



# Market Rule Amendment Proposal Demand Response

**Resolute Thunder Bay**

February 12<sup>th</sup>, 2019



## RESOLUTE PULP AND PAPER

Resolute is a global leader in the forest products industry with a diverse range of products, including newsprint, specialty papers, market pulp and wood products. The Company owns and/or operates over 40 pulp and paper mills and wood products facilities as well as power generation assets in Canada (Quebec and Ontario) and the United States.

In Ontario, Resolute's operations include an integrated facility that produces kraft pulp, newsprint from thermomechanical pulp and electricity from cogeneration, three sawmills as well as one pellet plant. These facilities are located in the Northwest region and provide 900 direct jobs, as well as contributing to approximately 3000 indirect jobs.

Thunder Bay is one of Resolute's most significant pulp and paper operations. The mill is a local landmark, operating since 1919. While name and ownership of the facility have changed over the years, its importance to the local community as an employer, taxpayer, community supporter and engaged neighbour has been ongoing.

### Resolute Pulp and Paper Operations – Thunder Bay, Ontario Division

- Produces Newsprint
- Produces both NBSK & NBHK Market Pulp
- Produces green renewable power that it sells back to the Province as part of a PPA.

# WHY ARE WE HERE ?

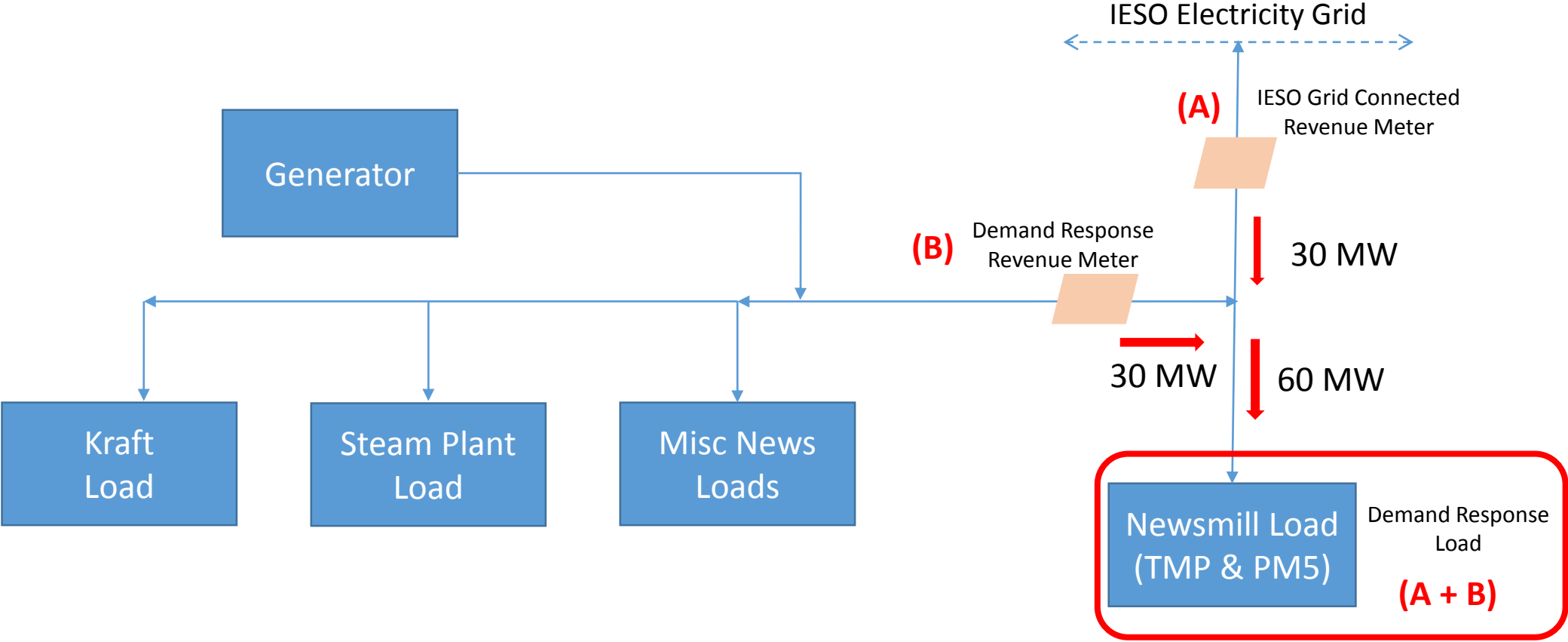
- Resolute has been providing DR to the IESO under the DR2 and DR3 programs created by the IESO's predecessor, the OPA, as well as under the CBDR program and the current DR auction.
- Resolute registered the Thunder Bay news-mill manufacturing facility as the DR Program resource. To do this, Resolute made use of two revenue-grade electricity meters.
  - This configuration was reviewed, accepted, and approved by the IESO.
  - The IESO registered Resolute based on this configuration in the DR-A program.
  - Resolute's DR Capacity was approved by the IESO based on this configuration.

