

Incremental Capacity Auction (ICA) – Stakeholder Feedback Form

Stakeholder Meeting: September 28th, 2017

Feedback request by: 2017/10/26 Date Submitted: 2017/10/26	Feedback provided by: Company Name: EnerNOC Contact Name: Sarah Griffiths Phone: [REDACTED] Email: [REDACTED]
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The IESO held the first meeting of the ‘Options Phase’ of the Market Renewal – Incremental Capacity Auction engagement on September 28th, 2017.

The presentation can be [found here](#).

In order to maximize the effectiveness of this stakeholder engagement process, the IESO requests that stakeholders use the template below to provide feedback on content presented as follows:

- Provide responses to the questions posed
- For options presented, indicate your preference along with applicable rationale/supporting arguments (reference slide numbers where applicable)
- Identify any aspects that you believe require further elaboration or discussion

Feedback received will be summarized and will help inform further discussions at future stakeholder engagement meetings.

Design Element	Features	Questions for Stakeholders	Stakeholder Feedback
Participation Requirements	(1) Organization Participation and Facility Registration (2) Fees & Deposits (3) Performance Security <i>Slides 15-26</i>	<p>QUESTION: Are there any aspects of the proposed Participation Requirements that would pose an unreasonable barrier to entry for potential participants?</p> <p>QUESTION: What considerations should be taken into account when establishing deposit/security amounts?</p>	EnerNOC supports the proposed Participation Requirements and do not believe they pose a potential barrier for entry. EnerNOC supports requirements that will ensure ICA participants are able to meet their capacity supply obligations. EnerNOC recommends that requirements should be similar to the current Demand Response Auction (DRA).
	(1) Ineligible Resource Types <i>Slides 34-39</i>	<p>QUESTION: Are there any concerns with the resource types that have been identified as ineligible?</p> <p>QUESTION: Are there any other resource types that should be ineligible?</p>	EnerNOC supports the list of resource types that are ineligible at this time.
	(2) General Requirements: - New vs Existing Resources <i>Slides 42-43</i>	<p>QUESTION: How should new vs. existing resources be defined under the capacity auction?</p> <p>QUESTION: In addition to facilities that are still to be built, should new resources include:</p> <ul style="list-style-type: none"> -Existing facilities that have never provided energy to the grid (e.g., previously Behind-the-Meter Generation/off-grid)? -Upgrades to existing facilities that have updated by some minimum percentage of their existing capacity or that include capital expenditures of a minimum \$/MW amount? -Existing facilities that have not operated for a number of years and are brought back into operation? 	Until performance obligations have been defined (November 6 th ICA meeting), it is difficult to provide a definition for new or existing demand response resources, however overall there should be little difference in the treatment of new and existing resources.

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	(2b) Permits and Licensing <i>Slides 46-49</i>	<p>QUESTION: What permits should participants be required to provide to the IESO in advance of the auction?</p> <p>QUESTION: If permits are not required prior to the auction, where should participants be in the permitting process prior to applying? Should the IESO:</p> <ul style="list-style-type: none"> (a) Establish a specific milestone in the permitting process that projects should have reached prior to the auction, or (b) Require that projects have commenced any required permitting process with the onus on the participant to have this completed prior to the commitment period? <p>QUESTION: How should delays related to project permitting be addressed?</p>	For demand response resources, EnerNOC supports continuing with the current pre-auction requirements for load resources with behind-meter-generation that exist for Hourly DR resources.
	(2c) Project Milestones <i>Slides 50-52</i>	QUESTION: What type of information should the IESO require related to project milestones?	EnerNOC recommends that for demand response resources the current requirements for the DRA remain to be the project milestones.
	(2d) Connection Assessment <i>Slides 53-56</i>	<p>QUESTION: What other considerations should the IESO take into account related to connection of new projects?</p> <p>QUESTION: What information, if any, do participants require from the IESO related to connection availability prior to offering into the auction?</p>	

