

THE ELECTRICITY INSIDER

INFORMATION • TOOLS • RESOURCES

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An Update on Demand Response

The IESO is expanding the role of demand response within the market by evolving current programs and is working with stakeholders to investigate and develop new opportunities.

DR3 Update

A number of specific changes have taken place to integrate the DR3 program into the market. Activation notices to DR3 participants are now aligned with specific system needs, based on a pre-determined price trigger and in some cases, activated on a regional or emergency basis as needed.

The DR3 program is, however, currently under transition and is not accepting new aggregator participants. While current DR3 participants, now known as Capacity Based Demand Response participants, will continue to respond to IESO signals, new initiatives are under development to capture even greater value from the province's demand response capability.

Demand Response Pilot Projects

In April, the IESO issued an RFP for Demand Response Pilots. Through these pilots, the IESO is interested in learning about what new roles demand response can play in meeting the needs of Ontario's electricity system.

For more information on the Demand Response Pilot Projects, please visit <http://www.ieso.ca/Pages/Participate/Demand-Response-Pilot/default.aspx>

Demand Response Auction

As existing DR3 contracts expire, the IESO is working with stakeholders to transition this capability into a market-based Demand Response Auction, which is expected to take place in late 2015. This auction will ensure that demand response is available to meet system needs in the same way generator capacity is ready to produce energy if needed.

This auction will provide a competitive platform for a wide selection of demand response resources to compete, allowing for a broader range of commercial and industrial customers to respond with greater flexibility to changing conditions in the power system. Participating in this new Demand Response

Auction could provide commercial and industrial consumers with a potential revenue opportunity.

The IESO established a stakeholder engagement to discuss the role of demand response in Ontario and investigate the market-based opportunities to expand the role of demand side resources. Throughout this process, the IESO consults with stakeholders on auction design, the rules and processes and is hosting public sessions to provide information and solicit feedback.

The next Demand Response Auction Stakeholder Engagement session will be on June 18. Registration for interested Auction participants will be required by the end of September with the first Auction to be held in December 2015.



For more information, please visit the Demand Response Auction Stakeholder Engagement page: <http://www.ieso.ca/Pages/Participate/Stakeholder-Engagement/Demand-Response-Auction.aspx>

Upcoming Webinar: Summer Outlook and Industrial Conservation Initiative

The IESO is hosting a free Summer Outlook and Industrial Conservation Initiative webinar on Wednesday June 3. The webinar will provide an operational overview of the year-to-date and what the IESO expects for the summer ahead, followed by information specific to customers interested in learning about the Industrial Conservation Initiative.

The event, which is open to everybody, is scheduled to occur from 10 am to noon. To register, please email stakeholder.engagement@ieso.ca.

Industrial Conservation Initiative Update

Newly-eligible customers for the Industrial Conservation Initiative (ICI) should be aware that the opt-in deadline for the upcoming year-long adjustment period is on June 15, 2015.

Class A customers who participate in the Industrial Conservation Initiative, pay global adjustment (GA) for a year long "adjustment" period based on their percentage contribution to the top five peak Ontario demand hours over a preceding, year long "base" period.

The ICI was expanded last year to allow eligible customers with a peak demand for electricity above 3 MW and less than or equal to 5 MW to participate. In order to qualify as Class A, the eligible load facility of customers in this new group must also be classified under the North American Industry Classification System (NAICS) as one of the following:

- 21 (mining, quarrying, and oil and gas extraction)
- 31 to 33 (manufacturing)
- 1114 (greenhouse, nursery, and floriculture production)
- 49312 (refrigerated warehousing)
- 518 (data processing, hosting and related services)

These newly-eligible Class A customers must actively opt in to participate in the ICI. Customers who choose to participate in the initiative must notify their distributor that they wish to opt in by June 15, 2015. They will then be charged as Class A customers for the adjustment period starting on July 1, 2015.

For more information, please contact your Local Distribution Company or visit www.ieso.ca



The IESO website also has tips and resources for following electricity demand in the province. The better a Class A customer anticipates the top five hours of peak demand and shift their demand accordingly, the more they will be able to benefit from the Industrial Conservation Initiative.

The Independent Electricity System Operator (IESO) works at the heart of Ontario's power system – ensuring there is enough power to meet the province's energy needs in real time while also planning and securing energy for the future. Through its market education program, the IESO works with consumers paying the market price by creating educational material on the market and providing opportunities for consumers to learn about the electricity sector and how they can better manage electricity costs. For more information on the IESO's market education program, please contact:

Email: Communications@ieso.ca

Twitter: [www.twitter.com/IESO_Tweets](https://twitter.com/IESO_Tweets)

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