

Incremental Capacity Auction (ICA) – Stakeholder Feedback Form

Stakeholder Meeting: November 6th, 2017

Feedback request by: 2017/12/04 Date Submitted: 2017/12/05	Feedback provided by: Company Name: EnerNOC Contact Name: Sarah Griffiths Phone: [REDACTED] Email: [REDACTED]
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The IESO held the third meeting of the ‘Options Phase’ of the Market Renewal – Incremental Capacity Auction engagement on November 6th, 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)
- For the recommendations/next steps presented, indicate your agreement/ disagreement 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 / Next Steps / Recommendations	Stakeholder Feedback
Resource Performance Obligations &	(1a) Must-offer Timeframe <i>Slides 38-41</i>	RECOMMENDATION - Participants will have a must-offer obligation in both the day-ahead market and real-time energy market	EnerNOC recognizes the benefits for the IESO to have a must offer requirement in the Day Ahead market. For the Real Time market participation, at this time in the overall Market Renewal Project process, EnerNOC will wait to provide input on the must offer in Real-Time energy market.
Performance Assessment	(1b) Must-offer Amount <i>Slides 42-46</i>	Please identify preferred option and provide supporting rationale. OPTION 1: Rely only on future Qualified Capacity (UCAP) ratings to drive the desired behaviour (note: this incentive is inherent to the design of the Qualified Capacity process and will occur by default) OPTION 2: In addition to Option #1, also establish a “Pay-for-Availability” mechanism that considers the amount of capacity that was offered by the resource during the Commitment Period and reduce payments if it falls below their Capacity Obligation QUESTION: Should availability be assessed via a Pay-for-Availability mechanisms or are existing incentives in the energy market and updates to future Qualified Capacity ratings sufficient? <ul style="list-style-type: none"> • Consideration will also need to be given to whether or not both Pay-for-Availability and Pay-for-Performance mechanisms are required to define the desired capacity product 	EnerNOC recommends that participants with capacity supply obligations are paid for availability based on their energy market bids. If a resource does not offer into the energy market on a given day, that should factor into the resource’s Qualified Capacity. EnerNOC does not see the need for an additional enforcement mechanism beyond future UCAP ratings and in-period Pay-for-Performance penalties.

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		<p>Please identify preferred approach and provide supporting rationale.</p> <p>Approach 1 - Hourly Assessment: Ensure the MWs offered and/or generated are greater than or equal to the Capacity Obligation in each hour during which performance is assessed</p> <p>Approach 2 - Average Assessment: Ensure the MWs offered and/or generated are greater than or equal to the Capacity Obligation on average over the commitment period</p> <p>QUESTION: If the decision is made to have a Pay-for-Availability mechanism, what approach for implementing the mechanism should be adopted (i.e. assess “on average” or “in each hour”)? Should the same approach be used for all resource types?</p>	<p>EnerNOC supports Approach 2.</p>
		<p>NEXT STEPS - Taking into account the stakeholder feedback and system operational needs, the IESO will work with Brattle to further explore the options associated with these features and provide a preliminary recommendation to stakeholders in a future meeting</p>	
	<p>(1c) Must-offer Hours <i>Slides 47-52</i></p>	<p>QUESTION: Should availability be assessed via a Pay-for-Availability mechanisms or are existing incentives in the energy market and updates to future Qualified Capacity ratings sufficient?</p> <ul style="list-style-type: none"> • Consideration will also need to be given to whether or not both Pay-for-Availability and Pay-for-Performance mechanisms are required to define the desired capacity product 	

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		<p>Please identify preferred option and provide supporting rationale.</p> <p>OPTION 1: Assess participants’ availability 24hrs a day, and there will be non-performance implications for not meeting the obligation, which could be greater during pre-defined hours with elevated outage risk</p> <p>OPTION 2: Assess participants’ availability only during pre-defined delivery period, and there will be non-performance implications</p> <p>QUESTION: If the decision is made to have a Pay-for-Availability mechanism, over what hours should the assessment take place?</p>	<p>EnerNOC supports Option 2 – assessment of a participants’ availability only during a pre-defined delivery period with performance only assessed during those hours of required availability. If there is a decision to have a Pay-for-Availability mechanism, assessment should only take place during the predefined period.</p> <p>EnerNOC recommends using a balancing ratio/proportional determination for assessing whether or not a resource is available similar to PJM and ISO-NE. This should definitely be the case if all resources are expected to be available 24 hours a day.</p>
		<p>NEXT STEPS: Taking into account the stakeholder feedback and system operational needs, the IESO will work with Brattle to further explore the options associated with these features and provide a preliminary recommendation to stakeholders in a future meeting</p>	
		<p>RECOMMENDATION: Participants would have a must-offer obligation 24 hrs per day; potential for modifying obligations due to resource-specific constraints</p>	<p>If the decision is made to move to a Pay-for-Performance regime then as noted above, EnerNOC recommends using a balancing ratio, similar to PJM and ISO-NE, for determining availability and assessment during an capacity event.</p>
	<p>(1d) Outage Planning and Reporting <i>Slides 53-55</i></p>	<p>RECOMMENDATION: Participants required to follow existing Outage Management processes, which per existing Market Rule and Market Manual obligations requires submission of planned, maintenance, and forced outage data</p>	

