

Feedback Form

Resource Adequacy – July 22, 2021

Feedback Provided by:

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To promote transparency, feedback submitted will be posted on the Resource Adequacy Engagement webpage unless otherwise requested by the sender.

Following the July 22, 2021 Resource Adequacy webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the following discussed items. Background information related to these feedback requests can be found in the presentation, which can be accessed from the [engagement web page](#).

Please submit feedback to engagement@ieso.ca by August 13, 2021. If you wish to provide confidential feedback, please mark the document "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

Qualified Capacity Proposals

Topic	Feedback
<p>What questions or feedback do you have on the updated Qualified Capacity (QC) proposals?</p>	<p>Click or tap here to enter text.</p>
<p>What questions or feedback do you have on the proposed QC methodology for hourly demand response resources?</p>	<p>The IESO has outlined Qualified Capacity Design Principles of simplicity, fairness, transparency and alignment. AEMA would argue that the principle of Accuracy should also be included – resources need to be measured correctly to ensure that the IESO is receiving or not receiving the MW assigned in the capacity obligations. As for the original principles, the proposals for UCAP, including that of the HDR resource and the dispatchable load resource, the IESO has fallen short on both the fairness and the alignment principles – For the HDR and dispatchable load the proposed UCAP, the capacity product is defined differently than the other resources. What the IESO is buying and how they are measuring it is not aligned. Although the Ontario electricity system is changing towards a more decentralized system, the IESO continues to view it through the lens of a traditional generator in a centralized system (see below: The HDR resource vs. a traditional supply resource). AEMA recommends that the IESO focus on defining the capacity product, and then using the penalty/performance scheme to ensure that all resource types are meeting their obligations.</p> <p>Questions or Feedback on the proposed QC methodology for HDR:</p> <p>#1. The HDR resource vs. a traditional supply resource.</p> <p>Whereas in the past, the IESO has dealt with one Market Participant with one physical asset, the aggregated resource, which is an allowable resource under HDR, is one Market Participant which is made up of numerous contributors. The Market Participant is responsible for ensuring that they meet their obligations under the Market Rules and their performance is driven by the Market Rules for continued participation and the performance/penalty schema. Unlike a traditional generator, the contributors are not permanently stationed under one resource, and could move from aggregator to aggregator. The proposed HDR UCAP imposes penalties on future products that are not reflective of the actual resource that delivers capacity during an obligation period. This results in an inefficient penalty structure that either underpays strong performers or overpays under performers. By ensuring that a strong and fair testing</p>

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	<p>regime and an incentive-based performance/penalty scheme exists, the IESO will ensure that they are procuring the right amount of MW from the HDR resource. As the system becomes more decentralized, and aggregation makes up more of the supply-side resources competing in Ontario to provide both energy and capacity, a strong penalty/incentive path needs to be in place to ensure aggregations meet their obligations.</p> <p># 2. How the resource is measured.</p> <p>The PDF calculation will impact a resource’s ability to procure and deliver MW to the IESO. Therefore, it is key to ensure that the IESO is measuring the HDR resource properly. As brought forward to the IESO first in 2019 and now through the HDR baseline review, AEMA has advocated for the correct measurement of MW delivery – this includes using different types of baselines calculations for different participants or if the IESO determines that it will keep a single baseline for all participants, an opt out option for the in-day adjustment should be allowed. If the HDR resource was measured more accurately, then the IESO would actually not have to procure further MW and HDR Market Participant could manage their portfolios more efficiently, therefore leading to overall savings. Another recommendation brought forward during the stakeholder meetings, based on the fairness principle, is to allow HDR resources to schedule outages similar to other assets. Currently an HDR resource is able to bid down their asset (and receive the proper penalties for not meeting their obligation), however, the loss of a contributor on outage can severely impact the portfolio baseline to a point that reduces performance measurement significantly. This decreases the efficiency of the overall procurement of resources and the dispatch of resources. AEMA also recommends that the IESO follow established best practices for baselines and that the baseline be based on the contributor level versus the portfolio level. Currently IESO again is the only ISO that measures resources this way. Measuring baseline at the portfolio level minimizes accuracy of performance measurements by not capturing the true value provided by each contributor and allows for disproportional impact of large contributors on the rest of the portfolio’s performance.</p> <p># 3. Line losses.</p> <p>AEMA echoes other Market Participants’ requests for the IESO to add losses to the UCAP calculation. At present, the IESO seems focused on penalizing HDR resources and is unwilling to</p>

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	<p>recognize that they are receiving more capacity than they are compensating HDR resources for. Moreover, the IESO has provided little rationale as to why line losses cannot be taken into consideration as part of the UCAP calculation at the resource level. HDRs provide additional capacity that must be taken into consideration as part of the IESO's transition to UCAP if IESO does intend to move forward with a UCAP calculation for HDR resources. AEMA recognizes that it may be complicated for line losses to be added directly to the UCAP calculation, however it can be accomplished through relatively minor changes to the Contributor Portal that would allow loss factors to be added to each contributor. Aggregators would then submit loss adjusted load data obtained from the utilities to the IESO when submitting data. Using this methodology would not require any changes to the current UCAP calculation, however, it would bolster the resource level ICAP value with the appropriate contributor level loss factors. It would then be up to the aggregators to ensure that they maintained appropriate capacity on a loss adjusted basis. This methodology should not require any changes to how the IESO models HDRs, nor to how dead-bands are applied to resource performance. If the IESO maintains that modelling changes would still be required, the AEMA requests that the IESO provides additional information on this burden.</p>

Resource-Backed Imports

Topic	Feedback
<p>What questions or feedback do you have on the proposed resource-backed import framework?</p>	<p>Click or tap here to enter text.</p>

General Comments/Feedback

AEMA is a North American trade association whose members include distributed energy resources ("DER"), demand response ("DR"), and advanced energy management service and technology providers, as well as some of Ontario's largest consumer resources, who support advanced energy management solutions due to the electricity cost savings those solutions provide to their businesses. These comments represent the views of AEMA as an organization, not any individual company.