

# Stakeholder Engagement Plan SE-54

## Peak vs. Average Pre-dispatch Demand Forecast



### I. Introduction

The IESO is proposing to undertake a study to estimate the efficiency and reliability impacts of using an average demand forecast in pre-dispatch compared to the current practice of using a peak demand forecast.

In Ontario's current market design, imports and exports are scheduled economically in pre-dispatch one hour before the delivery hour. As this economic assessment is being done prior to real time, a forecast of demand must be used. The forecast that is currently used is a forecast of the peak demand for the upcoming hour i.e. the pre-dispatch peak demand forecast.

#### Background

Hourly scheduling requires the use of a single forecast demand value. There will always be inefficiencies associated with the use of a single forecast value given that the value is only likely to be correct for a single interval of a given hour.

The IESO currently uses the peak demand forecast, focusing on the objective that sufficient resources are scheduled to meet the highest expected real-time demand of the upcoming hour.

Stakeholders have expressed concern that using a peak demand forecast in pre-dispatch may be resulting in an over-commitment of supply resources in pre-dispatch that has an inappropriate downward pressure on real-time prices. It has been suggested that using an average demand forecast, rather than a peak demand forecast value, may reduce the inefficiencies associated with using a single hourly value.

The purpose of this initiative is to determine whether using an average demand forecast would be more or less efficient than the current practice of using a peak demand forecast. The initiative will also consider the reliability implications of using an average demand forecast instead of a peak demand forecast.

For more background information on the issue please refer to the following documents:

- Market Pricing Working Group Issue Paper (Issue 9)  
[http://www.ieso.ca/imoweb/pubs/consult/mep/MP\\_WG\\_2004jul09\\_ISS09-UseOfPkDmd.pdf](http://www.ieso.ca/imoweb/pubs/consult/mep/MP_WG_2004jul09_ISS09-UseOfPkDmd.pdf)
- IESO's proposed methodology for estimating the efficiency impacts  
[http://www.ieso.ca/imoweb/pubs/consult/mep2/MP\\_WG-20070719-item3.pdf](http://www.ieso.ca/imoweb/pubs/consult/mep2/MP_WG-20070719-item3.pdf)

## II. Stakeholders

These discussions will be of interest to all market participants.

## III. Stakeholder Engagement Goals and Objectives

### Goal

The goal of the stakeholder engagement plan is to gather stakeholder feedback on:

- The proposal that considers using average instead of peak demand, in the pre-dispatch sequence of the dispatch scheduling process
- The proposed efficiency analysis and cost-benefit analysis

### Objectives

1. Collect stakeholder feedback on the proposal.

## IV. Stakeholder Engagement Approach and Methods

The implementation of this stakeholder engagement plan will be in accordance with the IESO's approved stakeholder engagement principles. The stakeholder plan will be subject to review and updated as the process evolves and stakeholder comments are incorporated, and as revisions are warranted.

The stakeholder engagements approaches to be employed are a stakeholder group and web based postings.

The Market Pricing Working Group (MPWG) would be the main stakeholder consultation body for this initiative.

### *Web-Based Postings*

Web-based posting will provide all stakeholders with an efficient lower cost method to be informed of the process and provide feedback. This will provide the opportunity for all interested stakeholders to offer feedback on any proposed changes.

This is a public consultation and information supplied will be posted on the IESO website including identification of the contributing participant.

### *IESO Documentation*

Applicable IESO documentation may need to be revised, depending on the recommendation. The consultation process for those changes would follow the change process described in the [IESO Stakeholder Engagement Process](#) document.

## V. Decision Making Steps and Schedule of Activities

Stakeholder Engagement Schedule	
Activity	Target Date
1. Post and communicate draft stakeholder plan.	December 6, 2007
2. Present the draft stakeholder plan to the Market Pricing Working Group.	December 6, 2007
3. Closing date for stakeholder written submissions on draft stakeholder plan.	December 20, 2007
4. Post IESO response to stakeholder written comments on draft stakeholder plan.	December 31, 2007
5. Present preliminary results of the efficiency analysis to Market Pricing Working Group.	February 7, 2008
6. Present preliminary results of the cost-benefit analysis to Market Pricing Working Group.	March 6, 2008
7. Present IESO recommendation to Market Pricing Working Group.	April 10, 2008
8. Market Pricing Working Group meetings to discuss IESO recommendation.	May 8 and/or June 5, 2008
9. Present recommendation to IESO Board.	June 19, 2008
10. IESO documentation changes, if required.	To be determined