DER owners/aggregators seek to provide in the IAMs if these options were implemented in the future? Using what technologies? Are there specific options that would allow these products/services to be offered?</p>	<p>The majority of DER owners/aggregators will be unlikely to participate beyond the energy market due to the complexity of ancillary service market participation. There may be some DER facilities that will consider expanded participation, especially with on-site or aggregated energy storage. Expanded participation will be more appealing for larger facilities.</p>

General Comments/Feedback