



## Market Rule Amendment Submission

This form is used to request an amendment to, or clarification of, the *Market Rules*. Please complete the first four parts of this form and submit the completed form by email or fax to the following:

Email Address: [Rule.Amendments@ieso.ca](mailto:Rule.Amendments@ieso.ca)

Fax No.: (416) 506-2847 Attention: Market Rules Group

**Subject: Market Rule Amendment Submission**

All information submitted in this process will be used by the *IESO* solely in support of its obligations under the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998*, the *Market Rules* and associated policies, standards and procedures and its licence. All submitted information will be assigned the *confidentiality classification* of “Public” upon receipt. You should be aware that the *IESO* will *publish this amendment submission* if the *Technical Panel* determines it warrants consideration and may invite public comment.

Terms and acronyms used in this Form that are italicized have the meanings ascribed thereto in Chapter 11 of the *Market Rules*.

### PART 1 – SUBMITTER’S INFORMATION

Please enter contact information in full.	
Name: <u>IESO Staff</u>	
(if applicable) <i>Market Participant / Metering Service Provider</i> No. <sup>1</sup> : <u>N/A</u>	<i>Market Participant Class</i> : <u>N/A</u>
Telephone: <u>905-855-6464</u>	Fax: <u>(416) 506-2847</u>
E-mail Address: <a href="mailto:Rule.Amendments@ieso.ca">Rule.Amendments@ieso.ca</a>	

### PART 2 – MARKET RULE AMENDMENT SUBMISSION INFORMATION

Subject: <u>Demand Response</u>	
Title: <u>Eliminate the Hour-Ahead Dispatchable Load Program</u>	
Nature of Request (please indicate with x)	
<input type="checkbox"/> Alteration	<input checked="" type="checkbox"/> Deletion
<input type="checkbox"/> Addition	<input type="checkbox"/> Clarification
Chapter: <u>3, 7, 9, 11</u>	Appendix: _____ Sections: <u>Various</u>
Sub-sections proposed for amending/clarifying: <u>Various</u>	

<sup>1</sup> This number is a maximum of 12 characters and does not include any spaces or underscore.

### PART 3 – DESCRIPTION OF THE ISSUE

Provide a brief description of the issue and reason for the proposed amendment. If possible, provide a qualitative and quantitative assessment of the impacts of the issue on you and the *IESO-administered markets*. Include the Chapter and Section number of the relevant *market rules*.

#### Background

The IESO introduced the Hour Ahead Dispatchable Load (HADL) program in June 2003 to enable the price-responsiveness of non-dispatchable loads by allowing them to lock in price in exchange for a reduction in consumption.

Under the HADL program:

- The participant load submits an offer to the IESO indicating the amount of energy it will reduce in real-time if the pre-dispatch energy price exceeds a certain level. The offer is submitted at least three hours prior to the dispatch hour.
- If the three-hour ahead pre-dispatch price is higher than the load's offer price, the IESO will send dispatch instructions to the load to reduce its consumption.
- If the real-time price turns out to be lower than the offer price, the load will be compensated via the Hour Ahead Dispatchable Loads Offer Guarantee (HADLOG).

Only non-dispatchable loads (including embedded loads) can participate in the HADL program.

The IESO is proposing elimination of HADL for the following reasons:

1. The program is no longer in use.
2. With the advent of the Ontario Power Authority (OPA) Demand Response 1 (DR1) program, HADL is no longer required;
3. To eliminate IESO costs to maintain the settlement systems and processes to support the program.

#### HADL is No Longer in Use

The HADL program has not been used since the fourth quarter of 2005 and the eligible market participants have expressed no interest to participate in it in the future.

#### OPA DR1 Program

The Ontario Power Authority's (OPA) DR1 program, launched in 2005, is comparable to the HADL program. The objective of the DR1 program is "to encourage short term demand response capacity in response to the IESO Three-Hour Ahead Pre-Dispatch price signal in the electricity market. The DR1 is 'market based', designed for participation by consumers who can curtail load in response to economic signals, primarily using existing equipment and processes."<sup>1</sup>

<sup>1</sup> "Demand Response Programs-DR1 Program."

<http://www.powerauthority.on.ca/Page.asp?PageID=924&SiteNodeID=318>

### **PART 3 – DESCRIPTION OF THE ISSUE**

As of 2008 quarter 1, the OPA's DR1 program had 11 participants with overall contracted capacity of 326.9 MW, peak curtailment of 233.2MW and average curtailment of 111MW.<sup>2</sup> DR1 program's aggregate performance indicates that the program is relatively more active and successful than the HADL.<sup>3</sup>

The OPA's DR1 program makes the IESO's HADL program redundant.

#### **IESO Cost Savings**

There is no ongoing expected HADL operational, management and administrative cost since the program is not in use. However, to meet settlement system audit standards, internal resources with a value of \$10,000 - \$20,000 would have to be dedicated to upgrading the required tools and documentation. Eliminating the program would allow these internal resources to be better utilized within the Corporation.

#### **References**

Description of the HADL program, see: "Quick Takes: Hour Ahead Dispatchable Load"  
[http://www.ieso.ca/imoweb/pubs/training/QT7\\_HADL\\_2003may29.pdf](http://www.ieso.ca/imoweb/pubs/training/QT7_HADL_2003may29.pdf)

Description of OPA's Demand Response Programs:  
<http://www.powerauthority.on.ca/Page.asp?PageID=1212&SiteNodeID=147>

### **PART 4 – PROPOSAL (BY SUBMITTER)**

Provide your proposed amendment. If possible, provide suggested wording of proposed amendment.

Remove all references in Market Rules to the HADL program. Amendments to chapters 3, 7, 9 and 11 would be required.

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<sup>2</sup> [http://www.powerauthority.on.ca/Storage/77/7274\\_ConservationRprt08Q1.pdf](http://www.powerauthority.on.ca/Storage/77/7274_ConservationRprt08Q1.pdf)

<sup>3</sup> [http://www.ieso.ca/imoweb/pubs/consult/mep2/MP\\_WG-20080306-Item2\\_OPA-DRP.pdf](http://www.ieso.ca/imoweb/pubs/consult/mep2/MP_WG-20080306-Item2_OPA-DRP.pdf)

**PART 5 – FOR IESO USE ONLY**

*Technical Panel* Decision on Rule Amendment Submission: Accepted.

MR Number: MR-00346

Date Submitted to *Technical Panel*: August 5, 2008

Accepted by *Technical Panel* as: (please indicate with x)

Date:

General       Urgent       Minor

August 12, 2008

Criteria for Acceptance:

It identifies ways to simplify the market by eliminating an overlap of comparable programs, which are OPA's DR1 and IESO's HADL. Also, IESO's settlement tools need to be upgraded to meet current audit standards if HADL is kept, which would incur cost. Eliminating HADL would save this cost.

Priority: Medium

Criteria for Assigning Priority:

The changes are likely to be accepted generally.

Not Accepted (please indicate with x):

Clarification/Interpretation Required (please indicate with x):

*Technical Panel* Minutes Reference: IESOTP 218-1

*Technical Panel* Comments: \_\_\_\_\_