
Wholesale Electricity Market
Rule Change Proposal Submission Form

RC_2010_29 Curtailable Loads and Demand Side Programs

Submitted by

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- Alignment of Performance Incentives: a significant drawback with the use of a static RD measure relates to the inefficient and confused incentives it provides to DSPs and their respective end-users where a load is already operating below their baseline and receives credit for greater levels of demand reduction than what actually took place while simultaneously penalising actual curtailment that is undertaken by loads that sit above their RD when dispatched. A dynamic baseline methodology helps system reliability by avoiding potential overestimations of available DSM capacity which could lead to SM inadvertently allowing more outages than should be permitted to maintain reliability standards.
- Reliability: by enabling greater accuracy and predictability, a dynamic baseline significantly improves the reliability of forecast DSM capacity in a manner that is consistent with other capacity sources. By removing the inaccuracies associated with incidental performance under a static baseline, a dynamic profile methodology helps system reliability by avoiding potential overestimations of available DSM capacity which could lead to SM inadvertently allowing more outages than should be permitted to maintain reliability standards.
- Visibility:

In its response to comments received during the first submission period, the IMO states WKDW D '63·V 5' DQG D PDUNHW FXVWRPHU·V EnerNOC does not view the WEM as requiring or having any relationship whatsoever. A DSPs RD measure should be designed to accurately calculate the quantity of DSMcapacity provided by the DSP when dispatched, whenever this dispatch occurs and for whatever reason it occurs. The RD measure should be entirely independent of how the costs for capacity in the WEM are distributed amongst market customers that serve load, which is the purpose of the IRCR measure. Indications that the two measures are somehow interrelated might logically lead participants to deduce that there need also be a link between generator capacity measures (ratings at 41°C) and how capacity charges should be distributed amongst market customers. Clearly, and rightly so, no such linkage exists between generator capacity measures and the IRCR and it is argued that the same convention be heeded for measures to assess DSMcapacity.

Proposals to link the RD measure to measures used to distribute costs for capacity within the market are fundamentally conflating what should be two separate and distinct measurement methodologies. How to measure what a DSP provides in terms of DSMcapacity when dispatched has no relationship to how the costs of capacity should be distributed across market participants.

Moreover, how the costs of capacity are distributed to contributors of peak demand is a key and integral consideration of the RCM. With the current review of the RCM underway, and the concomitant potential for this key measurement to be part of any amendments to the RCM moving forward, in the interests of avoiding multiple changes to the RD in fairly quick succession (and assuming, for a moment, support for it be aligned to the IRCR as proposed under RC_2010_29) it is recommended that the existing RD remain in place until such time as it can, in order of priority, be replaced by a dynamic measure or clarity



such payment (or potential for payment) will be made available for the provision of dispatchable capacity. While w H VXSSRUW WKH ,02·V XQGHUO\LQJ SURSRVLWLRQ WKDW D O should not face a future penalty or diminution in their capacity capabilities, we believe the flaw in the FXUUHQW ORJLF RI WKH -eOerW. SURSRVDO LV VHOI



The significant point is that loads that voluntarily choose to curtail their usage at peak times (and even during some off-peak times) increase

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2. Please provide an assessment whether the change will better facilitate the achievement of the Market Objectives.

EnerNOC has previously submitted its assessment on whether the changes proposed within RC_2010_29 better facilitate

EnerNOC considers the changes it has recommended to amend the RD measure towards a dynamic profile baseline will have the following impact on the Market Objectives:

- Promote greater reliability and efficiency in the supply of electricity and electricity related services in the South West interconnected system;
- Encourage the efficient entry of new competitors to the WEM;
- Helps avoid discrimination against particular energy options and technologies that reduce overall greenhouse gas emissions;
- Better assist with minimising the long-term cost of electricity supplied to customers from the South West interconnected system; and
- Maintain the encouragement of measures to manage the amount of electricity used and when it is used.

Impact	Market Objectives
Allow the Market Rules to better address the objective	a, c, d, e
Consistent with objective	b
Inconsistent with objective	

EnerNOC considers the changes proposed to Capacity Cost Refunds (Issue 5) by amending rules, specifically 4.12.4(c)v, which limits a DSPs Reserve Capacity Obligation Quantity to those intervals within which the DSP has outlined its availability, will have the following impact on the Market Objectives:

- Avoid discrimination against particular energy options and technologies by enabling refunds to be paid in relation to agreed Availability requirements only.

Impact	Market Objectives
Allow the Market Rules to better address the objective	c
Consistent with objective	a, b, d, e
Inconsistent with objective	

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3. Please indicate if the proposed change will have any implications for your organisation (for example changes to your IT or business systems) and any costs involved in implementing these changes.
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Changes to the static RD measurement calculation will have an impact on EnerNOCs we will need to amend existing systems containing the current static measurement approach. We envisage the costs associated with this change to be small.

Alignment of the RD measure with IRCR intervals, as proposed by the IMO, will have an impact on (QHU12 & V SRUWIROLR PDQDJHPHQW :H IRUH-Eapable loads are likely to V W L Q J D target their IRCR charges, reducing capacity potential from these loads and/or preventing some customers from being able to deliver demand response capacity to the WEM as originally planned. Such results would also potentially impact the ability to recruit sufficient capacity, as capacity obligations