

## IESO SENIOR MANAGEMENT UPDATE

To: Stakeholder Advisory Committee  
From: Ted Leonard, VP Markets & CFO  
Date: August 20, 2014  
Subject: **Demand Response Update**

Information Item

The IESO continues to progress on the integration of demand response programs into market mechanisms. The IESO is appreciative of the efforts of the Demand Response Working Group (DRWG) in their support of these developments. The DRWG meets monthly, with every other month held as a public session. Over 40 participants attended the latest public meeting in July, with another 34 participating by teleconference.

Below is a summary of the activities in the DR initiative:

### **Demand Response Integration**

- Existing DR3 resources were integrated into market dispatch on June 1. These resources are now triggered through a pre-dispatch offer price of \$200/MWh, and dispatched for a minimum of four hours. While pre-dispatch shadow prices have approached the trigger price during the latter part of June, no dispatch of DR has occurred to date.
- New reports to improve transparency of dispatch to all market participants are targeted for service towards the end of the year.

### **Demand Response Evolution**

#### *1. Transitional Market Rule Development*

- Draft Market Rules supporting the transition of DR3 contract terms and conditions to market rules and manuals was presented to the Technical Panel for information on July 22, 2014. Rules concepts have been presented to the DRWG, and the rules language will be brought before the Technical Panel on August 26 for approval to post for stakeholder comment.



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- Stakeholder familiarity with current DR3 contracts was leveraged at the DRWG in developing rules and ensuring continuity with the existing program.

## 2. *Demand Response Pilots*

- The DRWG Pilots' Subcommittee has met twice on May 8 and July 2 to support the work of the DRWG. The stakeholders involved in this subcommittee have provided insights and ideas into proposed pilot areas, dispatch requirements and the interaction between DR3 and pilot participation.
- Rule amendments to enable the pilots were presented at the July 22 Technical Panel meeting and received approval for warrants consideration. The pilot rules are expected to be brought before the Technical Panel on August 26 for approval to post for stakeholder comment.
- The two pilots under development include Unit commitment and Load Following services.

## 3. *Demand Response Auction*

- Stakeholder activity on development of a Demand Response Auction will be incorporated into a stakeholder engagement to commence in September 2014.