

# Demand Response Compliance Changes Under Transitional Rules

Demand Response Public Session #2  
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The purpose of this presentation is to propose efficiency improvements in demand response compliance over DR3's transition to IESO's Market Rules.

The following changes are applicable to contracts that expire before the delivery date of the first DR Auction or DR3 contract holders entering into the IESO's Market Rules.

1. Change Performance Breach financial penalty from next month's Availability payment to current month's Availability payment
2. Evaluate performance of DR resources at zonal level instead of Settlement Account level
3. Simplify Performance Breach definition

## Under DR3 Contract:

- When a DR participant realizes a Performance Breach, their Settlement Account is penalized on next month's Availability payment
  - Monthly Availability payments may not be uniform throughout the year thus creating a potential matching issue

## Under Transitional Market Rules:

- Change amount of the Performance Breach financial penalty from *next* month's Availability payment to the *current* month's Availability payment
  - This will match the penalty to the month of the Performance Breach

## Under DR3 Contract:

- Compliance with DR3 Activation events are evaluated at the Settlement Account level. IESO models and dispatches DR resources at a zonal level
  - DR participants may be charged with a Performance Breach at the Settlement Account level even if the participant has complied with the DR Activation event on the zonal level

## Under Transitional Market Rules:

- DR participants' compliance with Activation events will be evaluated at the zonal level for the purposes of calculating Performance Breaches
  - This will align compliance evaluation with IESO's dispatch methodology
- Each participant will be assigned to a zonal resource for the zones and window (early/late) in which they have contributors or are a direct participant
  - Bruce/Georgian Bay/S. Central/S. West, East/Toronto/Essa, Long Point/West, Niagara, Northeast/Northwest, Ottawa



## Under DR3 Contract:

### Performance Breaches can be charged based on:

- 3<sup>rd</sup> Material Non-Performance Event (event evaluation)
  - Confirmed MW / Monthly Contracted MW < 75%
  - Actual Activated MWh / Activation MW over all Confirmed Hours < 75%
  - Insufficient confirmation notices sent
- Calendar YTD (look-back evaluation):
  - Actual Activated MWh / Activation MW over all Confirmed Hours < 90%, or
  - Confirmed MW / Monthly Contracted MW < 90%
- Failure to provide weekly data for Settlement Account by 4<sup>th</sup> week after deadline



## Under Transitional Market Rules:

- Incentivize performance with Demand Response Activations by looking forward and not backwards
- Streamline conditions for Performance Breach

Under Transitional Market Rules:

Redefine Performance Breach *to*:

- For an Activation Event per Zone:
  - Actual Activated MWh / Activation MW < 80%
  - Confirmed MW / Monthly Committed MW < 80%
- Failure to provide a complete set of weekly data for a Settlement account by the fourth week after the deadline
- Eliminate Material Non-Performance Events
- Eliminate Sufficient Notice to Contributors Requirement
- Eliminate look-back and focus on event compliance

If you have feedback, please contact us at

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