

Minutes of Meeting

Date held: August 6, 2014	Time held: 9:00am – 11:00am	Location held: IESO Mississauga Location
Invited/Attended	Company Name	Attendance Status (A)ttended; (R)egrets; (S)ubstitute, (TC) Teleconference
Gnanam, Bala	BOMA Toronto	A
Loughren, Chris	Bruce Power Direct	A
Morris, Richard	City of Toronto	TC
Lambert, John	Eco-Shift Power	A
Forsyth, David	Gerdaul Long Steel North America	TC
Katsuras, George	Hydro One Networks	A
Roberts, Dan	Hydro Ottawa	A
Northey, Mark	Loblaw Companies Limited	A
Lundhild, Evelyn	Ontario Power Authority	A
Bourdages, Alain	Resolute Forest Products	A
Goddard, Rick	Rodan Energy Solutions Inc.	A
Beaver, Chris	Sheridan College	A
Bruno, Juliana	IESO	A
Chung, Jo	IESO	A
Drake, Gordon	IESO	A
Duru, Josh	IESO	A
Grbavac, Jason	IESO	A
Hilbig-Wright, Rhonda	IESO	A
Iqbal, Haris	IESO	A
King, Ryan	IESO	A
Murray, Patricia	IESO	A
Ng, Allison	IESO	A
Rodrigo, Dilhan	IESO	A
Romlewski, Daniel	IESO	A
Observers		
Chintapalli, Raj	Customized Energy Solutions	TC
Trott, Jed	Customized Energy Solutions	TC
Hausle, Kyle	Energy Curtailment Specialists	TC
Buerger, Laura	Energy Curtailment Specialists	TC
L'heureux, Matthew	EnerNOC, Inc.	TC
Black, Peter	Honeywell Smart Grid Solutions	TC
Plante, Matthieu	HQ Energy Marketing	TC
Kersman, Paul	Ministry of Energy	TC
Qureshi, Musab	Ministry of Energy	TC
Chen, Simon	Ontario Power Authority	TC

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Peterson, David	Ontario Power Generation	TC
Degelman, Cara	Resolute Forest Products	TC
Springgay, Guy	Springgay & Associates	TC
Scribe: Juliana Bruno, Market Development		
Please report any corrections, additions or deletions by email to: stakeholder.engagement@ieso.ca .		

All meeting material is available on the IESO web site at: www.ieso.ca/drwg

Meeting Objective: The objective of the third Demand Response Working Group meeting is to provide an update on DR initiatives within the Technical Panel process and present the framework that will be used to translate Capacity Based Demand Response (CBDR) market rule obligations and DR3 program design into applicable IESO Market Manuals.

Item 1 Update on July 22 Technical Panel Meeting

Gordon Drake of the IESO provided an update on the July 22 Technical Panel (TP) meeting. The TP was given the redline version of the Market Rule (MR) amendments required to translate obligations from DR3 contracts into IESO market rules. The TP was also provided with the enabling rule package for DR pilot programs and voted unanimously that these warrant consideration. The IESO can now begin developing the MRs to support the DR pilots. At the next TP meeting on August 26, a vote will be held to post both redline rules packages for broader stakeholder comment. The IESO also encouraged working group members to offer feedback via email on areas that they would like presented at the August 26 TP meeting. The TP requested that the IESO provide detail on plans to effectively manage the interaction between participation in both Global Adjustment Class A and Capacity Based Demand Response (CBDR). The TP stressed that the IESO have measures in place (compliance, baseline, or others) to mitigate overcompensation for participants of both the Industrial Conservation Initiative (ICI) and CBDR.

Member Questions, Comments and Discussion, with the IESO's response in italics:

A member asked the IESO to offer more insight on the interaction and potential double payment between Global Adjustment and Capacity Based Demand Response. *There is a term in the OPA DR3 contract that states that any participant of DR3 must demonstrate that any MW that have been contracted under DR3 are not also participating in any other DR program or service. The Transitional Rules seek to translate existing provisions of contracts to the IESO market rules. Currently the OPA contracts do not classify GA avoidance as a DR program, but baseline design, coordination with the IESO Dispatchable Load program and*

compliance mechanisms for CBDR do seek to manage compensation through DR3 revenues. Any further enhancements to this design will occur through design of the DR auction.

