



INDEPENDENT
MARKET
OPERATOR

Wholesale Electricity Market Submission to Rule Change Proposal

RC_2013_10 Harmonisation of Supply-Side and Demand-Side Capacity Resources

Submitted by

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Submission

1. **Please provide your views on the proposal, including any objections or suggested revisions.**

EnerNOC continues to support the treatment of Demand Side Management (DSM) capacity resources as the functional equivalent to generation capacity resources.

This proposal will cause EnerNOC and other DSM providers to incur additional costs and make their business more complex. It is likely to cause a reduction in the amount of DSM offered to the market. However, we believe that it will ensure that DSM remains on a sustainable footing: it will avert issues that might otherwise arise over time as the balance of supply and demand tightens.

We agree with the IMO's positions as stated in section 4.3 of the Draft Rule Change Report.



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

EnerNOC continues to believe that the proposed changes, implemented as a package, will facilitate all five of the market objectives.

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.

The main business impact on EnerNOC will be from portfolio adjustments to support customers who are unable to meet the new availability or dispatch requirements on their own. This is likely to shrink the portfolio, but we do not yet know to what extent.

We cannot reliably estimate the cost of complying with the telemetry requirements before the full specification is agreed. However, we would caution that care should be taken to avoid excessive performance requirements, which would cause providers to incur significant additional costs while providing minimal additional benefit to the market. Getting these details wrong could lead to the implementation costs greatly exceeding the estimates given in the Draft Rule Change Report. To avoid this, appropriate performance requirements should be developed through a consultative process, with a view to optimising the net benefits.

4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed.

We can comply with the proposed implementation timetable — with changes taking effect from October 2016.

It is important, however, that the full details of the telemetry requirements be finalised well in advance of this date. Ideally, these should be available to participants before they are required to make commitments for the 2016/17 capacity year, on 1 July 2014, as they may affect participants' actions. If this is not possible, then sufficient details should be published before that date to allow participants to develop accurate estimates of their costs, and a full specification would then be needed by January 2015, so as to allow enough time for an orderly, cost-effective implementation.
