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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00433-R01		
Subject:	Demand Response		
Title:	Hourly Demand Response to the EOSCA List		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	7	Appendix:	N/A
Sections:	19		
Sub-sections proposed for amending:	19.2.4		

### PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Draft for Technical Panel Review	May 15, 2018
Approved Amendment Publication Date:		
Approved Amendment Effective Date:		

### PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

Provide a brief description of the following:

- The reason for the proposed amendment and the impact on the *IESO-administered markets* if the amendment is not made.
- Alternative solutions considered.
- The proposed amendment, how the amendment addresses the above reason and impact of the proposed amendment on the *IESO-administered markets*.

#### Summary

The IESO proposes to amend the market rules to eliminate ambiguity regarding the IESO’s authority to include Hourly Demand Response (HDR) resources as control actions on the Emergency Operating State Control Actions (EOSCA) list.

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

The EOSCA list contains control actions that are available to the IESO leading up to and during an emergency operating state. The list allows the IESO to take “out-of-market” actions to maintain the reliability of the IESO-controlled grid. The complete EOSCA list can be found in [Market Manual 7.1: IESO-Controlled Grid Operating Procedures, Appendix B](#).

In November 2017, the IESO proposed to the DRWG the addition of HDR resources to the EOSCA list. This addition would allow the IESO to utilize the following out-of-market control actions to help avoid or mitigate system emergencies:

- Placing HDR resource on standby; and
- Activating of HDR resources that were issued a standby notice.

The DRWG was supportive of the IESO’s proposal to add HDR resources to the EOSCA list beginning at the start of the Summer 2018 commitment period. The applicable changes to MM 7:1 were effective May 1, 2018.

#### Discussion

Section 19.2.4 of Chapter 7 excludes certain market rules for DR market participants participating only as HDR resources. The intent of these market rule exclusions was to maintain the same treatment as its predecessor Capacity Based Demand Response (CBDR) received, and to relieve this subset of DR market participants from certain other provisions that were deemed unnecessary for participation in demand response through the DR auction.

Chapter 5 of the market rules contains obligations related to power system reliability. This includes, but is not limited to, the IESO’s authority to intervene in the energy market and take “out-of-market” actions during, or in advance of, an emergency or high-risk operating state. The IESO’s authority to take out-of-market control actions and define a list of control actions (EOSCA list) is derived from

**PART 3 – EXPLANATION FOR PROPOSED AMENDMENT**

Chapter 5. Where applicable, Chapter 5 has been based on reliability standards established by applicable standards authority.

Section 1.1.3 of Chapter 5 states that:

“In the event of a contradiction or inconsistency between the provisions of this Chapter 5 and any other provision of the market rules, the provisions of this Chapter 5 shall govern. In performing any act, power, or duty under the market rules, the IESO shall have due regard to and, when necessary to ensure the reliability of the IESO-controlled grid, give precedence to the provisions of this Chapter 5.”

The IESO has determined that the complete exclusion of Chapter 5 in section 19.2.4.2 of Chapter 7 is inconsistent with the provisions of section 1.1.3 of Chapter 5.

Eliminate Ambiguity Related to the Addition of HDR to the EOSCA List:

The IESO proposes to amend section 19.2.4 of Chapter 7 to eliminate any ambiguity regarding the IESO’s authority to maintain the reliability of the IESO-controlled grid (ICG) and to utilize HDR resources as part of the EOSCA list.

- Amend section 19.2.4 to explicitly exclude from the market rules the following sections in Chapter 5 that provide the IESO with the authority to take action to maintain the reliability of the ICG, and to take action in response to adequacy concerns including instances where the ICG is in or approaching a high-risk operating state or an emergency operating state:
  - Chapter 5, sections 1.2.1 to 1.2.3 – authorizes the IESO to take action to maintain the reliability of the ICG. The ability for market participants to act to ensure the safety of any person, prevent the damage of equipment, or prevent the violation of any applicable law, will also be excluded from the carve-out.
  - Chapter 5, sections 2.3 and 2.4 – maintains IESO’s authority to take action under an emergency operating state and high-risk operating state.
  - Chapter 5, section 5.8 and 5.9 – maintains IESO’s authority to take action under an emergency or high-risk operating state.

**PART 4 – PROPOSED AMENDMENT**

**19. Demand Response Market Participants with Demand Response Capacity Obligations**

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**19.2 Eligibility Requirements for Hourly Demand Response Resources with Demand Response Capacity Obligations**

19.2.4 The following provisions of the *market rules* shall not apply to a *demand response market participant* that is authorized by the *IESO* to participate only with an *hourly demand response* resource and is not a *wholesale consumer* that is a *non-dispatchable load*:

19.2.4.1 Chapter 2, sections 5A and 8;

19.2.4.2 Chapters 5, other than section 1.2.1 to 1.2.3, 2.3, 2.4, 5.8 and 5.9 of Chapter 5-6, 8, 10; and

19.2.4.3 Chapter 7 section 7-; and

19.2.4.4 Chapters 6, 8, 10.

**PART 5 – IESO BOARD DECISION RATIONALE**

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