

# Demand Response Working Group

IESO Response to Stakeholder Feedback – May 30, 2016

## **Comment 1 (EnerNOC, City of Toronto)**

Both entities recommended that the IESO consider making Capacity Obligation Transfers available to be made throughout the commitment period, similar to the buy-out option.

### ***IESO Response:***

*The IESO's proposal will allow transfers prior to the forward period for the next and subsequent DR Auctions.*

*The IESO is supportive in principle of transfers during the commitment period for Demand Response but has identified a number of potential legal and market issues that must be resolved before committing to this change. These issues will be discussed at a future DRWG meeting.*

## **Comment 2 (EnergyHub)**

EnergyHub requests that there be more clarification regarding the requirement that the DR capacity transfer be of the same "type." As all DR capacity has the same end-use impact, as required by the product rules, capacity obligations should be able to be filled/transferred by any DR capacity available.

### **IESO Response:**

*DR Capacity Obligation transfers between participants must be of the same "type" (virtual/physical) in order to maintain the integrity of the original auction results. Also, allowing changes of Capacity Obligation types after the auction is held provides an unfair advantage to transferees compared to participants who cleared the auction because participants who clear the auction cannot change their obligation's characteristics.*

### **Comment 3 (City of Toronto)**

The City recommends that the IESO evaluate the effect of allowing capacity transfers and potential for market power issues. The City recommends that IESO consult with the other ISO organizations including NYISO who have commented on the speculative market created by secondary markets.

*Source:*[http://www.nyiso.com/public/webdocs/markets\\_operations/committees/bic\\_miwg/meeting\\_materials/2016-01-05/Spring%202016%20TCC%20Auction%20Survey%20and%20Discussion.pdf](http://www.nyiso.com/public/webdocs/markets_operations/committees/bic_miwg/meeting_materials/2016-01-05/Spring%202016%20TCC%20Auction%20Survey%20and%20Discussion.pdf)

#### ***IESO Response:***

*The IESO considers the potential for market power and speculation issues among other things in the context of the development of a rigorous market design. However, at this stage, IESO does not foresee this proposal creating additional issues. Some of the speculative concerns surrounding transmission rights products, as noted in the NYISO TCC link, arise from the impact that participant actions in the energy market have on the settlement of rights they hold. In the case of the DR Capacity Obligation, the settlement is already known and capped at the auction clearing price. The IESO will continue to monitor participant activities to identify whether such behaviour is present.*