Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00256-R00
Subject:	Transitional Demand Response Program
Title:	Description of Transitional Demand Response Program
Nature of Proposal:	☐ Alteration ☐ Deletion ☒ Addition
Chapter:	7 Appendix:
Sections:	14 (new)
Sub-sections proposed for amending:	

PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Submitted for Technical Panel Review	27 Feb 2004
2.0	Revisions Submitted for Technical Panel Review	9 March 2004
3.0	Recommended by Technical Panel and Submitted for IMO Board Approval	12 March 2004
Approved Amendment Publication Date:		
Approved Amendment Effective Date:		

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

Provide a brief description of the following:

- The reason for the proposed amendment and the impact on the *IMO-administered markets* if the amendment is not made
- Alternative solutions considered
- The proposed amendment, how the amendment addresses the above reason and impact of the proposed amendment on the *IMO-administered markets*.

The Transitional Demand Response Program is a temporary program designed to develop infrastructure and overcome barriers to demand responsiveness in the Ontario electricity market. Participants (wholesale and retail loads) accepted in the program are to be compensated for reducing consumption in response to a pre-dispatch price signal. The currently proposed program can be found at: http://www.theimo.com/imoweb/pubs/consult/mac/mac_TDRP_proposal_2004feb18.pdf, however, details of the design may change as development and implementation proceeds.

The market rules proposed are to enable the implementation of the program. Program parameters would be established by the IMO Board. All detailed program parameters and procedures would be published in a dedicated market manual.

Encouraging dispatchability and demand side response was one of the issues that stakeholders identified as an important market objective during the consultation on the evolution of the market. Early in 2003 the IMO commissioned a report for enhancing demand response in Ontario. The scope of the report considered both the IMO-administered markets and the retail electricity market. The report, Blueprint for Demand Response (found at: http://www.theimo.com/imoweb/pubs/_private/mac/DemandResponseBlueprint-final.pdf), prepared by an external consultant, did not necessarily represent the views of the IMO. The IMO developed its own Demand Response Action Plan (found at: http://www.theimo.com/imoweb/pubs/consult/mac/mac_DR-ActionPlan_2003jun11.pdf) in response to this report. The Transitional Demand Response Program (formerly the Economic Demand Response Pilot Program) is an element of this action plan.

The IMO-Board endorsed IMO staff undertaking the work necessary to consider and develop an economic demand response pilot program, the objective of which is to build on the Ontario market's demand response "capability" and infrastructure (loads, suppliers, LDCs and the IMO). In November 2003 the IMO released the first draft of the IMO Economic Demand Response Pilot Outline for stakeholder comments. The IMO is continuing to work out the details of the proposed program with stakeholder input to ensure that the program is practical and can be readily implemented.

Any program that requires compensation to be paid and collected by the IMO will require amendments to the market rules to provide the IMO with the authority to do the same.

These rules define Transitional Demand Response Program and how it will be implemented and administered. Market rules at an "enabling" rather than specific level are proposed with all program detail to be specified in a market manual, for the following reasons:

- Impact on the market is expected to be very small, in terms of dollars and MW

- As the program is temporary, program implementation may identify issues that required changes to the program details that can be more efficiently addressed through procedure changes than subsequent rule amendments.

As experience is gained with the Transitional Demand Response Program, additional amendments to

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

the market rules may be required.

PART 4 – PROPOSED AMENDMENT

14. Transitional Demand Response

14.1   Description of Transitional Demand Response Program

14.1.1   The Transitional Demand Response Program is a temporary program to reduce barriers to *demand* response in Ontario.

14.1.2   The *IMO* shall implement and administer the Transitional Demand Response Program in accordance with the parameters established by the *IMO Board*. The *IMO* shall document eligibility criteria, program procedures, *energy* price thresholds and other program details in the applicable *market manual*.

PART 5 – IMO BOARD COMMENTS

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Market Rule Amendment Proposal

Independent
Electricity
Market Operator

PART 1 – MARKET RULE INFORMATION

Identification No.:		MR-00256-R01		
Subject:		Transitional Demand Response Program		
Title:		Transitional Demand Response Program Payments		
Nature of Proposal:	☐ Alteration		☐ Deletion	☒ Addition
Chapter:	9		Appendix:	
Sections:	4.7C (new)			
Sub-sections proposed for amending:				

PART 2 – PROPOSAL HISTORY - PLEASE REFER TO MR-00256-R00

Version	Reason for Issuing	Version Date
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PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

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- The proposed amendment, how the amendment addresses the above reason and impact of the proposed amendment on the *IMO-administered markets*.