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	(2e) Project Financing <i>Slides 57-59</i>	<p>QUESTION: To minimize risk of the project not being developed, should the IESO require participants to provide project financing information, or rely on prudentials and/or other deposits?</p> <p>QUESTION: If required, what type of information should participants be required to provide?</p>	Yes. EnerNOC supports participants providing financing information and relying on similar Financial Assurances similar to those for the DRA.
	(2f) Project Development Experience <i>Slides 60-61</i>	<p>QUESTION: Should the IESO require participants to demonstrate project development experience? For all projects or only projects over a certain size?</p> <p>QUESTION: How should this experience be demonstrated?</p>	EnerNOC supports requiring participants to demonstrate development experience for projects over a certain size. A statement from the company on their experience should demonstrate their level of competence. However, non-performance incentives should be designed to incent the necessary behaviour.
	(2g) Site Access <i>Slides 62-63</i>	<p>QUESTION: To minimize risk of the project not being developed, should the IESO:</p> <ul style="list-style-type: none"> (a) Require participants provide information regarding site access, or (b) Rely on non-performance implications to provide the necessary incentives (e.g. loss of deposit, damage charges, etc.) for developers to ensure they only offer in projects that can be developed on time? 	For demand response resources, participants should provide pipe line information and a customer sales plan similar to the DRA. As noted in the response to Feature (2f), non-performance incentives should incent project development.
	(2h) Project Support <i>Slides 64-65</i>	<p>QUESTION: Should project support be a mandatory (i.e., pass/fail) requirement?</p> <p>QUESTION: If an optional requirement, how should it factor into resource selection? <i>(noting that resource selection would otherwise be based solely on offer price and system constraints)</i></p>	EnerNOC does not support project support as described in the IESO’s presentation. IESO is creating an Incremental Capacity Auction, based on creating a market for resources to be built where they are needed. Resource selection should be based on offer price and system constraints. Project support should be part of a proponents risk profile that can be reflected in their bid.

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		<p>QUESTION: If so, what should participants be required to provide to demonstrate project support (e.g., council resolution)?</p>	
	<p>(2) General Requirements: - Questions for Discussion <i>Slide 66</i></p>	<p>QUESTION: Are there any other general requirements that stakeholders believe participants should be required to meet?</p> <p>QUESTION: Any foreseeable issues as a result of requiring all participants (i.e., various technology types, new vs. existing) to meet the requirements outlined in this feature?</p>	<p>EnerNOC supports a defined stakeholder process for establishing new requirements and removing obsolete ones as future technologies become available.</p>
	<p>(3) Resource Specific Requirements: (3a) Energy Storage <i>Slides 68-70</i></p>	<p>QUESTION: What factors should be considered related to the treatment of energy storage resources in the ICA?</p>	<p>EnerNOC supports storage resources acting as a generator or as a demand response resource. Storage assets should be able to aggregate.</p>
	<p>(3b) Demand Response <i>Slides 71-72</i></p>	<p>QUESTION: How does eligibility need to evolve as resources are transitioned from the DR Auction to the ICA? <i>(recognizing that the ICA will likely procure a different product than the DR Auction)</i></p> <p>QUESTION: Is there anything else the IESO should consider related to the transition of DR resources from the DR Auction to the ICA?</p>	<p>Eligibility for new or existing resource should be based on:</p> <ul style="list-style-type: none"> - Stated availability - Measurement and verification plans - Tests/audits <p>Currently, the DRA procures resources for certain hours of the day (based on peak hours). As noted in the presentation and this matrix, it is likely that the ICA will procure a different product than the DR Auction. EnerNOC will be recommending that the IESO use an adjusted load following CSO similar to ISO-NE and what is being consulted on in Alberta. During a performance period, all resources would be assessed proportionately to the system demand during the period of system shortage.</p>

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			When the performance obligations have been defined (November 6 th ICA meeting), EnerNOC may provide further responses.
	(3c) Aggregated Resources <i>Slides 73-77</i>	<p>QUESTION: Are existing obligations in the Market Rules regarding aggregation sufficient to facilitate desired participation in the ICA?</p> <p>QUESTION: If the IESO was able to upgrade the necessary tools and processes to be able to accommodate smaller resources, what would be a reasonable threshold? (e.g., 100 kW?)</p> <p>QUESTION: Are there any other resource aggregation issues stakeholders would like the IESO to consider?</p>	<p>Currently, Hourly DR resources that are aggregated are able to offer into the energy market. However, if the capacity market resources are optimized with the Operating Reserve markets, market rules will need to change to allow for aggregated dispatchable and non-dispatchable loads participation in the operating reserves market to meet the goals of optimization. Aggregators will furthermore need the ability to register and administer customers in a manner similar to the DR Auction.</p> <p>As noted above, EnerNOC recommends that the rules Operating Reserves be revised to allow for aggregated dispatchable and non-dispatchable loads to participate in the Operating Reserve market be changed to ensure the most efficient optimization of resources within the 3 markets.</p>
	(3d) Contracted Resources Issue #1 (Uprates) <i>Slides 80-82</i>	QUESTION: What are potential options for dealing with this issue while ensuring no additional costs to ratepayers under the PPA?	
	(3d) Contracted Resources	Please identify preferred option and provide supporting rationale. OPTIONS: 1. IC = QC-CC	

