

Demand Response Working Group – November 4th, 2008

Administrative Items:

The October Meeting Summary Notes were accepted without issue.

'Economic' Demand Response Presentation

Sheldon Fulton presented to the work group a proposal for completing much of the work identified for 'market' or 'economic' Demand Response.

- The proposal was to form a smaller subset of the DRWG to complete work identified in the DRWG. Specifically, the sub-group would focus on economic DR programs.
- The sub-group proposal was initiated and developed by load and led lead by Sheldon (IPCAA) and therefore it is for them to define and deliver the results and to form membership and work plans to accomplish the identified work.
The AESO has been asked and has agreed to participate on this sub-group.
For the structure of the sub-group there was interest in adding retail representation.
Direct Energy expressed an interest.
- The sub-group would be responsible for updating the full DRWG regularly at the monthly meetings. These updates will be two way discussions where possible to provide opportunity for others to understand and provide valuable feedback to the sub-group.
- The proposal received no objections and general support and, in turn, accepted. Sheldon will lead the group and work going forward.

Further Information:

- There are 3 categories of DR, load shedding, load shifting, and distributed generation (~35% of DR in US?)
- DR provides price elasticity to the market by encouraging load to provide improving demand elasticity (historically electricity demand is inelastic) - Price Elasticity is a good check and balance on the market
- The AB market is unique in that high prices are not associated with high loads
- AB has ~ 5% of hours that comprise a market value of > \$1.5 Billion. These hours would be prime for economic DR since it decreases cost to loads
- DR and timing issues
 - DR resumption may cause a feedback loop in that prices will increase demand comes off, prices decrease, demand comes back on, prices increase...
 - What are the triggers for DR? One possible trigger could be the coal availability (i.e. lots of coal plants offline - nearly assures that prices will be low).
 - DR needs to be sustainable in being "off". Ontario contracts were for 4 + hours.
 - Implementation of DR with distribution system load that respond to price.
 - How to avoid cherry-picking DR for reliability providers

General Scope:

- ATC impact on DR analysis
- DR products to increase inertia capacity (ILRAS...)
- What should triggers be for DR products
- Economic vs Reliability DR product design considerations
- Compensation/pricing - contracts (value DR in RT energy only market)
- Full demand bids in the merit order - customers may eventually participate in the EMMO.
 - What does it take to get there?
 - Products for load may differ from generation depending on the types of load, aggregator (may differ from other loads)
 - Evaluate current/past DR and incentives (i.e. value – for price insurance or for carbon offsets).

Question: How will loads operate and be paid for going off for a portion of the hour - like payment of suppliers on the margin rule.

Economic DR Presentation - Comments:

- Keep the products as symmetrical as possible for the energy only market
- May be looking for approximately 500 MW of economic DR, this should take about 1,000 MW of contracts (all rough estimates).
- Can DR set themselves up in the market with current products?
 - What will enable them to participate
 - Demand is not in the “electricity” business and lacks the sophistication of a normal market participant
 - DR should be looking at marketing to the 2-3 MW loads as we already have larger loads participating in DR.
 - Who will buy infrastructure? Aggregator? Province? Participant?
- More transparency in the market is needed to encourage and facilitate DR
 - Specifically look at the outages forecast (i.e. MSA’s outage report) and this could provide a trigger signal for DR
 - Work with the MSA to determine what information is needed and appropriate and how can it be made more user friendly
 - It was noted that one needs to know the power system to make an informed guess as to where the market may be heading.

Action:

Provide a description and explanation of the DR products that are currently in use by aggregators. This information will be provided in presentations by some aggregators and will be documented in the December 9th Summary Meeting Notes. (Laura)

Next Meeting:

Tuesday, January 15, 2009