



July 28, 2016

GerdaU is pleased to provide comments on the length of Commitment Periods in the Demand Response Auction.

The IESO should retain the 6 month summer/winter Commitment Periods currently being used for the following reasons:

1. Shorter Commitment Periods provide more opportunity to institute rule changes, especially in the early years as the DRA is evolving.
2. The December auction occurs after Class A customers have a reasonable level of certainty of their ICI performance (5 CP's) and this allows coordination of the participant's DR Commitment Periods with the annual GA allocation billing period.
3. Summer/Winter periods work well as load reduction capability can vary by season
4. Curtailment costs are difficult to predict beyond one year and this is factored into Auction Offers
5. Longer Commitment Periods increase business risk and likely decrease participation by industrial participants.
6. Buy-down costs could be extremely high if Commitment Periods are increased
7. Shorter Commitment Periods will allow HDL participants to migrate to Dispatchable Load participation with shorter lead time
8. Shorter Commitment Periods will not "lock in" participants who may want to migrate to new or other existing programs
9. Longer Commitment Periods may be a barrier to new participants
10. Shorter Commitment Periods allow participants who are growing their business to be able to increase commitment levels without layering additional contracts

Additionally, GerdaU supports conducting a second annual auction (in May/June) for the next winter period instead of holding both auctions in December. This will allow direct industrial participants to reduce risk and be more competitive in the auction as their forecast production levels would be more certain. This would also provide participants additional coordination with the ICI Global Adjustment billing period. (Point #2 above)

Regards,

*Dave Forsyth*

Dave Forsyth  
Regional Energy Manager  
GerdaU