

# DAM High Level Design Considerations for HDR Participation

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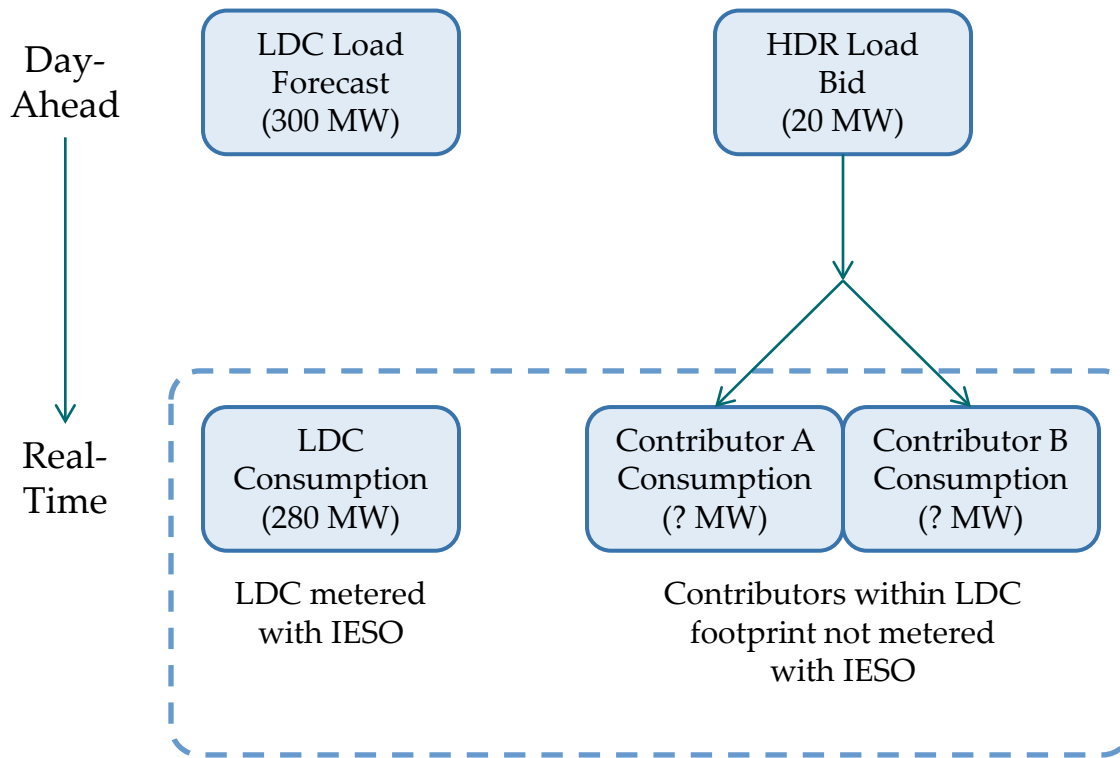
# DAM High Level Design

- The DAM high level design has determined that resources that bid and offer into the DAM will be exposed to two-settlement
  - Two Settlement = DAM Settlement + Real-Time Balancing Settlement
- Real-time balancing settlements require registered metering to measure real-time consumption against DAM schedules

# Two-Settlement Implications

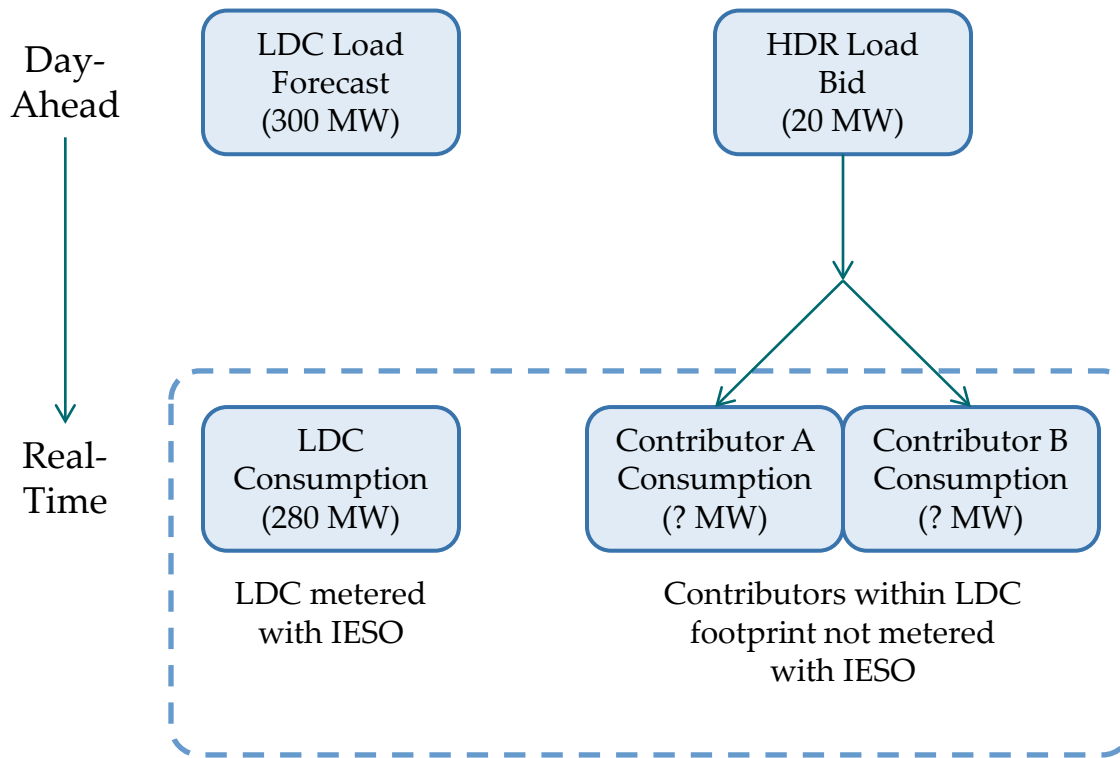
- Most HDR are aggregate resources that can represent a collection of contributors that can include both:
  - Registered market participant loads that are metered and settled with the IESO (e.g. an industrial load); and
  - Embedded loads that are metered and settled with an LDC rather than with the IESO
- A lack of metering visibility presents settlement challenges for HDR resources because their bids can represent contributors that are not metered with the IESO.

# Settlement Today (no DAM)



- DACP schedules are not financially binding (no day-ahead settlement)
- With no day-ahead financial obligation, there is no need to settle for any real-time deviations from day-ahead schedules
- The LDC's real-time consumption will account for contributor consumption and is sufficient to settle the real-time market

# Two-Settlement Implications under DAM



- DAM schedules are financially binding (require day-ahead settlement)
- Real-time deviations from day-ahead schedules must be settled in order to balance the energy market
- The LDC's real-time consumption is sufficient for the IESO to settle the LDC against the day-ahead forecast
- However, HDR bids cannot be settled since the contributors' consumption is unknown

# Observations and Next Steps

- HDR bids representing market participants do not pose a two-settlement issue because DAM schedules can be accurately mapped to actual real-time consumption
  - A new framework would be required to manage HDR bids representing non-market participant consumption
- While participation in the DAM is expected to have benefits for both HDR resources and overall market efficiency, the DAM will not be mandatory for market participants
  - However an obligation to participate may exist as a result of the ICA requiring DAM participation for cleared resources
- At a minimum the MRP will integrate the existing HDR framework for Day 1 of the renewed energy market
  - Details around when and how a framework will be established that resolves the two-settlement issue for aggregated HDR resources will be explored in consultation with stakeholders.