

Energy Storage Design Project – Feedback Form

June 24, 2020

<u>Date Submitted:</u> 2020/07/15	<u>Feedback Provided By:</u> Company Name: Ontario Power Generation Contact Name: Denise Zhong Contact Email: [REDACTED]
---	--

Following the June 24, 2020 Energy Storage Advisory Group (ESAG) meeting to discuss the Energy Storage Design Project, the IESO is seeking feedback from participants on the draft redlined Market Rules and Manuals and the recommended approach to uplift charges. The IESO will work to consider feedback and incorporate comments as appropriate and post responses on the engagement web-page. The referenced presentation and associated redlined Market Rules and Manuals can be found under the June 24, 2020 entry on the [ESAG webpage](#).

Please provide comments relating to the section of the draft amendments in the corresponding box in table 1 below. Please include any views on whether the draft language clearly articulates the requirements for either the IESO or market participants, and provide any alternative language by inserting the draft language and red-lining the suggested changes (example below). Further, please provide comments relating to the uplifting proposal in table 2 below.

Redlined Market Rules and Market Manuals

Chapter or MM Name	Section Reference	Stakeholder Comments
<i>E.g., Ch7</i>	<i>E.g., Section 21.2</i>	<i>Stakeholder comment</i>
<i>E.g., MM 4.2</i>	<i>E.g., Section 1.2</i>	<i>Stakeholder comment</i>

Please provide feedback by **July 15, 2020** to engagement@ieso.ca. Please use subject: *Feedback: Energy Storage Design Project*. To promote transparency, this feedback will be posted on the [ESAG webpage](#) unless otherwise requested by the sender.

Thank you for your time.

Table 1 – Redlined Market Rules and Market Manuals

Chapter or Market Manual Name	Section Reference	Stakeholder Comments
<i>MR Chapter 2- Appendix 2.2</i>	1.1.12	<i>c. the aggregated electricity storage facility size is 100 MVA or greater.</i> – This the one of the criteria of being designated a ‘major electricity storage facility’, therefore this criteria may be redundant
<i>MR Chapter 2- Appendix 2.2</i>	1.5.1A & 1.5.2A	Will the IESO provide detailed justification to Energy Storage Participants for re-classification of their facility?
<i>MR Chapter 4</i>	7.8.2A & 7.8.2B	Will the IESO provide detailed justification to Energy Storage Participants for re-classification of their facility?
<i>MR Chapter 11</i>		Definition of ‘electricity storage capacity’ means the maximum power that an electricity storage unit or electricity storage facility can supply, usually expressed in megawatts (MWs). There should be an equivalent definition that relates to the charging of the unit/facility. This may be at a different rate then the supply rate and facilities might prefer a slower charge rate for degradation reasons.

Table 2 – Uplift Charges

Topic	Feedback
<p>Proposal: Storage should be exempt from uplift charges on 'fuel'</p>	<p>OPG agrees with the proposed methodology that ESRs should be exempt from uplift charges on 'fuel'. Also, any other withdrawals for other commercial purposes (e.g. commercial use, office lighting etc...) should continue to be subject to uplift under the jurisdiction of the Market Rules. However, OPG believes that station service or any other usage of the load withdrawn that allows for the ESR to operate should be included in the uplift exemption. OPG understands that the IESO would like to treat ESRs similar to generators in regards to uplift applied to load for station service, but the technology is inherently different OPG believes that ESRs should not have to pay for the load required to operate their resources when they are providing energy storage capabilities to the grid.</p> <p>With regards to implementation, OPG would not support additional metering to segment station service or other commercial loads. The cost required to install new operating/revenue meters with SCADA communication to the IESO is very costly, and should not be on the onus of the ESR participant to provide, especially since the value to be regained from the Market Rule governed uplifts is inherently small. Settling the amounts or determining the percentages of rebates for uplift charges after-the-fact would be a more reasonable option. OPG is curious about how other jurisdictions are able to separate the uplift charges on 'fuel' vs. usage for other purposes (commercial or resource use). If an energy storage facility is stand-alone e.g. pumped hydroelectric resource, do other jurisdictions parse out the uplift charges for "fuel" and continue to charge uplift for station service? The complexity of parsing out the uplift charges for "fuel" seems to be complicated and onerous, given the IESO has mentioned the Market rules-governed uplift charges averages approximately 1% of total wholesale market charges. OPG would encourage the IESO to review what other jurisdictions are doing and if there is enough value to obtain by parsing out the uplift charges.</p>

General Comments/Feedback

Ontario Power Generation (OPG) appreciates the opportunity to provide feedback on the recent Energy Storage Working Group (ESAG) webinar, which was presented by the IESO on June 24, 2020.

OPG understands the rationale to only assess the uplift charges that are under the authority of the IESO Market Rules, as they are the charges that are completely under the IESO's control. However OPG would like to highlight that FERC 841 supported removing all charges if ESRs are providing ancillary services which would include Network Service Charges (NSC). It is OPG's belief that the removal of transmission charges, set at the OEB, should also be supported by the IESO and the pursuit by Market Participants assisted by the IESO in accordance with this Storage Design Project.

OPG fully supports that Energy Storage Resources (ESRs) should be able to compete on a level playing field with other supply sources in the IESO Administered Market (IAM) today and in the future. Although OPG understands the rationale it is disappointing the IESO has decided that the enduring storage design project would not be included in scope of the Market Renewal Project (MRP). It would be helpful for market participants if the IESO would provide clarity on which storage design project features will be implemented in parallel with Market Renewal, and which design features would need to wait until after Market Renewal before implementation. The features that will be enabled through the new 'three phases' of the storage design project (Interim Phase, Market Renewal Phase and Long Term Design), need to be clearly communicated to market participants in order for them to make decisions on how their resources can participate in the IAM during each phase.