

Meeting System Needs with Demand Response — Stakeholder Update, Technical Panel Timelines

Technical Panel
June 17, 2014



- Stakeholder Update
- Capacity Based Demand Response
- Pilot Programs
- Stakeholder Consultation and Technical Panel Approach
- Next Steps

- June 3rd: Second meeting of the Demand Response Working Group (DRWG). Topics discussed included:
 - Update on DR3 integration
 - Updated schedule for market rules transition
 - Presentation report from May 8th Pilot Sub-Committee meeting
 - Demand Response metering/validation, and baseline
 - Demand Response compliance
 - High level auction design

Recap:

- The IESO will transition wholesale DR from a program approach to a market approach – translate the terms of OPA DR3 contracts into the market rules

Highlights of the proposed rule amendments:

- Potential for a new market participant class
- Wholesale metering and verification requirements
- Design elements and program rules transferred from the current OPA DR3 contracts with respect to eligibility, parameters of the program, compliance, operation and dispatch
- Settlements and billing – cost recovery via an uplift charge
- New defined terms

- Demand Response (DR) may be able to help meet IESO system needs, in a cost competitive manner, in the following areas:
 - Unit Commitment
 - Load Following
 - Surplus Baseload Generation (SBG) Management
- A pilot subcommittee will provide an understanding of how system needs and roles can be met by DR and identify barriers to participation that may exist
- Market rule amendments will be required to enable the development of DR pilot programs to align with the target in service date for the pilot programs
 - Participants in each pilot program will be selected via competitive procurement (i.e. IESO-administered RFP)

- Areas for stakeholder discussion include:
 - Scope – limited to testing the capabilities of DR resources
 - Scale – pilot programs scale (MW)
 - Duration - length of pilot programs (i.e. potential sunset clause)
 - Eligibility - technical requirements, eligibility of current DR participants, and reliability impacts
 - Payment/Settlement – settled through an uplift charge, applicability of availability payments
 - Compliance with Market Rules – limit obligations to only a subset of rules applicable to DR pilots

- The IESO is undertaking the following stakeholdering approach:
 - DR working group as a forum for discussion and learning and to provide comment and feedback on DR framework and design – transition, auction, pilots
 - Concepts presented at public sessions for additional input
- Upon finalization of design concepts, transition to the Technical Panel for market rules consideration
 - Notification to DR working group and DR public sessions of:
 - Amendment proposals (red-lined rules language) presented at Technical Panel meetings; and
 - Stakeholder commentary period when requested by the Technical Panel.
 - High level market manual content to be shared with stakeholders prior a vote to recommend amendments to the IESO Board

- IESO requesting Technical Panel to vote that MR-00408-Q00 : Capacity-Based DR warrants consideration – June 17th
- Next DR Working Group and Public Session – early July
 - Review of Capacity Based Demand Response design concepts
- July 22nd TP meeting:
 - Request vote that amendment submission for market rules to enable Pilot Programs warrants consideration
 - Review and discuss the draft market rule amendments for Capacity Based Demand Response and Pilot Programs

- DR Working Group meeting – early August
- August 26th/Sept 30th TP meetings:
 - TP vote to post for stakeholder comments, TP vote to recommend for Board approval
- Target for IESO Board approval – November 13th
- The IESO will launch a separate stakeholder engagement on a DR Auction
 - TP process targeted to begin in August