

# Demand Response Working Group Workplan

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- What is our goal for demand response?
- IESO Demand Response Workplan
- Role of the Demand Response Working Group
- Streams of Work
- Timelines
- Upcoming DRWG activities

### Goal

Achieve greater value and more economic use of demand response.

### How

- improved integration of existing DR resources into IESO-administered energy market and dispatch process
- expanded opportunities for DR to participate in the market

- IESO will transition wholesale DR from a program approach to a market approach
- Four streams of work have been initiated to enable this:
  1. Incorporate DR3 resources into market constrained dispatch under existing contract structure
    - Target in service Summer 2014, with reporting improvements later in the year
  2. Implement market rules to transition DR3 contractual terms to a market structure
    - Target in service Q1 2015
  3. Implement DR Auction to replace expiring OPA DR contracts, plus any additional needs identified
    - Target in service mid 2015, for first capacity delivery in 2016
  4. Develop Pilot programs to demonstrate capabilities of demand response – e.g. Load Following, SBG Management, Unit Commitment
    - Target in-service to be identified with DR WG

- Stakeholder forum for all consultation on DR development in the IESO Administered Markets
  - Inform on DR3 integration
  - Consult on market design, market rules, manuals for transitional phase and auctions
  - Collaborate on pilot programs development, design, implementation and learning

- There is an opportunity to enhance the value of existing DR3 contracts through the integration of DR3 resources more fully into IESO market mechanisms:
  - Economic dispatch and scheduling in pre-dispatch
  - Better alignment of DR3 utilization and times of system need
  - Increased transparency to the market of DR3 utilization

- The IESO will translate the terms of OPA DR3 contracts into the market rules
- This will:
  - provide the opportunity to seamlessly manage the operation and settlement of capacity-type demand response resources
  - will allow for design changes through an open stakeholdering process without the need to renegotiate contracts
  - give demand response providers experience working within the operation of the market

- An auction provides 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

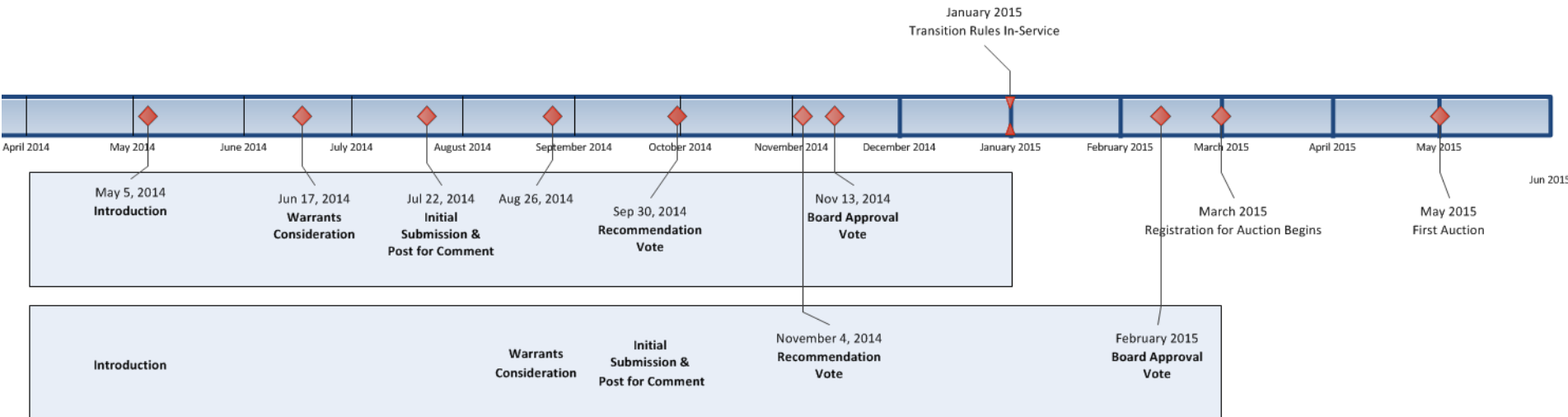


- Allows for the entry of new, cost-competitive providers
- Gives opportunity for innovative technologies to enter the market and compete against existing players
- Provides flexibility to respond to changing conditions
- A stable transition provides learning opportunity for DR providers to be able to successfully compete in full capacity auction

- We are looking to expand opportunities for DR to participate in the market in new ways
- We want to realize greater value and economic use of demand response resources
  - This includes both existing demand response resources as well as new, untapped potential resources
  - We want to explore areas of system need where demand response can be cost-effective in meeting that need (e.g. unit commitment, load following, SBG, or others)

# DR Market Rules Timelines

## Transition of DR3 and Auction



## April

- Education
- Work Program
- Transitional Rules
  - Impact Assessment
- Pilots
  - SBG
  - Load Following
  - Unit Commitment

## May

- More detailed Market Rules
- Pilots
  - Proposal for Load Following
  - SBG (TBD)
- High Level Auction Design
- DR3
  - Mock-up Reports

## June

- Final Transition Rules
- Pilots
  - Detailed design L/F (Draft)
  - High level design SBG
  - Unit Commitment (intro)
- Auction Rules
  - Impact Assessment

## July/August/September

- Manuals/Procedures (Transition)
- Auction Rules
- Pilot development