

Frequently Asked Questions:

Ontario's Transition to the IESO's Demand Response Auction Program

What is the Demand Response Auction program?

For the past three years, the Independent Electricity System Operator (IESO) has managed two Demand Response Programs: the Capacity-Based Demand Response (CBDR) program and the competitive Demand Response Auction (DRA). CBDR was initially created as a temporary program to ease the transition from the previous demand response program operated by the Ontario Power Authority—which merged with the IESO in 2015—to the DRA.

In 2018, the last of the CBDR contracts expired. To continue participating, the demand response aggregators who held those contracts will need to participate in the IESO's annual auction to obtain capacity in the DRA program annually.

Although the DRA and the CBDR program rules are similar, participation in the DRA more closely aligns with how the IESO intends to procure capacity in the future through an Incremental Capacity Auction (ICA). Through the ICA, all resources in Ontario will compete in an auction, similar to the DRA. Based on our experience in other capacity markets, demand response resources will do well in securing obligations to provide capacity to the system.

Overall, Enel X believes that the current DRA provides greater value to the customer as compared to the CBDR program as the incentive/penalty rules better reflect the ability of our customers to be available to the system operator.

Will the shift to DRA change how the IESO is enrolling customers in the program?

The IESO needs to approve all demand response aggregators that connect customers like you to the program. After the auction, those that have acquired capacity are authorized as Demand Response Market Participants (DRMP) to deliver this capacity and ensure customers receive their payments.



Energy consumers in the province should be on the lookout for demand response aggregators that are intentionally misrepresenting the nature of the transition to DRA or their role in the program. For example, the IESO has already had to respond to demand response aggregators claiming to be “agents of the IESO” or “acting on behalf of the IESO.” However, no private organization can act as an agent on behalf of the IESO.

Only DRMPs that have been approved by the IESO can connect end users to payments through the program. They are not acting on behalf of the IESO, but are responsible for delivering the capacity they acquired in the auction.

Does the IESO offer any other demand response programs in addition to DRA?

CBDR contracts are now expired, and DRA is the only IESO demand response program. One common misconception we've seen is that Ontario demand response customers can “stack” multiple demand response programs—such as CBDR and DRA—which would enable them to earn additional payments by participating in multiple programs. Unfortunately, this isn't an option in Ontario at this time.

Additionally, some aggregators have used alternative names to refer to the DRA program, which has created some confusion in the market. DRA is the only program administered by the IESO, and it has no other name.

Will the shift to the DRA mean that demand response participants will need to curtail any more or less going forward?

The transition doesn't change anything about the nature of curtailment for those participating in demand response. If the grid encounters an emergency situation, demand response will be called upon to help maintain balance between supply and demand on the system.

Since the IESO has not had to call an emergency dispatch event since 2016, some have jumped to the conclusion that demand response participants have not had to curtail energy consumption in that time. However, all participants in the province have still had to curtail as part of testing requirements in the program.

Going forward, participants will still need to respond to these tests and demonstrate their ability to reduce consumption. While it's true that Ontario's participants have not been called upon for an emergency dispatch in recent years, that does not mean they will not be called upon for an event in the future.