

# PEAKSAVER TRANSITION AND DR AUCTION TARGET CAPACITY

Demand Response Working Group

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July 18, 2017

# Purpose

- To review proposed transition strategy of *peaksaver* capacity into the DR Auction target capacity

# Background

- The IESO's goal is to facilitate participation of *peaksaver* resources in the DR Auction after termination of the program by end of year 2017
- *Peaksaver* MWs (~150MWs) could be included in this year's target capacity
- However, based on stakeholder feedback, there is significant uncertainty about the number of MWs that will actually materialize from *peaksaver* resources

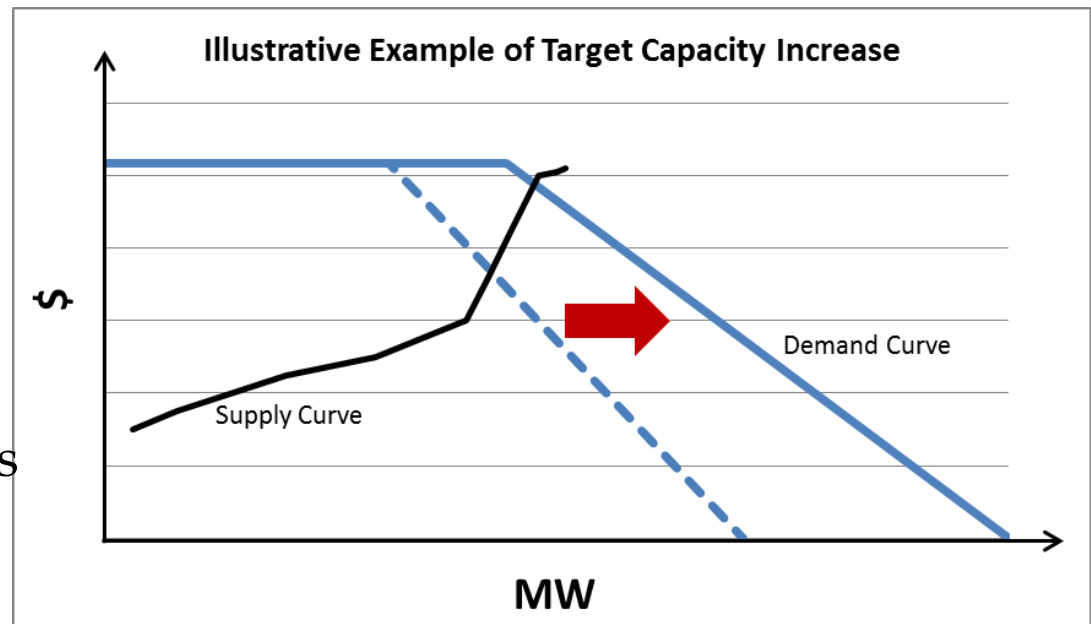
# *Peaksaver* Transition Challenges

- Stakeholder feedback on factors impacting transition:
  - Differences between *peaksaver* and DR Auction capacity obligation requirements (peak day vs seasonal on-peak availability)
  - Compensation from the DR Auction may not be high enough to incent some contributors to continue
  - Administrative challenges such as re-signing existing *peaksaver* contributors to new customer agreements
  - Technical uncertainties including 3<sup>rd</sup> party access to devices and measurement data
- Some factors may be resolved over the next year while others may be more challenging

# Risks of Increasing Target Capacity

- Increasing the DR Auction's target capacity to transition *peaksaver* resources will shift the demand curve to the right
  - Growing target capacity will allow *peaksaver* resources to compete in the DR Auction while still growing total DR capacity
  - In order to clear the auction, *peaksaver* resources must still be competitively priced against other DR suppliers









- Risk of increasing target capacity without an increase in DR supply will lead to unnecessary higher capacity costs



# Proposed Strategy to Transition

- IESO is proposing to transition *peaksaver* capacity to auction by modifying target capacity over three years instead of all in one year
  - Target Capacity increase quantity for the 2017 DR Auction will be informed through further stakeholder discussion over the Summer
  - Reduces risk of a unintended spike in capacity costs
  - Allows IESO to review/revise increase on annual basis to be more reflective of actual *peaksaver* capacity

## Proposed Transition:

| Commitment Period | Target Capacity Proposal  |   |  |
|-------------------|---|---|---|
| Summer 2018       | Target Capacity <i>plus</i> estimated transitioning peaksaver capacity  |   |  |
| Summer 2019       | Target Capacity <i>plus</i> estimated incremental transitioning peaksaver capacity <i>OR minus</i> over estimated peaksaver capacity (if necessary) |  |  |
| Summer 2020       | Target Capacity <i>plus</i> estimated incremental transitioning peaksaver capacity <i>OR minus</i> over estimated peaksaver capacity (if necessary) |  |  |

# Feedback

- The IESO will publish the Pre-Auction Report specifying the demand curve for the upcoming year by early October
- Target Capacity will be an agenda item at the Sep 12 DRWG meeting
- The IESO is seeking feedback from stakeholders on:
  1. The proposal to transition peaksaver MW into the DR Auction target capacity over a three-year period
  2. An estimate of peaksaver capacity that could be delivered as an residential HDR resource by the Summer 2018 commitment period.
- Please submit feedback to: [engagement@ieso.ca](mailto:engagement@ieso.ca)