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		<p>RECOMMENDATION: If Pay-for-Availability mechanism is adopted, the non-performance charges calculated should not be impacted by approved planned outages</p>	<p>Resource that are not available, due to planned outages, should see payments reduced to represent their availability. When resources are out of market, risk is shifted to all of the other resources who continue to be available. Although charges may not need to applied to planned outages, this risk should be recognized.</p>
	<p>(1e) Capacity Check Test <i>Slides 56-58</i></p>	<p>RECOMMENDATION: IESO should be able to conduct Capacity Check Tests during the Commitment Period</p>	<p>EnerNOC supports testing the resource obligation. EnerNOC recommends that the tests should only take place when a resource has not been dispatched to its full capacity supply obligation. A resource should also be able to request a test if they did not do well in a dispatch to demonstrate their renewed capability to meet their supply obligation.</p> <p>EnerNOC recommends that there should only be one test per commitment period (if there isn't an event), and a second test should only take place if requested by the resource or if the resource failed to meet their supply obligation during the first test.</p> <p>EnerNOC recommends that resources self-schedule the test similar to PJM.</p>

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	(2a) Response during Emergency Events <i>Slides 60-66</i>	<p>QUESTION: Do stakeholders think that a Pay-for-Performance mechanism should be adopted as part of the ICA?</p> <ul style="list-style-type: none"> • If so, under what circumstances should relief be granted for not generating during emergency events? <p>NEXT STEPS: Taking into account stakeholder feedback and system operational needs, the IESO will work with Brattle to further explore whether a Pay-for-Availability and/or a Pay-for-Performance mechanism is appropriate for Ontario and present a recommendation back to stakeholders at a future meeting</p>	<p>EnerNOC supports moving to a Pay-for-Performance system in Ontario at this time.</p> <p>If a Must-Offer exists for all resources then there should be no need for relief to be granted. If you have an offer in the Day Ahead market, then that offer should be what you are assessed against based on a balancing ratio as noted above.</p>
	(3a) Self-Scheduling vs. Dispatchable <i>Slides 67-70</i>	<p>Please identify preferred option and provide supporting rationale.</p> <p>OPTION 1: Only allow Dispatchable resources to participate in the ICA</p> <p>OPTION 2: Allow Dispatchable and limited amount of Self-Scheduling resource to participate in the ICA</p> <p>QUESTION: If participants below a size threshold are allowed to register resources as Self-Scheduling, what considerations should be taken into account when setting the threshold?</p>	<p>Recognizing that in this case, dispatchable refers to resources that are able to respond to a dispatch signal such as a generator or a load resource, versus a dispatchable load which has a set of requirements.</p> <p>EnerNOC supports Option 1 only allowing dispatchable resources to participate in the ICA. The ICA product is trying to meet emergency conditions that exist in the system and the system operator needs to understand what resources are available to meet that system need.</p>

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		RECOMMENDATION: Require participants to be dispatchable, with exemptions for some resources below a certain size threshold to participate as self-scheduling resources	
	(3b) Dispatch Dead-band <i>Slides 71-74</i>	QUESTION: What technology specific considerations should be taken into account when setting the dispatch dead-band?	
		Please identify preferred option and provide supporting rationale. OPTION 1: Absolute Quantity (MW) OPTION 2: Percent of dispatch instruction (%) OPTION 3: A combination of both (MW and %) RECOMMENDATION: Establish a consistent percentage dead-band for compliance with dispatch instruction for all resources, and remove absolute quantity (MW) thresholds	Under pay-for-performance, penalties will scale with deviation from dispatch instructions, therefore if the IESO is moving to a Pay-for-Performance system then a deadband is not required. If the IESO proposes to move forward with a performance deadband, EnerNOC recommends the greater of a percentage or minimum MW threshold be used with no additional Pay-for-Performance.
		NEXT STEPS: Assess appropriate threshold for dead-band based on stakeholder and internal IESO consultations	
	(3c) Minimum Dispatch Duration <i>Slides 75-78</i>	QUESTION: What technology specific considerations should be taken into account establishing the minimum dispatch duration?	EnerNOC supports following similar guidelines as ISO-NE for technology specific considerations for the minimum dispatch duration. These considerations should be based on actual system need and the need for consecutive load relief.
		NEXT STEPS: Conduct further analysis of system needs to set the minimum dispatch duration based on reliability studies, taking into consideration resource type and capability	

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 Stakeholder Meeting: September 28th, 2017

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	(3d) Resource Operational Limitations <i>Slides 79-82</i>	<p>QUESTION: What specific operational limitations should be considered for each type of resource?</p>	<p>Yes. Specific operational limitations should be considered. For DR, there should be a lead time characteristic. In PJM demand response resources have the option to have 2 hour lead time for the 30 minute standard. This option should be similar to the different lead times of generators some of which are not 'fast start'.</p>
		<p>NEXT STEPS: IESO to continue working with stakeholders to investigate options to reduce the unique resource operational limitations such that the ICA procures a consistent/uniform capacity product</p>	

General Comments/Feedback: