

April 30, 2020

IESO Stakeholder Engagement:
Improving Accessibility of Operating Reserve

Re: OPG Comments – Improving Accessibility of Operating Reserve; March 30th 2020 Webinar

Ontario Power Generation (OPG) appreciates the opportunity to provide feedback on the recent ‘Improving Accessibility of Operating Reserve’ webinar, which was presented by the IESO on March 30, 2020.

Operating Reserve (OR) settlement claw-back

OPG believes the proposal for OR settlement claw-back is clear and makes sense overall, as the IESO should not have to pay for OR that is inaccessible to the system. However OPG still has concerns with this proposal regarding implementation, timelines and consideration of market participant costs prior to Market Renewal (MR).

OPG would like additional details on the proposed implementation process of this OR settlement claw-back:

- Is this a forward looking claw-back with no retroactive charges associated with this initiative?
- Is the OR settlement claw-back going to be settled similar to other OR charges on an hourly and daily basis, or through monthly/semi annual/annual adjustments?
- Is the IESO going to introduce new charge types or revise existing OR charge type calculation rules?

When developing an implementation plan the IESO should consider the potential cost and time burden imposed on Market Participants to arrange updates to settlement software and process changes. Market Participants would need to revise their settlements software for all current OR related charge types, and potentially new data elements that may be required for implementing the OR settlement claw-back process. It would be easier for Market Participants manage claw-backs if they were settled on a longer term basis (semi-annual/annual), as it may remove the requirement to change existing settlement software tools and processes.

OPG agrees that including compliance aggregation for OR settlement claw-back provides generators with more operational flexibility which is a positive consideration.

It is OPG’s understanding the OR-CMSC claw-back is proposed to be implemented before MR and will no longer exist post MR. The short term benefits of implementing OR-CMSC claw-back would need to outweigh all potential costs and time burden to the Market Participants, how will that be assessed?

Proposed ORA Performance Measurement Criteria

OPG has identified its concerns with the proposed ORA Performance Measurement Criteria on January 10th, 2020 feedback [1], to this end OPG suggests an individual meeting with the IESO to discuss these concerns in more detail.

In summary, before the proposed ORA performance requirements are implemented, there needs to be a comprehensive review of the dispatch compliance deadband. The compliance deadband is a mechanism used to provide participants with greater operational flexibility. Generator resources often require the use of the dispatch compliance deadband to manage minor operational deviations in real-time. In order to manage the IESO's proposed ORA performance measurement criteria and operational deviations, Market Participants may need to offer OR in a more conservative manner to ensure full compliance. This may negate the overall purpose of this stakeholder engagement to improve accessibility of Operating Reserve.

It is OPG's view that the proposed ORA performance requirements and compliance deadband are heavily dependent on each other, and the proposed solution seems to defeat some of the intended purpose of the dispatch compliance deadband for Market Participants. If participants are operating legitimately within their dispatch deadband they should not be penalized if after an ORA the IESO incremental energy is short - this responsibility should be with the IESO.

The IESO should consider the cost and the time burden this proposal imposes on Market Participants to track the incremental energy required to stay compliant with the proposed ORA performance requirements. In previous feedback OPG proposed that it may be more cost effective for the ratepayer if the IESO developed the capabilities through its dispatch process to determine the amount of incremental energy required during an ORA event and translate this to the ORA dispatch target amount for respective generators and dispatchable loads [1]. If the IESO is unable to implement changes to dispatch tools OPG recommends the IESO should consider only implementing the OR settlement claw-back mechanism at this time, and incorporate the ORA performance measurement criteria after Market Renewal.

Additional OPG Comments

OPG would like to highlight and reiterate our comments from the "Market Renewal Energy Workstream Detailed Design: Pseudo-Units" [2]. OPG strongly supports the position that additional OR scheduling parameters would be beneficial to address OR scheduling issues for both hydroelectric and CCGT plants. OPG previously proposed a new "Energy plus OR Limit" parameter to address infeasible OR scheduling issues experienced by hydroelectric resources (see OPG's comments on the IESO stakeholder session on Physical Withholding [3]). OPG encourages the IESO to consider OPG's proposal and notes it could also address OR scheduling issues for other technologies including combined-cycle gas plants.

The IESO has acknowledged the concerns raised by stakeholders and are looking to better understand the impact of the proposed ORA performance measurement criteria on an individual basis. As OPG has previously provided feedback [1] we are looking forward to future individual discussions with the IESO.

Regards,

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References

[1] OPG, "OPG Comments – Improving Accessibility of Operation Reserve," January, 2020.

[2] OPG, "OPG Comments – Pseudo Units", March, 2020.

[3] OPG, "OPG Comments – Market Renewal Energy Workstream Detailed Design: Physical Withholding", February 2020.