

DEMAND CURVE ELEMENTS

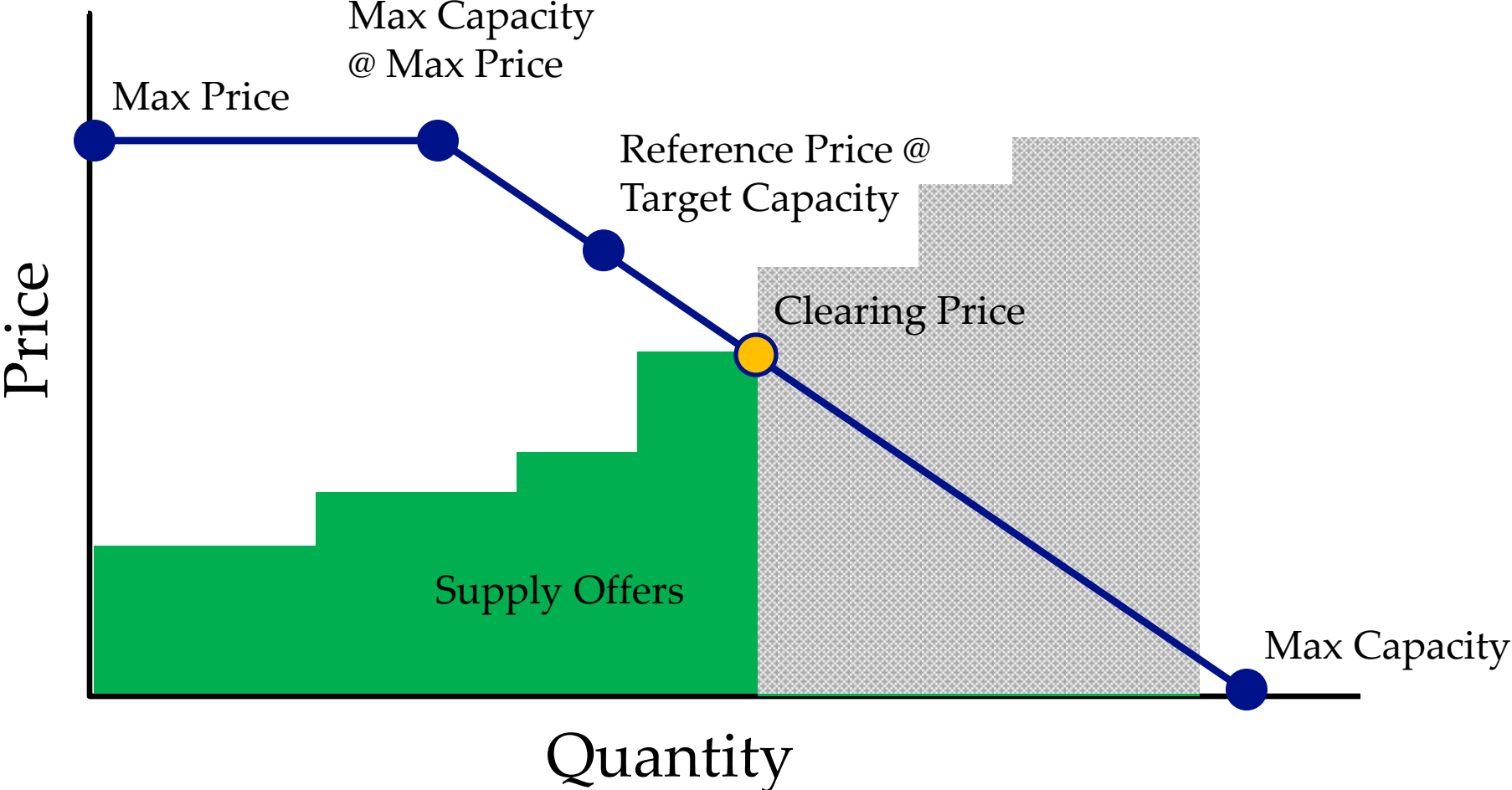
Demand Response Working Group
Meeting #1