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	Issue #2 (Determining Incremental Capacity) <i>Slides 83-88</i>	2. $IC = QF * (NC - CC) = QF * MC$ QUESTION: Which Option provides a solution that is fair to both participants and ratepayers and ensures resource adequacy needs are met? - Are there any additional options that should be considered? - How would this change if the uprated MW were separately metered?	
	(3d) Contracted Resources: Additional Questions for Discussion <i>Slide 90</i>	QUESTION: Are there any other items/issues that should be considered related to the participation of incremental capacity from contracted facilities?	
	(3e) Regulated Entities <i>Slides 91-92</i>	QUESTION: Are there any specific participation requirements or issues to be considered associated with the participation of Regulated Entities?	
	(3f) Imports <i>Slides 93-95</i>	QUESTION: Should the import of both new and existing resources be eligible? QUESTION: Are there specific fuel types that should not be eligible to provide imported capacity? - Coal is not permitted to be used to generate electricity in Ontario, should this restriction be extended to importing generators/jurisdictions? - Can imports backed by intermittent generation be counted on to meet system adequacy needs?	EnerNOC supports the participation of all resources, new and existing that can offer into the ICA and meet all the rules of offering. This includes meeting environmental regulations, availability requirements, the ability to schedule and intertie availability.

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		<p>QUESTION: Should system-backed imports be eligible?</p> <p>QUESTION: Should imports backed by a proponent’s portfolio of resources be eligible?</p> <p>QUESTION: Are there any other considerations that should be considered in relation to the eligibility of imported resources for Ontario?</p>	
	<p>(1) Planned / Maintenance Outages <i>Slides 109-114</i></p>	<p>Please identify preferred option and provide supporting rationale.</p> <p>OPTIONS:</p> <ol style="list-style-type: none"> 1. Include planned/maintenance outages implicitly as part of the “Intermittent and Energy Limited” resource’s historical production data 2. Exclude planned/maintenance outages implicitly as part of the “Intermittent and Energy Limited” resource’s historical production data <p>QUESTION: What other considerations should be taken into account for how planned & maintenance outages impact Qualified Capacity?</p>	<p>Although demand response resources are not being discussed at this time, EnerNOC recommends that similar treatment for demand side resources when dealing with planned/maintenance outage.</p>
	<p>(2) Forced Outages <i>Slides 116-122</i></p>	<p>Please identify preferred option and provide supporting rationale.</p> <p>OPTIONS:</p> <ol style="list-style-type: none"> 1. Exclude OMC outages from EFORd calculation for “Thermal Resources” 	<p>As noted above, EnerNOC recommends similar treatment for all resources if a decision is made to exclude OMC from calculation for thermal resources.</p>

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		2. Include OMC outages from EFORD calculation for “Thermal Resources” QUESTION: What type of forced outages should be excluded, if any, when determining EFORD for Qualified Capacity?	
	(3) Seasonal Capability <i>Slides 124-130</i>	Please identify preferred option and provide supporting rationale. OPTIONS: <ol style="list-style-type: none"> 1. Annual test and/or historical production data for “Thermal Resources” 2. Seasonal test and/or historical production data for “Thermal Resources” QUESTION: What other considerations need to be taken into account related to Seasonal Capability when determining Qualified Capacity?	EnerNOC supports an annual test/historical production data for demand response resources.
	(4) Locational Constraints <i>Slides 132-135</i>	QUESTION: What other considerations should be taken into account with respect to Locational Constraints?	
	(5) New Resources <i>Slides 137-145</i>	Please identify preferred option and provide supporting rationale. OPTIONS: <ol style="list-style-type: none"> 1. Similar class average values (NERC GADS or CEA) 2. Obtain simulated data from a provider 3. Similar existing unit(s) in Ontario QUESTION: What other considerations should be taken into accounting when establishing the Qualified Capacity of a new resource?	

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	(6) Methodology (6a) Aggregation Level <i>Slides 148-149</i>	QUESTION: What other considerations for aggregation level should be taken into account when determining Qualified Capacity?	
	(6b) Calculation Method <i>Slides 150-156</i>	Please identify preferred option and provide supporting rationale to calculate Qualified Capacity for “Intermittent and Energy Limited” Resources. OPTIONS: <ol style="list-style-type: none"> 1. Capacity Contribution 2. Effective Load Carrying Capability (ELCC) QUESTION: What calculation method should the IESO adopt to qualify capacity from Thermal or Intermittent and Energy Limited resources?	EnerNOC believes the most accurate qualified capacity calculation method depends on the type of resource being procured. As the NYISO and PJM have concluded, Capacity Contribution makes a lot of sense for intermittent resources like wind and solar. For Hourly DR resources ELCC is a better measure of their resource since it should be expected to correlate performance with actual system demand

General Comments/Feedback: