

Stakeholder Comment Matrix – February 23rd, 2021

DER Market Participation Draft Recommendations



<p>Period of Comment: February 17th, 2021 through March 17th, 2021</p> <p>Comments From: The Office of the Utilities Consumer Advocate</p> <p>Date: 2021/03/17</p>	<p>Contact:</p> <p>Phone:</p> <p>Email:</p>
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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.	<p>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.</p> <p>b) If significant barriers to participation in the energy and/or OR markets remain, what are they? Please comment.</p>	<p>The UCA appreciates the opportunity to provide comments on the AESO’s DER market participation options. Yes, it is UCA’s view that the AESO has reasonably addressed potential barriers of significance.</p> <p>The UCA suggests a more integrated approach by the AESO to system planning and operation will be required with the growth of DER to continue to be proactive and identify/remove barriers for small DER participation in the energy and/or OR markets. This integrated approach must work towards improved coordination between the AESO, AUC, utilities, and load customers. The outcomes of this engagement for the DER market participation should also be linked to other ongoing policy initiatives such as transmission and distribution coordinated planning, the AESO tariff design, and possible AUC’s distribution roadmap.</p> <p>The UCA recognizes the importance for a customer interested in making an investment decision for installing a DER to easily access relevant information and data (such as real-time or near-real-time load information and prices). The data will help the customer estimate the potential costs of grid-supplied electricity that can be avoided by installing a DER and possibly facilitating their entry into the market. This information will also help</p>

		<p>the DER's owners understand how their source assets can meet their own energy needs at different hours a day, and the system needs to export their energy to the grid. It is the UCA's view that the AESO must weigh the costs of implementing any changes to remove such barriers with the benefits that it will provide. The UCA recognizes that administrative costs will be relatively high for smaller DER to participate in the energy and/or OR markets; however, this is a consequence of scale economies and should not be considered a barrier. It is UCA's view that all costs incurred to allow Small DER participation in the energy and/or OR markets should be paid for by the DERs and not consumers.</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>The UCA understands that reducing the minimize-size threshold for offer submission from 5 MW will increase the transparency and competition in the energy market, leading to enhanced market efficiency and possibly lower price for the energy market, especially with the high rate of DER adoption. On the other hand, lowering the threshold will increase the small DER market participant costs and regulatory burden as the market participant follow the "must offer-must comply" rule, which may create a barrier for small DER to enter the market. The UCA supports maintaining the 5 MW threshold for offer submission in the energy market, considering the current level of DER adoption at this point.</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, the UCA supports allowing small DER assets with 1 to 5 MW capability to participate in the energy market and submit their offers voluntarily, provided visibility is improved via technical interconnection standards. This will allow those small DER's who find more benefits to participate in the energy market directly and willing to meet the potential costs and effort needed to follow the "must offer-must comply" rule. Their ability to voluntarily opt-in and submit their offers will increase competition in the energy market.</p> <p>Moreover, this mechanism will allow the AESO to evaluate what portion of DER with lower than 5 MW capability are willing to submit their offer into the energy market directly. The result of this assessment will direct the AESO to whether reducing the 5MW offer submission threshold in the future if more and more small DERs are eager to participate in the market directly.</p> <p>However, once the DER voluntarily opts-in to participate in the energy market, the</p>

		<p>AESO must carefully consider how and if DERs are allowed to opt-out. The opt-in could be a one-time mechanism that signals to the market that a new entrant will be added to the supply stack. Opting out provisions may cause an unlevelled playing field to other market participants and potentially greater price volatility in the energy market, with the fluctuation of the available supply stack.</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>The UCA supports this recommendation as reducing the minimum asset size requirement to 1 MW will remove the barrier to entry for small DER participation. Higher participation of DERs into the OR Market has the potential to improve the grid reliability as more resources become available for the system operator to deliver power during system failure events effectively. As the AESO jurisdictional review indicated, almost all jurisdictions in North America have decreased or are proceeding to reduce their minimum participation size to 100 kW to enable the participation of resources in the OR market. It is not clear if these approaches of lowering thresholds as far as 100KW can provide the security of larger dispatchable generating units. On the other hand, the existing limits are a barrier to entry for DERs, and a reduction to 1MW with full visibility is acceptable.</p>
5.	<p>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>	<p>Considering the combined effect of maintaining the minimum size threshold at 5MW to submit an offer in the energy market and lowering the minimum asset capability requirement to 1 MW for qualification in the OR Market, the UCA agrees to allow participation in the OR market without requiring the submission of offers in the energy market for source assets below 5 MW. This mechanism will increase competition in the OR market, remove the barrier to entry, and reduce the small DERs regulatory burden by eliminating the unnecessary mandatory participation in the energy market. The administrative costs for DER to participate in the OR market may not justify submitting offers (as opposed to a negative load response), but this should not become a barrier to entering the OR market if the DER meets the appropriate OR conditions and the owner considers the administrative burden to be cost-effective. It is UCA's view that any and all costs incurred by the AESO to implement this change should be borne by the participating DERs.</p>
6.	<p>Do you agree with the AESO recommendation of discontinuing exploration of aggregation options for small DERs in the energy</p>	<p>As allowing the small DERs with the capability of 1 MW and greater to voluntarily</p>

	market? Why or Why not?	participate in the energy market and lowering the OR minimum asset qualification thresholds to 1 MW will address the need for more participation of DERs in both the energy and OR market, the UCA agrees to discontinue exploration of aggregation options for small DERs at this point. It may require that the AESO reassess the aggregation option in the energy and OR market in the future with the emerging high rate of DERs adoption and more interest from participation pursuing aggregation of their source assets.
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?	Yes, the UCA has concerns over the ability to manage aggregations of smaller generators in a critical OR function, as expressed above. See responses to questions 4 and 6 above.
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.	It is the UCA's view that DER recommendations should be implemented as soon as practicable, subject to the availability of AESO resources. As the DERs adoption is growing fast, it is essential for both the market participants and the electricity system to be able to capture the benefits of these new resources of energy. However, we acknowledge there are other higher existing priorities, such as the filing of a new Tariff to address Bulk and Regional Transmission cost allocations.
9.	Do you have any concerns or suggestions on the DER market participation process and timeline? Please comment.	No, the UCA does not have any concerns at this time.
10.	Do you have any other suggestions or comments you would like to share on DER market participation or the engagement activities? Please comment.	No comment.

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