

# IMPROVED UTILIZATION OF HDR UPDATE

Demand Response Working Group

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May 3, 2018

# Purpose

- Finalize HDR utilization improvements and review proposed Market Rule amendments
  1. Finalize HDR utilization improvements for 2018
  2. Eliminate ambiguity in market rules related to utilizing HDR resources through the EOSCA list

# Improved Utilization of DR

- IESO is interested in increasing utilization of HDR resources to maximize its value to the system
  - For the 2017 DR Auction, the IESO has added HDR resources to the EOSCA list
  - For the 2018 DR Auction, the IESO stakeholdered two areas for utilization improvement, focused on scheduling flexibility

1. Reduce Minimum Dispatch Duration

2. Increase Real-Time Availability

# Summary

- The IESO believes shortening the minimum dispatch duration and moving to a price-based trigger for standby will improve the value of HDR resources in the short-term and help support transition to the ICA
- During the April 20 webinar the IESO sought feedback on its proposal to:
  - Proceed with a \$100 price trigger for standby notices; or
  - Phased-in approach: \$200 trigger for 2018 DR Auction and move to a \$100 trigger for 2019 Auction

# Stakeholder Feedback

- Stakeholders have been supportive of proposed changes to dispatch duration
- The IESO did receive feedback following the April webinar
  - Supportive of phased approach but request results of modification be reviewed and discussed with stakeholders after first year
- Based on this feedback and feedback from the previous round, the IESO is proposing to adopt the 'phase-in' approach for standbys
  - **\$200** for 2018 Auction
  - **\$100** for 2019 Auction

# 2018 Improved Utilization Proposal

## Current HDR Activation Protocol

### 1. Standby Notice:

4-hour schedule required for a standby



### 2. Activation:

4-hour schedule required for an activation



### 3. Duration:

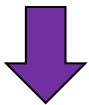
DR activated for 4 hour blocks



## Proposed Changes

### 1. Standby Notice:

*At least 1-hour is  $\geq$ \$200 trigger price required for a standby by 7am*



### 2. Activation:

Activate when *at least 1 hour* scheduled for DR ~2.5hrs prior



### 3. Duration:

DR activated for **up to 4 hours** based on schedule when 1<sup>st</sup> hour activated



- A standby notice is issued for a resource when its respective pre-dispatch shadow price is equal to or greater than \$200 for an hour during the availability window prior to 7am of the dispatch day
- The price-based trigger for standby notice will be reduced to \$100 for the 2019 Auction

# Proposal Details

## Changing

- HDR requirement for standby reduced from a 4-hour schedule to a 1-hour schedule or a \$200 price trigger
- HDR requirement for activation modified to allow for a *1-up-to-4* hour schedule
- Capacity and dispatch settlement charges will be evaluated based on only hours activated

## Not Changing

- Limit activation to once per day
- Availability settlement charge assessed on requirement to bid in 4-hour blocks
- Continue to be activated ~2.5 hrs. ahead of real-time

# Update on HDR to the EOSCA List

- As reviewed and discussed with stakeholders, the IESO has added HDR resources to the Emergency Operating State Control Actions (EOSCA) list
  - Consistent with treatment of CBDR resources
  - Effective for the beginning of the Summer 2018 commitment period (May 1, 2018)



# Market Rule Amendments

The IESO will be making market rule amendments for the following demand response proposals at the upcoming May Technical Panel meeting:

1. HDR Utilization Improvements
  - a) Modification to Standby Notice – Chapter 7, section 19.4.2
  - b) Modification to Activation– Chapter 7, section 19.4.4
2. Eliminate Ambiguity in the Market Rules related to utilizing HDR from the EOSCA List – Chapter 7, section 19.2.4

# 1. HDR Utilization Improvements

## *Modification to Standby Notice*

### Chapter 7, section 19.4.2:

If an *hourly demand response resource* has a day-ahead *schedule of record* or a *pre-dispatch schedule* less than the resource's total *bid* quantity for at least four consecutive hours during the *dispatch day* availability window, the *IESO* shall issue a standby notice to the applicable *demand response market participant* by 07:00 EST in accordance with the applicable *market manual*.

### Proposed Changes:

- Replace “four consecutive hours” with the proposed one hour requirement
- Add in a standby notice price threshold as determined by the IESO

# 1. HDR Utilization Improvements

## *Modification to Activation*

### Chapter 7, section 19.4.4:

The *IESO* shall issue an activation notice to a *demand response market participant* ahead of the activation period, in accordance with the applicable *market manual* if a standby notice has been issued in accordance with section 19.4.2 or a *demand response market participant* has not removed their *bids* in accordance with section 19.4.3, and the applicable *hourly demand response resource* has a *pre-dispatch schedule* less than the resource's total *bid* quantity for at least four consecutive hours during the *dispatch day* availability window.

### Proposed Changes:

- Replace “four consecutive hours” with the proposed one up to four hour requirement

## 2. Utilizing HDR for EOSCA List

- IESO authority to utilize the EOSCA list is granted under Chapter 5 of the market rules – Power System Reliability
- Chapter 7, section 19.2.4 specifies that Chapter 5 is not applicable to HDR resources:

The following provisions of the *market rules* shall not apply to a *demand response market participant (HDR)*.....

19.2.4.1 Chapter 2, sections 5A and 8;

19.2.4.2 Chapters 5, 6, 8, 10; and

19.2.4.3 Chapter 7 section 7.

- However, Chapter 5 specifies one of the objects of the IESO is to maintain reliability and that the provisions of the chapter shall govern in the event of any inconsistency with its provisions
- Amendments to section 19.2.4 will be proposed eliminate any ambiguity regarding the IESO's authority to maintain the reliability of the ICG and utilize the EOSCA list

# Timeline for May 2019 Changes

- The IESO plans on bringing draft Market Rules to Technical Panel at the May 22 TP meeting
- Changes are targeted to be in place for the next Auction in December 2018

*TP process*

