
Wholesale Electricity Market Rule Change Proposal Submission Form

RC_2011_05 Curtailable Load Dispatch Clarification

Submitted by

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Submission

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

EnerNOC appreciates this opportunity to provide our views in regards to this Rule Change Notice, and hopes our submission is valuable to the IMO as it considers System Management's request for Curtailable Load dispatch clarification. System Management's proposed change to clause 7.6.3 of the Wholesale Electricity Market Rules (Market Rules) is well-reasoned and worthy of the support of all Market Participants as it will ensure the economically efficient operation of the Market.

As most Curtailable (and Dispatchable) Loads do not have a fuel characteristic, and nor do they belong to the Electricity Generation Corporation, System Management's interpretation of such Facilities as "Non Verve Non Liquid" is undoubtedly reasonable. However, the current wording of Rule 7.6.3 consequently limits the ability of System Management to dispatch Curtailable and Dispatchable Load Facilities in a manner reflective of their bids, as provided for by Appendix 1 (h)(vi) and (i)(xA). Put simply, it creates a *de facto* dispatch order under which Curtailable Loads must always be dispatched ahead of Verve and Non Verve Liquid Facilities, regardless of the respective Standing Data prices that the Curtailable Load and Scheduled Generator Facilities have submitted.

This is potentially problematic for a number of reasons. First, it limits the ability of System Management to dispatch Facilities in a least-cost fashion that ensures economic efficiency. As System Management illustrates in the second hypothetical example of its Rule Change Proposal, the current wording of the Rules would have required a Curtailable Load Facility that has bid at the Alternative

Maximum STEM price to be dispatched ahead of Liquid Facilities, even if the latter had lower respective bids. It must be assumed that the allowance of such a situation was not the intended effect of the Market Rules. Otherwise, the Rules would not provide for the ability of Curtailable Loads to submit a Consumption Decrease Price, just as Scheduled Generators running on Liquid Fuel submit Consumption Increase & Decrease Prices, and with the same bounds of the Minimum STEM Price and the Alternative Maximum STEM Price.

Such a *de facto* dispatch order also removes the ability of Market Participants who own Curtailable and Dispatchable Loads to determine how, and to have visibility into, their Facilities will be dispatched. Without the ability for System Management to consider the Consumption Decrease Price of a Curtailable Load Facility, Market Participants who own such Facilities effectively do not have the same rights as owners of Schedule Generators which run on Liquid Fuel, and consequently the current wording of 7.6.3 could be reasonably viewed as discriminatory (albeit unintentionally so) against DSM.

For these reasons, it is clearly in the best interest of the Market and its Participants for the IMO to approve the Proposed Rule Change sought by System Management.

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

EnerNOC agrees with System Management that the proposed amendment would better address Wholesale Market Objective (a) “to promote the economically efficient, safe and reliable production and supply of electricity and electricity related services in the South West Interconnected System” by ensuring that System Management can dispatch resources in an economically efficient fashion and that all Market Participants can have visibility into how their Facilities will be dispatched.

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.

As mentioned above, EnerNOC believes the proposed change will allow for greater visibility into how our Facilities will be dispatched and will enable us, and other Market Participants, to determine our obligations more fully. We do not believe there would be any significant costs involved with implementing the change proposed.

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

EnerNOC does not believe it would require any time to implement the change, should it be accepted as proposed.