

Demand Response Capacity Auction

Demand Response Public Session #2
July 9, 2014



- DR Workplan
- Stakeholder Engagement
- Proposed framework
- Areas of Feedback
- Next Steps

- DR Auction has been identified as market mechanism to replace expiring OPA DR contracts, plus any additional needs identified.
 - Auction is a competitive platform to allow for the selection of demand response resources
 - DR providers submit offers for the capacity that they are able to provide in the target year
 - Offers are stacked from lowest to highest cost and cleared against a demand curve representative of the target capacity need
 - Providers that clear the auction are guaranteed the market clearing price in the target period for which the auction is being conducted

- A DR Auction will be the subject of a Stakeholder Engagement.
 - In the context of engagement, IESO will describe and make proposals regarding auction features and design.
- In addition to general feedback, will identify key areas where input from stakeholders is required.

- Stakeholder input will be required to inform key areas of auction design such as:
 - Establishment of capacity auction targets
 - Auction/delivery timing
 - Commitment year (annual, seasonal)
 - Capacity rating process
 - Shape of the demand curve
 - Interaction and overlap of DR3, OR, GA, etc.
 - Activation compensation
- Other areas requiring input may be identified through SE process

- DR Working Group will continue to provide advice and expertise to inform development of pilots and transitional market rules framework.
- DR Auction will be part of a broad consultation with stakeholders on design and implementation.
- Formal DR Auction Stakeholder Engagement to begin later this year.