



Market Rule Amendment Submission

This form is used to request an amendment to, or clarification of, the *Market Rules*. Please complete the first four parts of this form and submit the completed form by email to the following:

Email Address: Rule.Amendments@ieso.ca

Attention: Market Rules Group

Subject: Market Rule Amendment Submission

All information submitted in this process will be used by the *IESO* solely in support of its obligations under the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998*, the *Market Rules* and associated policies, standards and procedures and its licence. All submitted information will be assigned the *confidentiality classification* of “Public” upon receipt. You should be aware that the *IESO* will *publish this amendment submission* if the *Technical Panel* determines it warrants consideration and may invite public comment.

Terms and acronyms used in this Form that are italicized have the meanings ascribed thereto in Chapter 11 of the *Market Rules*.

PART 1 – SUBMITTER’S INFORMATION

Please enter contact information in full.

Name: IESO Staff

(if applicable) *Market Participant /
Metering Service Provider No.*¹: N/A

Market Participant Class:
N/A

Telephone: 905-403-6983

Fax: 905-855-6371

E-mail Address: rule.amendments@ieso.ca

PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: Demand Response Auctions

Title: Demand Response Auctions – Capacity Obligation Transfers

Nature of Request (please indicate with x)

Alteration

Deletion

Addition

Clarification

Chapter: 2, 7, 11

Appendix: N/A

Sections: Ch 2, section 5B, Ch 7 sections 18
& 19, Ch 11 definitions

Sub-sections proposed for amending/clarifying: _____

¹ This number is a maximum of 12 characters and does not include any spaces or underscore.

PART 3 – DESCRIPTION OF THE ISSUE

Provide a brief description of the issue and reason for the proposed amendment. If possible, provide a qualitative and quantitative assessment of the impacts of the issue on you and the *IESO-administered markets*. Include the Chapter and Section number of the relevant *market rules*.

Summary

The IESO proposes to amend the market rules to allow a demand response auction participant (DRAP) to transfer all or a portion of its demand response capacity obligation to another DRAP who had qualified capacity to offer into the demand response auction for the same commitment period.

This proposal is based on input from the Demand Response Working Group (DRWG).

Further information on the DRWG can be found on the IESO's website at: [IESO Demand Response Working Group](#)

Background

In consultation with the DRWG, the demand response (DR) auction mechanism was developed and implemented in the market rules via MR-00416-R00-R04 in 2015. The annual DR auction is part of the IESO's ongoing efforts to expand Ontario's DR capabilities and transition multi-year, contract-based DR to a more cost-effective, market-based platform. The DR auction facilitates the entry of new DR suppliers and provides a transparent and cost-effective way to select the most competitive providers of DR, while ensuring that all providers are held to the same performance obligations. The DR auction allows large consumers, such as dispatchable loads, as well as aggregators to compete to provide DR capacity, which helps to meet Ontario's overall system adequacy needs. The DRWG continues to discuss the role of DR and investigate opportunities to expand the role of DR, including DR auction enhancements. DRWG participants asked the IESO to develop a mechanism that would allow participants to adjust their DR capacity positions obtained through the DR auction and that the mechanism be available for the DR auction in December 2016. The IESO committed to exploring options that would allow participants to mitigate risk by allowing the adjustment of their capacity positions after an auction has cleared. The IESO first presented its proposal to allow DR capacity obligation transfers to the DRWG on May 30th, 2016, and presented a final proposal to stakeholders on July 15th, 2016.

The IESO's proposal to enable DR capacity obligation transfers amongst DRAPs with qualified DR capacity will allow DRAPs to adjust their positions that have been cleared through a DR auction, while having a minimal impact on the IESO's current DR auction mechanisms and processes. The IESO supports this proposal because it offers greater flexibility for DRAPs while maintaining the same level of DR capacity procured through the auction. The proposal will only take effect on a go forward basis beginning with DR capacity obligations obtained through the upcoming December 2016 auction. DR capacity obligations obtained through previous DR auctions will not be eligible for transfer.

PART 4 – PROPOSAL (BY SUBMITTER)

Provide your proposed amendment. If possible, provide suggested wording of proposed amendment.

Amend the market rules to allow a DRAP to transfer all or a portion of its demand response capacity

PART 4 – PROPOSAL (BY SUBMITTER)

obligation to another DRAP who had qualified capacity to offer into the demand response auction for the same commitment period.

PART 5 – FOR IESO USE ONLY

Technical Panel Decision on Rule Amendment Submission: Warrants Consideration

MR Number: MR-00427

Date Submitted to *Technical Panel*: August 2, 2016

Accepted by *Technical Panel* as: (please indicate with x)

Date:

General

Urgent

Minor

August 9, 2016

Criteria for Acceptance: The amendment identifies means to better enable the market to satisfy the market design principle of efficiency by increasing the likelihood that the DR capacity procured through DR auctions will be available for delivery into the energy market and by mitigating participant risk from unforeseen circumstances if a qualified transferee can be found.

Priority: Regular

Criteria for Assigning Priority: The DR capacity obligation transfer mechanism is targeted to be available for demand response auction participants in the IESO's December 2016 DR auction.

Not Accepted (please indicate with x):

Clarification/Interpretation Required (please indicate with x):

Technical Panel Minutes Reference: IESOTP 299-1

Technical Panel Comments: _____