

Stakeholder Comment Matrix – February 23rd, 2021

DER Market Participation Draft Recommendations



Period of Comment: February 17th, 2021 through March 17th, 2021 Comments From: Lionstooth Energy Date: 2021/03/17	Contact: Phone: Email:
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Instructions:

1. Please fill out the section above as indicated.
2. Please respond to the questions below and provide your specific comments.
3. Email your completed comment matrix to stakeholderrelations@aeso.ca by **March 17th, 2021**.

The AESO is seeking comments from Stakeholders with regard to the following matters:

Questions	Stakeholder Comments
1. <ul style="list-style-type: none"> a) In your view, has the AESO’s approach reasonably addressed potential barriers to participation for Small DER in the energy and OR markets? Please comment. b) If significant barriers to participation in the energy and/or OR markets remain, what are they? Please comment. 	<p>A. The AESO’s approach, so far, has reasonably addressed potential barriers for small DERs in EOM &/ OR markets. We appreciate the AESO conducting multiple rounds of consultation, incorporating stakeholder feedback, and developing and consulting on the recommendations paper. This approach has incorporated quantitative analysis, specifically with respect to the amount of existing projects that may be impacted, and has completed some cost / benefit analysis (assumed to be at a high level).</p> <p>The AESO should continue along this approach of a measured and thoughtful pace to change, supported by quantitative analysis, including an evaluation of the impact of the changes on the future state of our market to identify and avoid any potential consequences of change.</p> <p>B. We remain of the view that the most significant barrier is regulatory and market design instability and uncertainty, increasing the importance of a measured and thoughtful pace to change. The status quo must be maintained until such time that any future regulatory / market design changes are clearly understood, and their impacts studied.</p> <p>One specific area where barriers remain include AESO modeling, planning, and</p>

		<p>integrating DERs / DCGs, including dispatchable / controllable generation, into system models, the LTO, and LTP.</p>
2.	<p>Do you agree with the AESO recommendation to maintain ISO Rules Section 203.1 <i>Offers and Bids for Energy</i> (must offer) requirement for energy submissions for source assets 5 MW and greater? Why or Why not.</p>	<p>Yes. This approach, as stated by the AESO, balances increased costs &/ regulatory burdens with removing barriers and increasing competition (page 13).</p> <p>Any concerns over “lack of transparency and operational coordination from indirect participation,” while valid, as stated by the AESO, is not a concern at current installed capacities (page 11). We reiterate that if access to more data would support the AESO’s efforts to better model and plan the system, we would support identifying other, creative ways for more DERs / DCGs to share this data.</p>
3.	<p>Do you agree with the AESO recommendation of allowing voluntary participation in the energy market for small DERs 1 MW and greater? Why or Why not.</p>	<p>Yes. Appreciating that the motivation is to remove barriers in the EOM &/ OR markets to allow for more active small DER / DCG participation, voluntary participation is far more preferable than lowering the MOMC threshold.</p> <p>Based on discussion in the stakeholder session, there appear to be a couple areas where more detail required, such as confirmation that once a small DER / DCG chooses voluntary participation, this is a permanent choice, and cannot vary from, say, day-to-day. It is our expectation that this additional detail would be explored further as part of future consultation and any rule changes. The AESO could, as part of their forthcoming recommendations, outline some of these items that require further discussion.</p> <p>We appreciate the AESO considering the cost of implementing this change on AESO systems, which we understand is minimal. However, we remain of the view that, at this time, only a few may sign up for voluntary participation given the costs that would be borne by the generator, relative to the benefits of active EOM participation.</p>
4.	<p>Do you agree with the AESO recommendation of lowering the OR asset qualification thresholds to provide operating reserves for regulating reserve, spinning reserve, and supplemental reserve from the current requirement of 15 MW, 10 MW and 5 MW, respectively, to 1 MW? Why or Why not?</p>	<p>In light of the recent AESO studies that suggest the capacity thresholds can be significantly lowered and it is technically feasible (page 15), yes, we support lowering OR capacity thresholds.</p> <p>We understand the AESO will be kicking off OR market reviews later in 2021 and assume further discussion and analysis on this change will be explored during these sessions.</p> <p>As part of the forthcoming recommendations, the AESO could summarize some of the items raised during these discussions that require further thought and consultation during the more detailed OR market review.</p>

