

Feedback Form

Resource Adequacy – October 21, 2021

Feedback Provided by:

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

Following the October 21, 2021 Resource Adequacy webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the following discussed items including the Capacity Auction, Medium and Long Term RFP. 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 November 12, 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.

Capacity Auction

Topic	Feedback
Introduction	Click or tap here to enter text.
Enhancement #1: Capacity Qualification	For Dispatchable Hydro’s Availability De-Rating Factor: please clarify if the proposed “Top 200 hours of demand” method would disregard times when a hydro-station is under planned maintenance and/or other outage conditions. Please also provide further details and examples of the Capacity Qualification methodologies for all resource types including hybrid resources and imports.
Enhancement #2 Performance Assessment Modifications	The IESO should remove the “true-up” cap of its availability compensation to further incentivize energy supply that can be cleared economically. With regards to “Higher Charges at Times of Need:” the IESO should set a cap on the total amount of levy that can be clawed back from a supplier, so that total penalty or levy would not exceed the totality of capacity payment received. Overly punitive penalties would cause suppliers to offer less capacity than available and at higher prices to hedge unpredictable penalties: this would deviate from the least-cost outcome for the IESO. In addition, shorter-term (monthly) rebalancing or reconfiguration auctions should be considered to allow resources to manage their capacity sales versus their most up-to-date performance expectation. The risk of locking-in capacity sales in yearly auctions will result in participants pricing in higher performance penalties if they cannot be managed through the delivery period.
Enhancement #3 Expand Participation to Generator-Backed Capacity Imports	Evolugen supports the introduction of resource-backed capacity imports, and encourages the IESO to continue negotiations with neighboring ISOs to allow more bi-directional electricity trades between markets. We also recommend the IESO to adopt market rules that treat capacity from internal generators, external system-backed capacity, and external resource-backed capacity equally, as long as their energy can be delivered reliably and consistently when called.

Topic	Feedback
Other General Comments or feedback on the 2022 Capacity Auction Enhancements Design Document	Click or tap here to enter text.

Medium Term RFP

Topic	Feedback
Feedback on the draft schedule	Click or tap here to enter text.
Feedback on the extension to the commitment term	<p>Evolgen welcomes this proposal and appreciates the IESO's creativity, as it provides suppliers both more flexibility in offering our products in the various procurement mechanisms, as well as more revenue certainty. It should be noted that the term extension clause is only valuable to suppliers and investors if exercisable at the sole discretion of the counterparty. Should the IESO retain veto rights against said clause, it would remove its value completely.</p>
General comments and feedback	<p>We wish to reiterate that Rated Criteria should either be directly monetized and procured as part of the RFP, or not accounted for at all in the selection process. The IESO has repeatedly stated that the MT-RFPs only procure capacity: to introduce Rate Criteria in the selection process would skew market signals and deviate from least-cost outcomes for the IESO. Evolgen also recommends the IESO include and bundle the value of renewable attributes in its procurement process.</p>

Long Term RFP

Topic	Feedback
General comments and feedback	<p>Boundary entities that can directly synchronize with the IAM should be allowed in the LT-RFP. We invite the IESO to discuss with us creative solutions that can provide resource adequacy and reliability from outside the IAM that are nevertheless controlled by the IESO.</p>

General Resource Adequacy Comments/Feedback

Resources should have the ability to rebalance their capacity commitments in shorter-term (monthly) auctions to manage expected performance. This ability to manage performance risks will contribute to more competitively priced offers in capacity auctions, the MT RFPs, and the LT RFP. This is a fundamental market design in many neighboring markets. For example, a resource with a planned outage for 3 weeks in a delivery month could elect to buy back its obligation and mitigate performance risks, in lieu of risking de-rates or performance penalty levies. As the resource would be responsible in “replacing” its committed capacity, this rebalancing mechanism would not harm resource adequacy. In addition, the possibility for resources to trade capacity obligations bilaterally could represent an efficient method to achieve more competitive and dynamic prices for capacity markets in Ontario.