March 29, 2016

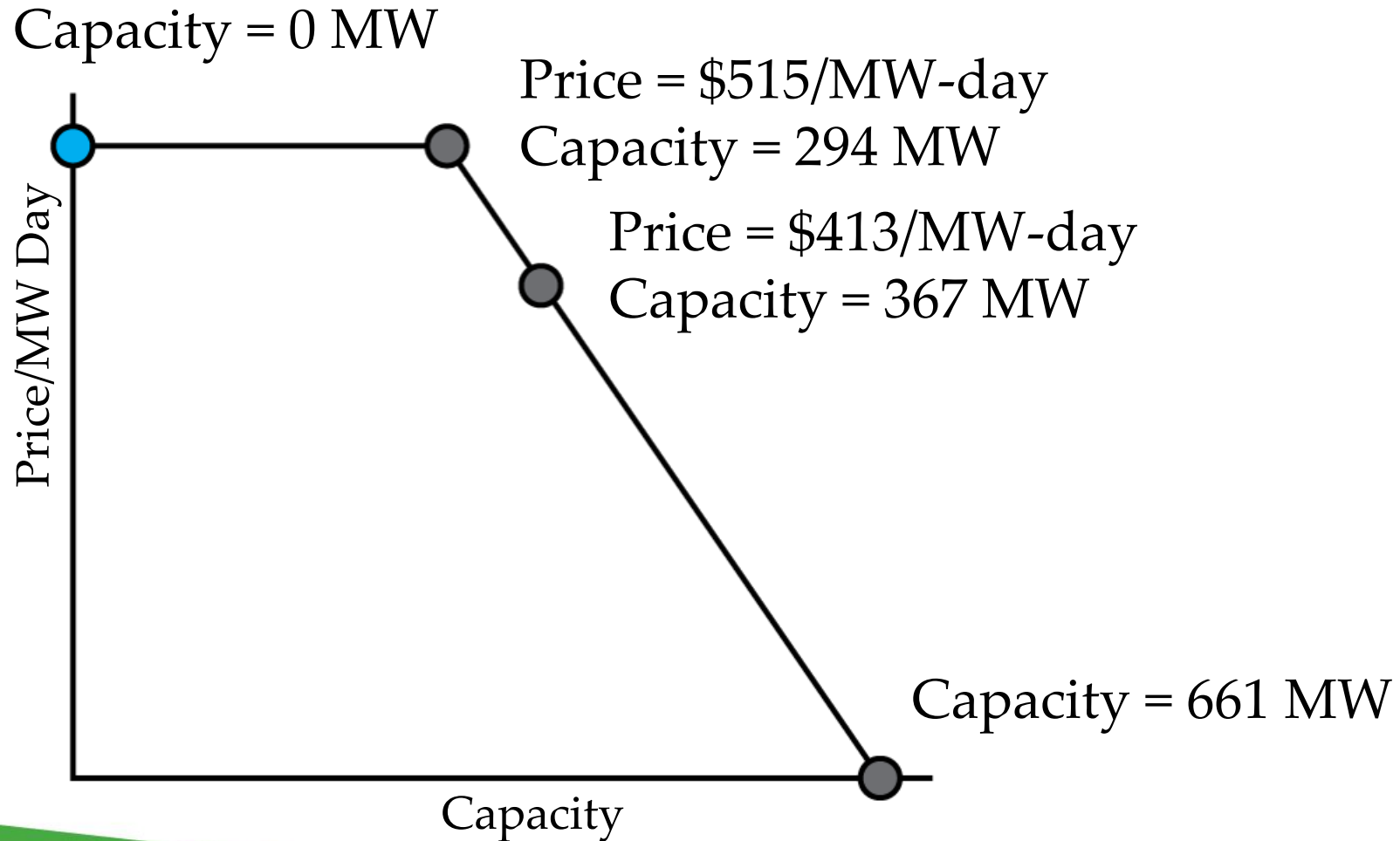
Objective

- To discuss considerations in determining the parameters for the demand curve in the 2016 DR Auction
- To solicit stakeholder feedback on additional considerations that should be taken into account

Demand Curve Parameters



2015 Auction Demand Curve



Target Capacity

- Target Capacity is the quantity of Demand Response Capacity the DR Auction seeks to procure for a Commitment Period at the Reference Price
- Target Capacity is determined based on:
 - Amount of quantity exiting the Capacity Based Demand Response program and Target MW from the previous auction
 - Any additional reliability needs identified by the IESO
- Over the long-term, the DR Auction is the preferred mechanism to procure and grow DR capacity
 - Other mechanisms may emerge to test DR capabilities outside of auction if deemed to have value

Important Considerations

- In setting the Target MW for a given auction, a number of factors need to be considered:
 - Previous auction Target MW and expiring CBDR MW
 - Overall capacity conditions for Ontario and emerging system needs
 - Other opportunities for DR to expand its role in meeting system needs
 - Costs to consumers
 - Long term policy goals