Refer to rationale in MR-00256-R00.

These rules would require the market participant to provide settlement data to the IMO as set out in the applicable market manual and would authorize the IMO to audit any submitted settlement data and any supporting information. The rule amendments would also obligate the IMO to pay the market participant for demand response and authorizes the IMO to claw back any overpayment found through the audit process.

PART 4 – PROPOSED AMENDMENT

4.7C   Transitional Demand Response Payments

4.7C.1   A *market participant* participating in the Transitional Demand Response Program shall provide *settlement* data to the *IMO* in the time and manner specified in the applicable *market manual*. The *IMO* may audit any submitted *settlement* data and supporting information.

4.7C.2   The *IMO* shall remit Transitional Demand Response Program payments, if any, to the applicable *market participant* in the time and manner specified in the applicable *market manual*.

4.7C.3   The *IMO* may recover from a *market participant* any previous Transitional Demand Response Program payment or portion thereof if the audit of the *market participant's settlement* data and supporting information indicates an overpayment was made to the *market participant*.

PART 5 – IMO BOARD COMMENTS

Insert Text Here

Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00256-R02
Subject:	Transitional Demand Response Program
Title:	Additional Non-Hourly Settlement Amounts

Nature of Proposal:	☒ Alteration	☐ Deletion	☐ Addition

Chapter:	9	Appendix:	
Sections:	4.8		
Sub-sections proposed for amending:		4.8.1.10 and 4.8.2.5	

PART 2 – PROPOSAL HISTORY – PLEASE REFER TO MR-00256-R00

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Refer to rationale in MR-00256-R00.

These rules enable the IMO to recover the costs of any payments associated with transitional demand response through a non-hourly settlement amount from other market participants on the basis of allocated energy quantities withdrawn. They also enable the IMO to distribute any recovered overpayments to market participants on a similar basis. This treatment is consistent with other similar settlement mechanisms e.g. HADL payments and recoveries.

PART 4 – PROPOSED AMENDMENT

4.8   Additional Non-Hourly Settlement Amounts

4.8.1   The *IMO* shall, at the end of each *energy market billing period*, recover from *market participants*, on a pro-rata basis across all allocated quantities of *energy* withdrawn at all *RWMs* and *intertie metering points* during all *metering intervals* and *settlement hours* within that *energy market billing period*, the following amounts:

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4.8.1.8   any compensation paid in that *energy market billing period* by the *IMO* pursuant to section 4.7A; ~~and~~

4.8.1.9   any compensation paid in that *energy market billing period* by the *IMO* pursuant to section 4.7B.3; and~~.~~

4.8.1.10   any compensation paid in that *energy market billing period* by the IMO pursuant to section 4.7C.

4.8.2   The *IMO* shall, at the end of each *energy market billing period*, distribute to *market participants*, on a pro-rata basis across all allocated quantities of *energy* withdrawn at all *RWMs* and *intertie metering points* during all *metering intervals* and *settlement hours* within that *energy market billing period*, the following amounts:

4.8.2.1   any compensation received by the *IMO* for the provision of *emergency energy* pursuant to section 4.4A.1 of Chapter 5;

4.8.2.2   any compensation received by the *IMO* as a result of a local market power investigation as set out in sections 1.7.1 and 1.7.2 of Appendix 7.6;

4.8.2.3   any adjustments to *intertie offer* guarantee *settlement* credits for wheeling through transactions, in accordance with section 3.5.8.1 of Chapter 7, calculated pursuant to section 3.8A.3; ~~and~~

4.8.2.4   any adjustment to *hour-ahead dispatchable load offer* guarantee payments calculated pursuant to section 6.2.7.7 of chapter 3; and.

4.8.2.5   any adjustments to Transitional Demand Response Program payments pursuant to section 4.7C.

PART 5 – IMO BOARD COMMENTS

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