Item 2 Market Manual Changes for Registration in Capacity Based DR

Patricia Murray of the IESO presented the market manual changes for registration in capacity based demand response. Elements of registration for both the IESO market as well as the specific capacity based demand response program were highlighted. DR participants will fall under a new participant class called “Demand Response Market Participants” and will be subject to the IESO market registration process that aligns with this participation type.

Member Questions, Comments and Discussion, with the IESO’s response in italics:

A member asked if the prudential framework for CBDR will follow the framework from the DR3 contracts. *Yes – the security obligation will replicate what already exists in the OPA program. As the IESO moves into DR pilots and future DR programs it is likely that the security obligation framework will be aligned with the IESO prudential process.*

A member asked for clarification on the Market Participant class. *The only Market Participant definition is the Demand Response Market Participant (DRMP). The Capacity Based Demand Response (CBDR) is a program that describes what the DRMPs can participate in.*

Item 3 Market Manual Changes for Operations in Capacity Based DR

Patricia Murray of the IESO presented the market manual changes for operations in capacity based DR. Notification and activation is consistent with the DR3 program except for the addition of the new price based trigger. It was also noted that the Emergency Operating State Control Actions (EOSCA) list activation timeline will respect the CBDR notification and activation timelines.

Member Questions, Comments and Discussion, with the IESO’s response in italics:

A member asked if the IESO has done analysis to show how often DR would have been called as an emergency operating state control action in the past year. *The IESO determined it may have activated DR outside of the normal supply cushion trigger during the Richview TS flooding events in July 2013. That would have been the only non-trigger related use of DR3. The frequency of that scenario would likely continue to be less than once per year.*

The IESO encouraged working group members to offer feedback, either at the session or via email to stakeholder.engagement@ieso.ca, with any operational areas of the DR3 program rules that have not been reflected in the presentation or with any comments regarding the proposed changes to market manuals.

A member asked for clarification on how the capacity rate and relative capacity payment will be determined in CBDR. *The IESO responded that the availability payment will be the same as the current contracts – with the same schedule of rate payment and noted an action item to investigate where the availability rate will reside within IESO documentation.*

A member asked if the DR offers can set price in real time. *No - they can only set it in predispach with the real time price being reflective of the resulting reduction in demand.*

A member asked for clarification on how the \$200 price is arrived at. *The \$200 price trigger was fixed to reflect the utilization payment and is subject to change based on review and relevant circumstances.*

A member asked if there is an algorithm for the DR trigger that can be shared. *The IESO committed to ensuring transparency occurs in the price setting process. The \$200 price trigger only exists for CBDR - participants will be responsible for submitting their own dispatch data in the future DR programs and the expectation is for this dispatch data to reflect price sensitivity.*

A member asked for clarification surrounding the timelines and participation in the different streams of demand response, as well as how withdrawal from CBDR would be handled. *The IESO stated that a current DR3 participant can participate in CBDR until the delivery date of the first auction that follows the expiry of their original OPA contract. At that point continued participation is contingent upon clearing in the DR auction. For example, if a contract expired April 1, 2015, and an Auction was held in Q4 2015 with a delivery date of June 2016, then that participant would be eligible to participate in CBDR until June 2016. Withdrawal is done through the IESO market exit process administered by the Market Registration group. The IESO also added that any contracts that expire in 2014 will be extended until March 2015 to align with the date used in the Minister's letter to the OPA. There will be an overlap with the Market Rules and contract expiry in order to ensure a seamless transition to CBDR. If a Market Participant does not register for CBDR, they will be required to wait for a DR auction to evolve.*

Item 4 Market Manual Changes for Settlement of Capacity Based DR

Juliana Bruno of the IESO presented the market manual changes for settlement of CBDR. Proposed changes to settlement data submission requirements and the baseline methodology were detailed. Settlement processes relating to availability payments, availability over-delivery payments, utilization payments and performance set-offs will remain consistent with the processes for settlement under DR3. Performance Breach evaluation under the new zonal compliance aggregation was also explained.

