



ONTARIO POWER AUTHORITY



Market Pricing Working Group March 6, 2008

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Conservation and Sector Development

Example Calculation DR1

Inputs:

- Contract MW: 10MW
- Strike Price per MWh: (\$100 Summer; \$105 Shoulder; \$115 Winter)
- Hours of Participation each year: 350 Hours (weighted 50% Summer; 25% Shoulder; 25% Winter)
- Contract Term: Non-applicable

Payment Calculation:

- **Total Annual Payment = (10MW x \$105 per MWh x 350 Hours) = \$367,500.**

Example Calculation DR2

Inputs:

- Hours of Load Shift per Business Day: 4 Hours from 4pm to 8pm
- Monthly Contracted MW: 10MW
- Contract Term: 5 Years
- Participation Level: 12 Months per Year
- Availability Rate: \$100 per MW per Hour
- Utilization Rate Guarantee: \$28.33 per MWh (illustrative example only)

Payment Calculation:

- Availability Payment: ($\$100 \text{ per MW per Hour} \times 1000 \text{ Hours} \times 10\text{MW}$) = \$1,000,000.
- Utilization Payment: ($\$28.33 \text{ per MWh} \times 10\text{MW} \times 1000 \text{ Hours}$) = \$283,000.
- **Total Annual Payment: \$1,283,000.**

Example Calculation DR3

Inputs:

- Monthly Contracted MW: 10MW
- Hours of Availability: 1600 Hours
- Dispatch Option: 100 Hours Dispatch per Year
- Contract Term: 5 Years
- Designated Settlement Area: Toronto, therefore 25% premium applicable.
- Availability Rate: \$81.25 per MWh (25% Premium added to \$65 per MW)
- Utilization Rate: \$200. per MWh

Payment Calculation:

- Availability Payment = (1600 hours x \$81.25 per MW per hour x 10MW) = \$1,300,000.
- Utilization Payment = (100 hours X \$200 per MWh x 10MW) = \$200,000.
- **Total Annual Payment = \$1,500,000.**

DR1 Aggregate Performance

