

July 17th, 2014

Ryan King
Stakeholder Engagement
IESO

Dear Mr. King:

Re: Comments – Demand Response Working Group July 9th Meeting

EnerNOC Ltd. (EnerNOC) is pleased to provide comments on the proposed market rules and the proposed changes to the DR3 program that were presented at the IESO's July 9th Demand Response Working Group meeting. EnerNOC believes that the content of the proposed market rules and the proposed changes that will be made to the DR3 contracts as they transition to market rules, are consistent with the intent of the original DR3 program while completing the needed improvements that have become apparent as the program has evolved over time. EnerNOC looks forward to reviewing the draft market rules once they are released by the IESO.

EnerNOC is a leading global provider of energy intelligence software and related solutions. EnerNOC maximizes the full value of energy management for commercial, institutional and industrial end-users of energy, and its electric power grid operator and utility customers by delivering a comprehensive suite of demand-side management services and solutions that reduce real-time demand for electricity, increase energy efficiency, improve energy supply transparency in competitive markets, and mitigate emissions. EnerNOC has participated in demand response programs throughout North America for the past decade and as an aggregator in the OPA's DR3 program since 2008. Currently, EnerNOC has approximately 27,000MW of peak load under management globally.

Proposed Changes - Compliance

EnerNOC is supportive of the proposed changes for the compliance of demand response. As noted in previous submissions, the penalty structure in the DR3 program rules has devalued the fundamental principle of aggregation as penalties are assigned on the Settlement Account level and did not take into consideration the performance of the entire aggregated portfolio. The transition rules change, to the compliance with activation events evaluated at the zonal level for the purpose of calculating Performance Breaches, respects the principle of aggregation.

EnerNOC also supports the change for the Performance Breach financial penalty from next month's availability payment to the current month's availability payment, as well as the simplified performance beach definition.

Proposed Changes – Baseline

EnerNOC supports the decision to have the baseline remain at 15 of 20 with the removal of the weather sensitive additive adjustment and the inclusion of an In-Day Adjustment. EnerNOC believes that this methodology will maximize participation by both industrial and commercial customers while still maintaining a high level of operational accuracy for the IESO.

Additional Recommendations - M&V – Reporting and Penalties

As discussed at the June 3rd Demand Response Working Group meeting and as noted in comments provided to the IESO by EnerNOC on June 23rd, EnerNOC continues to recommend that the reporting requirements be reviewed to ensure that the right information is collected by IESO and that the value of certain current DR3 Program Requirements are assessed. This includes a re-evaluation of the need for Monthly Data Submission. The current requirement for submissions on the data points is quite cumbersome for aggregators especially as their portfolios and customer numbers grow. If this information continues to be deemed necessary, then EnerNOC recommends that the data be submitted on a yearly basis. As previously recommended, another alternative could be an audit where certain days has data submitted instead of the selection of certain days from the submitted data.

EnerNOC continues to recommend that the timing for the Weekly Data Submission of 3:00pm Monday/first business day after Friday be extended to a time later in the week to enable aggregators the proper amount of time to analyze and confirm their data before submission. EnerNOC also recommends that, pending timely submittal, an interval of time be established wherein IESO provides confirmation that they have received the data and that the data has been received in an acceptable format, and if the data is deemed to be unacceptable there would be time to resend the data file(s) without penalty. The purpose here is not to correct data, but to ensure that a robust confirmation process for transfer of data is established wherein the aggregator can be assured that the data he sends is received and readable by IESO.

The penalties attached to the submission timeline should also be reviewed to ensure the impact of a late submission on the IESO and the market is appropriate. As recommended in the June 23rd comments, EnerNOC recommends a fixed-\$ penalty or a cap on the scaling penalty that currently exists.

Conclusion

Once again, EnerNOC is supportive of the proposed changes that will be part of the transition market rules for demand response and believes they reflect the spirit of the DR3 contracts and program rules. EnerNOC believes that these changes will help the IESO ensure that DR continues as a valuable resource for the province. EnerNOC encourages the IESO to review the additional recommendations brought forward by EnerNOC to ensure the information required and the penalties assessed reflect the impact on the operation of the market.

Yours truly,



Sarah Griffiths
EnerNOC Ltd.