

IESO MANAGEMENT UPDATE

To: Stakeholder Advisory Committee
From: JoAnne Butler, VP Market and Resource Development
Date: February 23, 2015
Subject: **Demand Response**

Information Item

Demand Response Auction

Over the fall and early Winter of 2014, the IESO held a series of stakeholder meetings in support of the development of a design for a Demand Response Auction. These meetings served two purposes:

- 1) To explain and discuss the key elements of a DR Auction
- 2) To present proposals for inclusion in a market design document

Following these consultations, the IESO published a draft DR Auction Market Design document on December 22, 2014. The Market Design will serve as a reference document to facilitate detail design discussions with stakeholders and to support the subsequent development of market rules, market manuals, business processes and procedures.

On February 19, 2015, the IESO hosted a webinar to review the feedback from stakeholders on the draft DR Auction Market Design and to demonstrate how this feedback will be reflected in a final market design document.

Next Steps

The IESO has begun the market rules implementation process with the submission of a brief description of high level proposals at February 24 Technical Panel meeting. At the meeting, Technical Panel members will be asked to vote on whether the amendment submission proposal warrants consideration. The proposal described the key elements of the DR Auction including:

- Eligibility and Registration;
- Auction Parameters;
- Performance Obligations; and
- Settlement

The IESO will continue to work with stakeholders to advance this initiative on an ambitious timeline including the development of a detailed design and along with market rules, manuals and procedures to reflect this design. The IESO is targeting running the first Demand Response Auction by year's end for Delivery in mid-2016.

Demand Response Pilot

Following consultations with stakeholders in the context of the Demand Response Working Group over 2014, the IESO has been developing a pilot program aimed at better understanding the capabilities of DR for both:

- Load Following: 5-minute and hourly load curtailment
- Unit Commitment: Day-ahead and 3 hour-ahead curtailment commitments

The main objective of the DR Pilot is to better understand how and under what circumstances DR can help balance the province's electricity needs in the most reliable and efficient manner possible. The IESO plans to procure up to 100MW of demand curtailment from demand-side resources to participate in pilot projects.

The IESO has been working on the development of a RFP document for the DR pilot. Following release of the RFP, the IESO will host a webinar for stakeholders to review and answer questions related to the RFP well in advance of the closing date.