Member Questions, Comments and Discussion, with the IESO's response in italics:

The IESO asked working group members if moving the V1 settlement data submission date to the third business day of the following week will help address some of the previously raised submission issues. The IESO requested that feedback be emailed to stakeholder.engagement@ieso.ca.

A member replied that the new V1 data submission date would help with correcting past issues.

A member asked for clarification with what is meant by 'charge types to be determined' on slide 7. *Currently charges associated with the operation of DR3 are settled through the Global Adjustment. With the transition of DR3 to the market, charges will be settled through a market uplift, a process in which engaged stakeholders have yet to fully review. It is the IESO's intention to design the uplift in a manner that mimics the current allocation of GA (i.e. through a peak demand type of allocation for Class A customers, and volumetric for Class B). Additionally, the IESO may need to amend or create new charge types for CBDR since current DR3 charge types follow the naming convention 'settled on behalf of the OPA'.*

A member commented that timely notification of problems relating to the submitted settlement data file is requested so that the Market Participant can avoid penalties and provide a quick turnaround of refined data. If a penalty is incurred, the structure needs to be changed as they believe the current penalty does not reflect the cost to the IESO. *The IESO responded by asking if the new proposed deadline of the third business day allows for more time to review the file in advance and helps with formatting errors.*

The member replied that having more time will help with all the contingencies encountered with data submission but stressed the need for upfront data validation. *The IESO requested that the member submit the feedback to the stakeholder.engagement@ieso.ca email for the market development team to review the question and propose any necessary changes.*

The member added that an online tool for settlement data submission would be helpful in mitigating some of the data and formatting errors upfront.

A member asked how many eligible days will be used to establish the 20 Suitable Business Days for the 15 of 20 baseline calculation. *The IESO responded that currently the process goes back to a maximum of 35 days to establish 20 suitable days. Any changes proposed to this process should be sent as feedback to stakeholder.engagement@ieso.ca.*

A member asked about the Not Fully Available for Curtailment (NFAfC) test from current DR3 program rules and commented that they feel it penalizes those who participate in DR3 and other programs. *The IESO responded that it is proposed that the NFAfC test will be maintained. The interaction between DR3 and GA is being reviewed to avoid double payments. All enhancements are open to feedback and the IESO encouraged the member to email stakeholder engagement with a detailed description of the concern with regards to the NFAfC proposal.*

Item 5 New DR3 and Capacity Based DR Report

Gordon Drake of the IESO presented an early draft of the new DR3 and Capacity Based DR report. The report features aggregated resource zones that with knowledge of the business rules can effectively

support participants who are considering participating in DR. The report will be brought to the next DR public session for additional feedback from stakeholders. The vendor will be able to finalize work on the report once all feedback is received. The IESO will be publishing an xml file specification for those who will be scraping the data from the IESO website using automated tools. Posting the report in production will follow the IESO baseline process.

Member Questions, Comments and Discussion, with the IESO's response in italics:

A member asked if any changes to the activation trigger price will be reflected in these reports. *The IESO commented that those will be reflected in the market manuals and in the interim market change process. There will be opportunity for comment on the market manuals and the IESO will notify members of the broader stakeholder community.*

A member asked if the IESO expects the trigger price to be global or regional. *By way of design, the activation price is regional in our security constrained dispatch which allows the IESO to more appropriately target utilization on a regional needs basis. Global need would be signaled by all regions meeting the dispatch trigger.*

A member asked if the utilization payment would change if the trigger price changes. *No – the intention would be to change the point at which the resources are being scheduled but the utilization payment would remain at \$200 per hour for four consecutive hours. The IESO is trying to mimic the revenue stream that is available in DR3 while receiving better operational output.*

Ryan King of the IESO then addressed the next steps, noting that there will be a DR pilot sub-committee meeting on August 21 and a DR public session in September (since confirmed for Friday, September 12, 2014). Working group members were reminded to send their comments, feedbacks/questions and proposals to stakeholder.engagement@ieso.ca.