5.	Do you agree with the AESO recommendation of allowing small DER (1 to 5 MW) participation in the OR market without a requirement to submit offers in the energy market? Why or why not.	<p>Yes. Given the motivation is to remove barriers in the EOM &/ OR markets, this would allow for more active small DER / DCG participation, without placing the higher cost burden of active EOM participation on the small DER / DCG.</p> <p>As outlined above, there appear to be a couple areas where more detail may be required. It is our expectation that this additional detail would be explored further as part of future consultation and any rule changes. The AESO could, as part of their forthcoming recommendations, outline some of these items that require further discussion.</p>
6.	Do you agree with the AESO recommendation of discontinuing exploration of aggregation options for small DERs in the energy market? Why or Why not?	<p>Assuming there is no material change to the AESO draft recommendations, and EOM & OR market voluntary participation thresholds are reduced to 1 MW, we agree with the AESO placing exploration of aggregation options on the backburner. This assumes most existing and announced small DERs / DCGs are not materially harmed by this path forward.</p> <p>The AESO should, however, identify a set of market conditions or thresholds that would signal when this issue should be explored further. This could include a certain capacity or uptick in residential DERs (i.e. rooftop solar). Publishing these conditions / thresholds would allow for the market to also track changes over time and prepare for these eventual discussions.</p> <p>We understand there are some limitations to the current AESO IT systems that prevent participation less than 1 MW. At some point in time, this costly IT upgrade (page 14) will need to occur. Given the pace at which our market, and other jurisdictions, are moving towards smaller, more distributed, end-user controlled electricity solutions (including residential / EV battery sinks / sources), this may need to be explored in greater detail sooner, rather than later, in order to keep up with customers.</p>
7.	Do you agree with the AESO recommendation of discontinuing exploration of aggregation options for small DERs in the OR market? Why or Why not?	See response to Q#6.
8.	In your view, what is the priority and pace required to progress the recommendations? Do they need to be progressed now or can they be implemented in the future? Please comment.	<p>Lionstooth remains firmly of the view that the priority should be on modelling, planning, and integrating all forms of DERs / DCGs, including dispatchable / controllable, into system planning models, the LTO and LTP.</p> <p>We understand materials shared in this discussion reflect preliminary LTO assumptions, and that the AESO received quite a bit of feedback on the LTO scenarios. We remain of the view that the AESO is underestimating growth in DERs / DCGs and that this may result in an unrealistic view in the LTO of our market's future</p>

		<p>state, with the potential to lead to more Tx wires system growth in the LTP.</p> <p>The delivered cost of electricity is high, and the priority should be on better integrating DERs / DCGs, such that the savings this generation can bring to the market can be realized.</p> <p>With respect to these specific recommendations, as outlined above, the AESO should continue along this approach of a measured and thoughtful pace to change, supported by quantitative analysis, including an evaluation of the impact of the changes on the future state of our market to identify and avoid any potential consequences of change.</p>
9.	Do you have any concerns or suggestions on the DER market participation process and timeline? Please comment.	We understand the AESO will be making a final recommendation shortly. It is our expectation this recommendation will really kick-off the next round of discussion, which will include additional analysis and discussion, as opposed to fast-tracking rule changes.
10.	Do you have any other suggestions or comments you would like to share on DER market participation or the engagement activities? Please comment.	We do not believe the comment matrix responses from the October 2020 session were posted on the AESO's website (or we cannot find them). The AESO should, as with other engagements, post all stakeholder comments & a summary / response from the AESO. This allows stakeholders to have access to the same feedback as the AESO.

Thank you for your input. Please email your comments to: stakeholderrelations@aeso.ca.