Ontario Capacity Conditions and Outlook

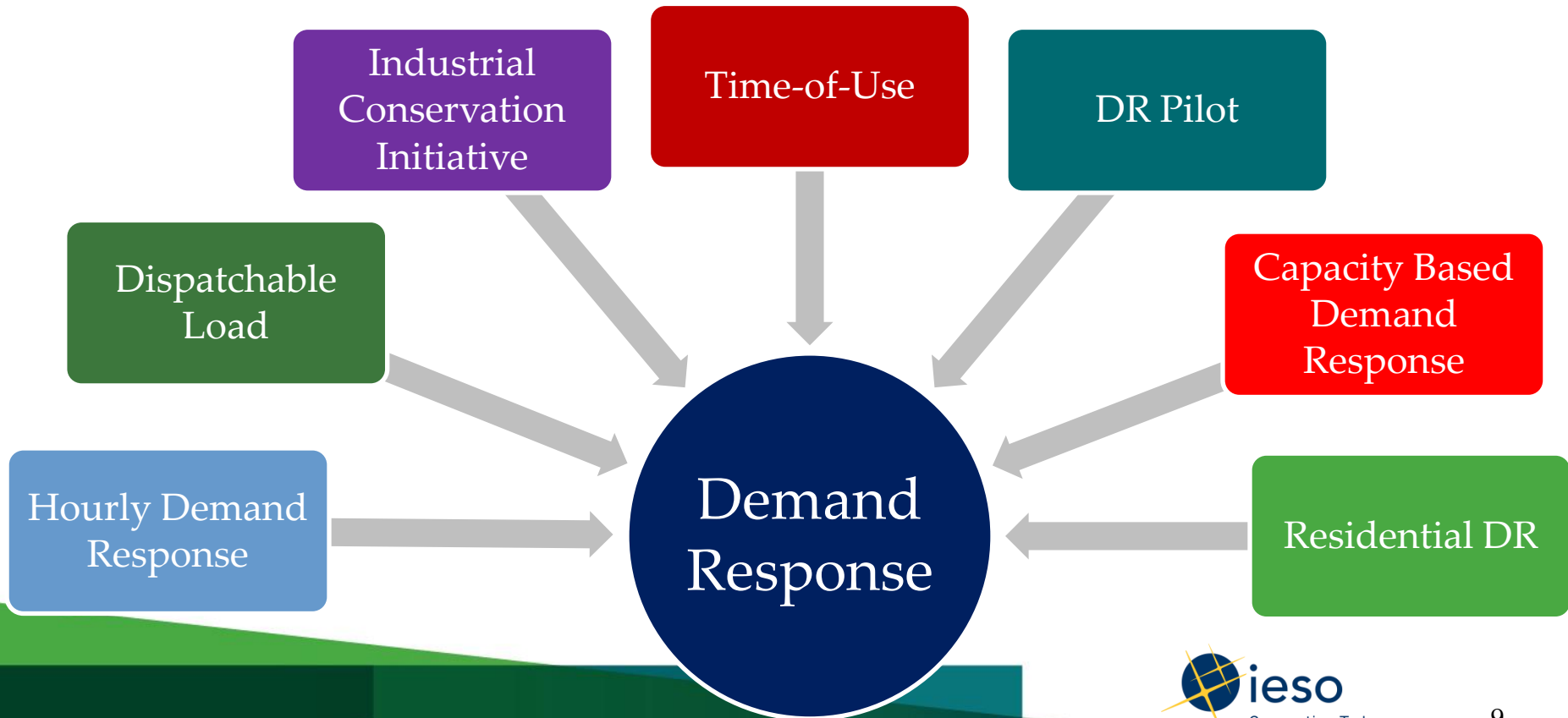
- Since the last demand curve elements were determined:
 - Ontario and Quebec agree to a 500 MW capacity swap arrangement which increases the amount of capacity available to meet Ontario's summer capacity needs
 - Life extension of Pickering Nuclear Generating Station pushes incremental system-wide capacity need to at least 2024

Growth Opportunities for Demand Response

- The IESO has expanded the envelope of demand response resources to demonstrate load following capability
 - 80 MW of incremental demand response capacity was selected through competitive RFP in 2015
- As local capacity needs are identified, what role can demand response play?
 - The role of demand response to meet local needs in response to regional planning outcomes will be explored

Long-Term Policy Goals

- From the 2013 Long-Term Energy Plan, Ontario is aiming to reduce peak demand by 10% in 2025 through Demand Response measures



Stakeholder Input

- The IESO has put forward a number of considerations in determining the 2016 (and beyond) auction Target MW
- From a stakeholder perspective, what other important considerations should be taken into account?