

12/12/2024

RE: Ontario's Integrated Resource Plan

Dear Ontario Ministry of Energy and Electrification Staff,

Thank you for the work you are putting into the development of an integrated resource plan that will help Ontario manage its growing energy needs over the next twenty years.

Voltus has been active in the province of Ontario as a Demand Response (DR) aggregator since 2018. We have worked with hundreds of megawatts (MW) of commercial and industrial loads in the province to both save money on their energy bills through the Industrial Conservation Initiative and to monetize their flexibility and distributed energy resources through the Demand Response and Capacity Auctions. As you know, these programs are pivotal to maintaining the competitiveness of our province's industries. DR revenue goes directly to Ontario energy consumers, including manufacturing facilities, universities, and commercial facilities, thus supporting the province's economy. Moreover, demand response has been shown to be an incredibly cost effective capacity, energy, non-wires alternative and ancillary service resource that needs to be further enabled in Ontario.

Capacity

By Voltus' count, nearly 1,200 MW of DR cleared the Capacity Auction in December 2024 for the 2025/2026 capacity year at a price of \$58,800 per MW-Year. When compared to the results of Long-Term Procurement 1, which closed in June 2024 for 2,100 MW for a price of between \$166,000 and \$416,000 per MW-Year, Demand Response is incredibly cost-effective. It also must be noted that not all resources cleared the December 2024 auction. This means that at prices significantly lower than the Long-Term Procurement, there are capacity resources that will be sitting on the sidelines this capacity year as Pickering Nuclear Station retires. In addition, higher auction pricing would attract additional participation for next year's auction as well. An expansion of the Capacity Auction would incentivize additional load participation and increase Demand Response capacity in Ontario at a lower cost than Long-Term Procurement.

Energy

While the United States has adopted FERC Order 745, which allows demand response and demand side resources to be paid for the energy they provide to the grid, Ontario remains 10 years behind. At present, only large directly-metered loads are able to be dispatched by the IESO when energy prices are high, and they only see a reduction in costs and not any revenue from the energy they provide to the system. As has been proven in US markets, only a relatively small share of energy users are willing and able to meaningfully or frequently curtail their normal operations for the sake of savings based on real-time market prices. There is a much larger market for customers who are willing and able to curtail if provided dispatch signals and compensated for the energy they provide the bulk power system in the form of curtailment. Current rules do not allow demand response aggregations to participate in the energy market in Ontario, but different rules in the US have enabled loads ranging from residential

thermostat aggregations and big box stores to event centers and crypto mining facilities to provide energy to markets. Voltus believes that by enabling energy payments for demand response aggregations, the Ontario Government can unlock a new resource for its grid that is currently being deployed across the United States and Europe. For example, Voltus' portfolio in PJM has been dispatched for more than 1,000 GWh in 2024 alone.

Ancillary Services

A similar opportunity exists to enable demand response aggregations to participate in ancillary services in Ontario. Demand response is able to provide spinning and non-spinning reserves in most markets, but again, Ontario restricts its participation to only the large directly-metered loads. For example, DR provides almost 20+% of the Spinning Reserves in PJM, 38% in SPP, and 10% in MISO, and in the past two years has performed better than generating assets in PJM. We believe that the IESO should be instructed to develop the rules and standards necessary to qualify and deploy demand response aggregations in its ancillary services program.

Utility Programs (Non-Wires Alternatives)

Utility programs help in managing transmission and distribution costs and incentivize distributed energy resource investments by the private sector where they are most needed.

Over the past 10 years, Ontario utilities have demonstrated the capability of demand response in providing localized support for transmission and distribution systems. However, the time for pilots is now over, and the Ministry needs to instruct all utilities in the province to develop and launch a standard format demand response program for their utility areas. Ontario should look to New York's Commercial System Relief Program (CSRP) or New England's Connected Solutions Program for inspiration. To enable scalability, it is pivotal to ensure that one set of rules governs how participation can stack across IESO and utility programs.

Taken together, enabling Demand Response and DERs to participate in all IESO and utility programs will assist our province in not only managing a cleaner, reliable and more cost effective grid, but also in protecting the competitiveness of Ontario's Commercial and Industrial business sectors. Voltus looks forward to working with Ministry of Energy staff on these files in 2025.

Best regards,

Michael Pohlod
Director of Energy Markets
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About Voltus

Our team manages more than 7 GW of commercial, institutional, and industrial demand response across North America, including over 110 MW in Ontario. Voltus has been active in Ontario since 2018 and Our technology platform provides a single-system of record for **accurate financial forecasting, financial settlement, and real-time and historical performance**. Our technology integrates with existing systems and/or equipment on site (*i.e., pulses, BMS, generators, energy management systems*) to help streamline onboarding and maximize value generated through demand response. In addition, our technology uncovers more demand response dollars by providing real-time visibility into dispatch performance, alerting and performance coaching, and optimizing kW nominations.