# REGISTRATION HISTORY

- October 2015: IESO accepted Resolute's registration into DR-A program.
- December 2015: IESO awarded Resolute a Capacity Obligation based on Resolute's accepted submission.
- June 2017: IESO staff changed its interpretation of the Market Rules.
- August 2017: Resolute learned that the IESO staff was now applying an incorrect interpretation to calculate Resolute's baseline and load change in response to DR activation, which differed from the calculation accepted by the IESO at registration.
- No Market Rule change drove the IESO staff's new interpretation; IESO staff merely changed their position.

# SIMPLIFIED OVERVIEW OF RESOLUTE ELECTRICAL DISTRIBUTION

## Normal Operation

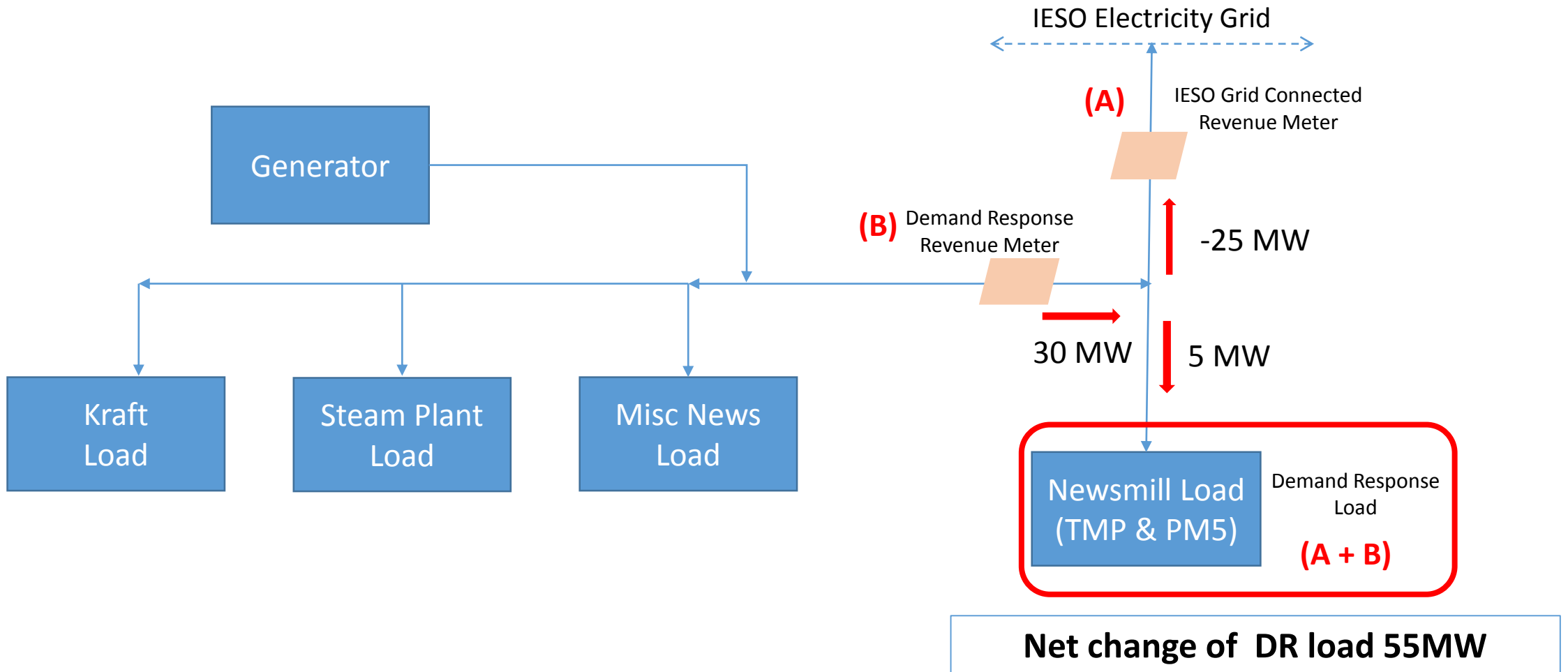


**Demand Response (DR) Baseline load: 60 MW**



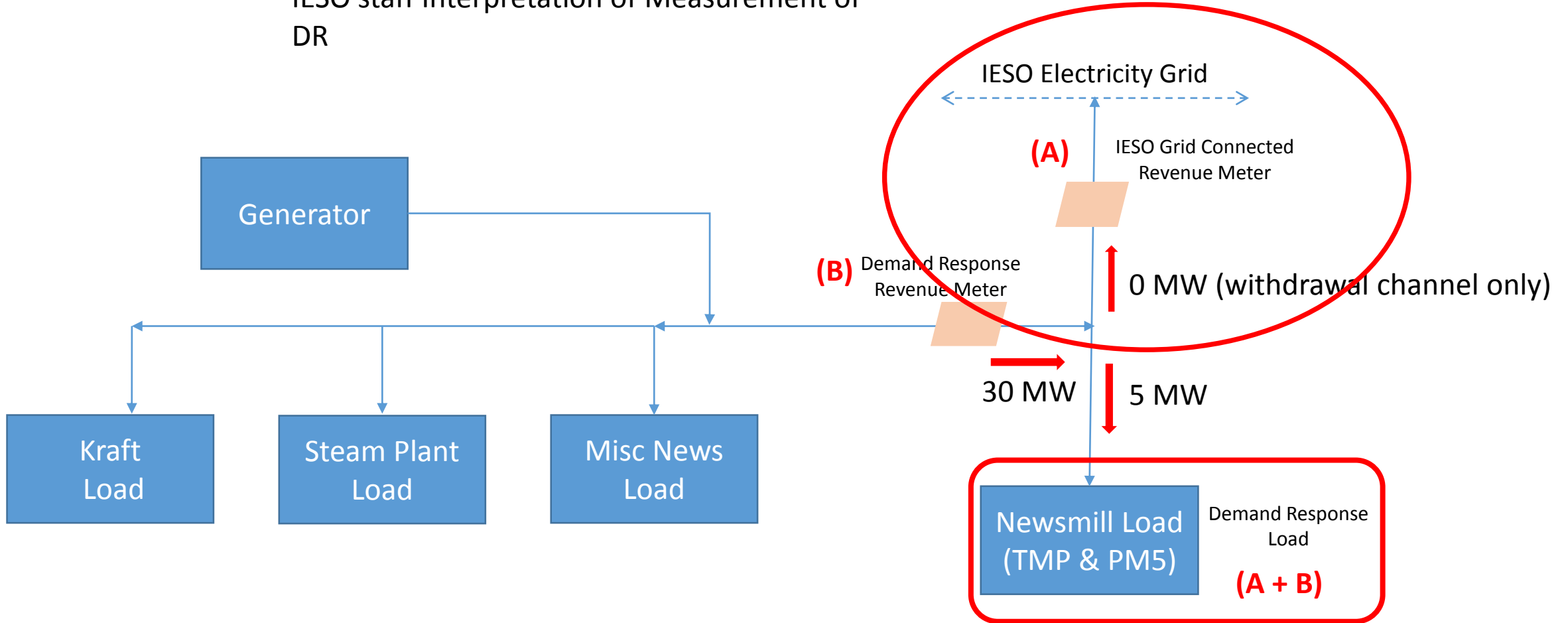
# SIMPLIFIED OVERVIEW OF RESOLUTE ELECTRICAL DISTRIBUTION

After DR Activation: Actual



# SIMPLIFIED OVERVIEW OF RESOLUTE ELECTRICAL DISTRIBUTION

IESO staff Interpretation of Measurement of DR



**Actual change of DR load: 55 MW**  
**IESO's Measurement of change of load: 30 MW**

# RESULT

- The IESO staff's new interpretation has the impact of changing the Market Rules.
- IESO staff is underestimating the load reduction that the Ontario grid is experiencing when Resolute sheds load.
- The IESO staff is reading only one channel, of only one revenue meter. The Market Rules do not provide for these measurement limitations as applied by IESO staff.



## SUMMARY OF RESOLUTE'S POSITION

1. Resolute's position is consistent with the Market Rules; IESO staff's change in position is not based on any Market Rule provisions. Resolute's Market Rule amendment submission clarifies, but does not change the purpose or intent of the DR programs (see proposed revisions on slides 10 and 11).
