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October 3, 2003

The IMO
Station A Box 4474
Toronto ON Canada M5W 4E5

Attention: Jim Kelbert

Dear Jim:

Subject: Comments on the Economic Demand Response Pilot (EDRP)

In response to your request for feedback on the Economic Demand Response Pilot, Falconbridge Limited has the following comments and suggestions. We agree with the EDRP concept, since some of the current initiatives like HADL and EDRP do not work. We also believe that Wholesale customers should be included in the pilot because of their large potential impact, as demonstrated in the August 14 blackout. Additionally, wholesale customers should be able to participate in the reserve market without having to be dispatchable, as was the case in the previous Ontario Hydro Interruptible Tariff.

THE IMPACT OF - Emergency Demand Response Program (EDRP) & Hour Ahead Dispatchable load Program (HADL)

HADL has not met expectations simply because most loads can't respond in one hour. If they could, they would become dispatchable. The lack of load response is indicated by the fact that less than \$10K has been paid to the four participating loads. In discussions with some of the participants, they have explained that there has been no financial return on their investment. This proposal was part of an initiative to improve predispatch price accuracy. There has been limited success to this point.

HADL does not offer participation in the reserve market. We believe that loads that participate should receive stand by payments for being interruptible. We realize the loads can't reduce their consumption quickly, but they could respond to longer periods of Operating reserve requirement.

There is insufficient financial benefit to stimulate participation.

However, if the HADL program could be modified by paying the load a payment equal to their curtailed MWs multiplied by the HOEP for the hours curtailed, then it would be attractive.

Emergency Demand Response Program only covers financial losses. There is no additional payment to cover risk.

The load is activated if rotational blackout is required, but is not exempt from being curtailed. Again there is insufficient financial stimulus in this program.

RECOMMENDATIONS:

All Market participants should be included in the Economic Demand Response Pilot. Specific programs should be set up for each market segment, in order to take full advantage of their ability to reduce their load. A working group consisting of representatives from each sector of demand should be established to provide the IMO with advice on features of the pilot that would be effective in attracting participation. We also support the position put forth by AMPCO.

Sincerely

George Blechta

Energy Specialist