

# DR Testing Update

## Demand Response Working Group

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February 12, 2019

# Purpose

- Update on Test Activation Protocol
- Review of Test Activation Duration
- Market Manual Updates for DR Enhancements

# HDR Test Activation Protocol

- *Present practice:* HDR resources are currently notified day ahead via phone call regarding testing the following day
- *Update:*
  - Day ahead notification via phone call will be removed
  - Standby notification will be issued day ahead
  - IESO will also issue an Advisory Notice in advance of the standby notification (to confirm test activation)
- *Rationale:*
  - Reflects real-time activation scenario
  - Allows better gauging of DRMP's ability to respond to real events
  - Consistent with testing of other market products (for e.g. Operating Reserve testing)

# HDR Test Activation Duration

## *Background:*

- As per *MRs, Chapter 7, 19.4.11 and 19.5.7*, IESO may direct HDR resources to perform activation up to a maximum of two test activations per commitment period
- Testing allows IESO to verify that a capacity obligation is deliverable by the HDR resource
- Current IESO test activations last for 4 hours per test and all HDR resources are tested in each commitment period
- HDR resources receive non-performance charges for failing a test activation primarily through two settlement charges (Capacity & Dispatch Charge)
- IESO may choose to not test a HDR resource twice within a commitment period based on its historical performance

# HDR Test Activation Duration

- *Stakeholder Feedback:* IESO received feedback from stakeholders to reduce test activation duration in light of recently approved MRs for DR enhancements:
  - No added value to the IESO for having a test to the maximum dispatch length (4 hours) but the cost to customers who have to shut down for 4 hours is substantial
  - IESO uses testing to determine the ability to follow dispatch instructions and demonstrate ability to curtail/meet commitment. This can be done through a 1 hour test

# HDR Test Activation Duration

- *IESO Review*: In response to the stakeholder feedback received, the IESO would like to highlight the following:
  - With infrequent in market activation of HDR resources, test activations are the most effective way to build confidence and provide assurance of HDR resources capability
  - Current requirement to qualify as a HDR resource is to be able to provide a 4 hour response
  - Even with the recent DR enhancements in place, HDR resources can still be activated for up to 4 hours
  - HDR resources are part of EOSCA list where IESO may rely on HDR for up to 4 hours
  - DR participants should consider cost of having a capacity position and reflecting testing associated costs in their auction offers
  - ICA's Capacity Check Tests expected to have more stringent requirements
  - Past HDR test activation performance does not give the IESO sufficient confidence to definitively reduce the duration of test period

# HDR Test Activation Duration

- *IESO Decision:*
  - After careful review of stakeholder feedback while taking into consideration the overall purpose and objective of HDR testing, IESO believes that it's appropriate for the IESO to maintain its ability to test HDR resources for 4 hours
  - However, the IESO may choose to reduce the test activation duration for a HDR resource if it has historically performed well during test activations
- *Next Steps:*
  - IESO will continue to track the testing results of HDR resources

# DR Enhancements – Market Manual Updates

## *Market Manuals Impacted (major changes to)*

- MM 4.3 Section 7.2\*
  - An activation notice is issued when the relevant pre-dispatch schedule for each dispatch hour is less than the resource’s total bid quantity for **at least one hour** during the dispatch day availability window based on the 3 hours ahead pre-dispatch run (PD-3). The resource will only be scheduled up to four consecutive hours during the dispatch day. The activation notice is issued approximately 2 hours and 30 minutes **but at least 2 hours before** the start of the first dispatch hour to which it relates.
- MM 9.3 Section 4.11.2\*
  - ..the IESO issues a Standby Report with Standby Notice to HDR resources that have a pre-dispatch schedule that is less than the resource’s total bid quantity for **at least one hour** of the availability window on the dispatch day, or when the applicable pre-dispatch shadow price for an HDR resource is equal to or greater than the **price threshold of \$200 initially** and **subsequently \$100** (effective from April 30, 2020 onwards) for at least one hour of the availability window.

## *Timelines*

Description	Timeline(2019)
Market Manual changes posted on Pending Changes web page for MP review and comment	March 11-22 <sup>nd</sup>
Market Manual published and takes affect on	April 30 <sup>th</sup>

\*With minor edits in other sections and MMs