

SETTLEMENT UPDATE FOR RESIDENTIAL DR RESOURCES

Demand Response Working Group
Meeting #6

November 30, 2016

Zonal DR Capacity Obligation

As noted at November 22 DRWG meeting:

- Administration and Capacity charges are equal to the monthly Availability payment, which is based on the DR capacity obligation (DRCO) for the zone/type
- Residential DR will participate in the energy market as a virtual Hourly DR (HDR) resource
- Due to different baseline methodologies, a DRMP with virtual C&I HDR and Residential HDR in a single zone will need to register two separate virtual resources

Zonal DR Capacity Obligation

For Participants with both C&I and Residential Virtual Resources

- Linking both the C&I and residential resources to one capacity obligation means that the Administrative Charge and Capacity Charge for each virtual resource would be for the entire zone's payment – this is a potential barrier for participation.
- In order to reduce barriers to participation, at the DRMP's request, the IESO will create an additional virtual capacity obligation to allow for virtual C&I and residential to participate independently in a zone
 - Participant determines the MW allocation of the two virtual capacity obligations across the individual resources PRIOR to the start of the Commitment Period. The sum of these capacity obligations cannot exceed the total capacity obligation cleared in the auction in that zone.
 - Non-performance charges will be assessed on a resource level, based on the capacity obligation allocated to each resource

Example

- A DRAP clears the DR Auction in Zone 1 with a virtual $DRCO_{abc} = 20 \text{ MW}$ and intends to provide 18MW with a C&I resource and 2 MW with a residential resource
 1. The DRAP advises the IESO to create an additional virtual Capacity Obligation in the forward period*
 - $DRCO_{abc} = 18\text{MW}$, $DRCO_{xyz} = 2\text{MW}$
 2. The DRMP registers:
 - C&I HDR virtual resource to $DRCO_{abc}$
 - Residential HDR virtual resource to $DRCO_{xyz}$

* *Resource registration continues to be subject to existing applicable timelines*

Feedback

- Please provide written feedback by December 16
- To provide feedback, contact engagement@ieso.ca