2. Infrastructure to measure load exists and was approved by OPA and used in DR programs from 2013 onwards until staff's change in position.
3. By shutting down our operation Resolute is fulfilling the intent of the DR program and reducing the load to the grid by 50+ MW.
4. Although the Ontario grid is seeing the benefit of a 50+MW load reduction the interpretation from the IESO staff only acknowledges a 30 MW reduction.

# MARKET RULE AMENDMENT SUBMISSION - 1

The Market Rules do not support IESO staff's position. For greater certainty, Resolute proposes Chapter 7, s. 18.2 and s.19.2.1.1 of the Market Rule to be amended to as follows (changes underlined):

- Chapter 7, 18.2.1.4: “For greater certainty, with respect to determining a *demand response market participant’s demand response capacity*, nothing in this Rule shall be used to differentiate between meters that connect *demand response market participants* to the IESO-administered grid and meters that measure self-generation.”

# MARKET RULE AMENDMENT SUBMISSION - 2

- Chapter 7, 19.2.1.1:

19.2.1 “A *demand response market participant* is eligible to participate as an *hourly demand response* resource provided that the *demand response market participant*:

19.2.11 demonstrates to the satisfaction of the *IESO* that it can provide the *demand response capacity obligation*, as specified in the applicable *market manual*, without differentiation by the IESO between meters that connect *demand response market participants* to the IESO-administered grid and meters that measure self-generation.”

QUESTIONS ?