

Improving Accessibility of Operating Reserve – Feedback Form

Webinar Date: December 10, 2019

Date Submitted

2020/01/10

Feedback Provided by:

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Following the December 10, 2019 Improving Accessibility of Operating Reserve (OR) webinar, the Independent Electricity System Operator (IESO) is seeking feedback from participants on the details of the recommended solution that was presented during the webinar. The presentation can be accessed from the IESO webpage for this stakeholder engagement.

Please submit feedback to engagement@ieso.ca by January 10, 2020. If you wish to provide confidential feedback, please submit as a separate feedback form, marked "Confidential". Otherwise, to promote transparency, this feedback will be posted on the engagement webpage unless otherwise requested by the sender.

General Feedback on the Proposed Solution

Questions	Feedback
Is the high-level design of the proposed solution clear and understandable?	The high-level design is understandable.
Is there any other information you require to understand the scope and impact of the proposed solution?	Capital Power would appreciate the opportunity to review and provide feedback and comments once a detailed design has been proposed.
How will the proposed solution result in changes to your OR participation, if any?	Capital Power has no comments in this respect at this time but may have more feedback once the details to follow the high-level design are made available.
Are there modifications to the design of the proposed solution that the IESO should consider?	<p>The IESO should consider the following as part of drafting the detailed design:</p> <ul style="list-style-type: none"> • Thermal generators do not produce consistent generating output and the IESO should consider introducing a deadband for accessible operating reserve. When operating near the maximum capability while providing operating reserves, generators no longer have the flexibility to utilize the energy dispatch deadband. By allowing a deadband for accessible operating reserve, this provides generators with flexibility in managing operating reserve dispatches. • In its December 10, 2019 presentation, the IESO provided a table of scenarios at slide 29 titled "ORA Compliance – Generator." Under row 4 of the scenarios, the energy output of 90 MW is within the energy compliance deadband for its scheduled dispatch of 100 MW. The example indicates that the generating unit is non-compliant when the unit produces 140 MW from a 50 MW operating reserve activation. Capital Power disagrees with this assessment as compliance with operating reserve activations should be dependent on the measured output at the time the operating reserve activation was instructed. Instead of the formula utilized in Slide 25 of the presentation, the IESO should determine that a market participant is compliant with an operating reserve activation utilizing the following condition: the volume from the operating reserve activation is equal or greater than the difference between Energy Output (10 or 30 minutes – dependent on OR product) less the Energy Output (at the time of the operating reserve activation). • The IESO should implement exceptions to the claw-back mechanism for inaccessible operating reserve. For example, an exception can be applied when incremental energy requested by the IESO through an operating reserve activation dispatch has been met. Market participants should not face any claw-back of operating reserve payments for inaccessible operating reserve when the requested incremental energy has been delivered in full.

	<ul style="list-style-type: none"> • Capital Power does not disagree that failed operating reserve activations or inaccessible operating reserve should be subject to claw-back of operating reserve revenue. However, should these failures occur as a result of a force majeure, or unplanned operational event, the market participant should not be subject to a non-compliance investigation and sanctions from MACD, particularly if the IESO had been properly notified by the market participant of the operational deviation. Further penalty beyond claw-backs could disincent participation in the OR market and/or increase the cost of doing so. • When drafting the detailed design of the claw-back mechanism, market participants should be provided information regarding what granularity and detail the IESO will be using to facilitate claw-back of operating reserve payments for inaccessible operating reserve. This will allow market participants to manage operating reserve dispatches as required.
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Providing the Required Amount of Incremental Energy	
Questions	Feedback
<p>Are there Market Participant (MP) tool or process changes needed to determine the amount of incremental energy required during an ORA? If changes are required, please provide high-level estimates on the timeline for the changes.</p>	<ul style="list-style-type: none"> • The IESO should make changes to the market participant tools that provide the final output required after an operating reserve activation. As noted in the presentation, generators operating in their energy dispatch deadbands may be required to increase their output above the stated operating reserve activation dispatch to deliver the full incremental energy and remain compliant. Capital Power recommends that dispatch instructions include the final expected output which will ensure operating reserve activation dispatch instructions are clear and allow market participants to focus on delivering the incremental energy. • In the Energy Market Interface, market participants can provide information relating to operational constraints to the IESO. Generating facilities may have different ramp rates at different operating output ranges which may impact its ability to respond and comply with an operating reserve activation. Capital Power recommends that the IESO allow market participants to enter a minimum and maximum level of energy (i.e. range) to which operating reserve can be provided. This ensures generators receive dispatches in the appropriate operating ranges and are ready to respond to operating reserve activations. • In summary, both recommendations would support to reliability of the Ontario electric system.

Claw-back Mechanism	
Questions	Feedback
<ul style="list-style-type: none"> • Is the claw-back mechanism clear and understandable? 	<ul style="list-style-type: none"> • The high-level design is understandable. Capital Power would appreciate the opportunity to provide feedback and comments once a detailed design has been proposed.
<ul style="list-style-type: none"> • Is there anything the IESO should consider when undergoing a more thorough assessment of the impacts of the clawback mechanism? 	<ul style="list-style-type: none"> • Please see Capital Power's recommended modifications above.