

# AESO Demand Response Working Group Kick off Meeting September 3, 2008 Summary Notes

## Work Group:

The working group must clarify and document the need in the form of a “statement of the problem” or a mission statement. For example, is the problem insufficient DR participation which in turn can be ‘solve’ with a solution that resolves the stated problem.

## Governance:

**Objectives:** Need to establish clear objectives for the initiative which provides a productive contribution to the wholesale electricity market.

Given the magnitude and breadth of demand response not to mention the range of interested parties the work will inevitably be lengthy and conducted in phases. The work group should establish a long term mission together with more specific objectives for this first phase (the group to determine).

Examples for consideration:

1. implement demand response program(s) that enable demand resources to participate fully in the electricity market (energy and/or reserves) and increase the number of active market participants (liquidity).
2. Introducing and increase demand response resources results in decreased need and use of reliability based programs without degrading system reliability.

**Composition of the Work Group:** (who’s there and who isn’t)

- Supply – what are they providing
- Load – the reciprocal of supply - desire to get them involved and engaged – difficult due in part to limitations in metering – will need to explore to engage
- Commercial not represented
- Property managers & builders
- IPPCA & EnerNOC new – good
- Wind facilities/developers – wind-DR – need to assess relationship

**Work Group Communication and “Rules of Engagement:”**

- Transparency is preferred to the extent possible and reasonable however must be balanced with desire for active participation. Keep notes minimum and general.
- Working discussions in the development of identified milestones/deliverables will be shared in confidence with the group (**and not beyond**). Working discussions

- included but are not limited verbal and written (email) communications, documentation - minutes, notes, working papers, presentations, etc. **OR**
- Same as above except the sphere of communication and confidentiality is extended out to respective organizations. **On what basis is this determined?**
  - Work group inputs and feedback in the development of deliverables as well as the deliverable itself will be documented and published or if not published then potentially open to disclosure. “Deliverables” in this context would generally be documents such as Work Group Reports, AESO Discussion and Recommendation Papers or something similar in nature. **OR**
  - All workgroup communication up to and including the published work group product will be held in confidence within the work group members so as to limit material and communication that would form record to the output/deliverable and resulting/related responses and comments.
  - AESO, with participant input, will determine and clarify in advance which work products (outputs/deliverables) will be used to form the record for this initiative in particular its consultation process. However, any team member can declare confidentiality and ensure information is not communicated outside the work group and does not form any part of the record.
  - Corporate names will not be attached or assigned to any material up to and including published products of the work group and/or AESO.

#### **Decision Making Process:**

- Ultimately AESO receives work group input and feedback throughout all of which will be taken into consideration by the AESO in the development of options or recommendations for full industry consultation. This may or may not align with the views or positions of any one individual, corporation or the work group as a whole. However, it will incorporate learning gained through work group members’ contributions.
- Need for that in terms of reference? – specifics need to be added

#### **Scope:**

- The DR working group should be bounded to the markets that the AESO currently works with and oversees. ie. Energy only & AS
- Public Policy is not within the scope of work other than to acknowledge and incorporate existing Policies, Legislation and Regulation
- DOE looking into the retail sector which is out of scope for this Demand Response work group except to work towards alignment and complementary outcomes.

#### **Evaluate Alberta’s Demand Response**

##### Alberta’s Demand Response Programs:

- Voluntary Load Curtailment Program VLCP (implemented 6-7 years ago)
- LSS
- ILRAS

- DOS (?)
- Proposed LSS-ILRAS service (how would it differ)
- Operating Reserve – Supplemental
- Price Responsive Load
- AESO directs TFO's to shed load – OPP 801

AESO programs, to date, have been designed to managing reliability near term to real time.

The following work is needed, in order to reasonably evaluate effectiveness and assess whether existing programs should remain or be replaced. In addition, the information will be an important factor in evaluating and establishing appropriate compensation and incentives:

2. Explanation of how AESO DR programs are developed and used including how different industry participate and impact on results
3. Produce a detailed current state (“AS IS”) of DR programs in order to form the basis for the future state.
4. Research and evaluate demand response in other jurisdictions
5. Develop and determine an appropriate assessment/measure of effectiveness. This information may inform the groups’ work and recommendations

The demand response work will need to align and complement the LLS-ILRAS initiative evaluating creating a new service that combines the functions and associated benefits of LSS and ILRAS. This work is underway in an AESO facilitated consultation. Information relating to this initiative can be found on our website in the Ancillary Services section of the Grid Operations <http://www.aeso.ca/gridoperations/9001.html>. We can assign the responsibility to inform the work group of progress and conclusions to an appropriate AESO person.

LCPP – Load Curtailment Priority Protocol was a directive in the 2008 Transmission Regulation. The direction was not specific and compliance required quick implementation. As such, the AESO filed current rules/protocol as an interim solution and a first step toward a more comprehensive approach(s).

**Other Considerations:**

- Market integrity must be maintained
- Demand Resources treated comparably – reciprocal requirements
  - Whatever we arrive at for load – generators can meet up
  - Whoever can do it the cheapest should
  - Ensure benefits of DR “clean” and environmental/renewable resources are treated comparably to “clean” and/or renewable supply options
  - Reducing transmission – that supply can bring to the table
  - Way that uplift charges interact with the market changes
- FERC Assessment was based on only 6 company’s meters.

- There isn't any indication as to why we couldn't achieve higher levels of demand response in Alberta. Demand response is naturally better in Alberta due to higher levels of commercial and industrial consumers.

**Action Items:**

- Schedule next meeting – 3-4 weeks and later than 9:30 am (asap) **Laura**
- Prepare Meeting Summary and circulate. (asap) **Laura**
- Overlay “average annual available supply” on average annual average load slide.
- Revise TOR to capture feedback - circulate for feedback (2-3 weeks) **Laura/WG**
- Provide more details of AESO DR programs and AESO needs, use, and procurement of current programs (“AS IS”) (Next Meeting) **Laura to organize**
- Prepare an assessment of other jurisdictions – future work
- Develop appropriate performance measures – future work