

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	<p>On slide 22 the IESO indicates that the ICAP of all non-HDR resources will be constrained by both its Availability De-Rating Factor and Performance Adjustment Factor (PAF) to arrive at its UCAP. On slide 23 the IESO indicates that an HDR resource's ICAP will only be constrained by its PAF to arrive at its UCAP, noting that the Availability De-Rating Factor is not applicable. On slide 13 the IESO noted that there is a lack of historic real-time availability data to assign an Availability De-Rating Factor to HDR resources. A lack of information does not suggest perfect availability, which is effectively how HDR resources are treated. Is it appropriate that every resource is subject to an availability test and performance test while HDR resources are only subject to a performance test? If performance during an activation is the best indicator of availability that the IESO has, why not use that to assign an Availability De-Rating Factor to HDR resources?</p>
Enhancement #2 Performance Assessment Modifications	<p>The IESO is proposing levying a steep 2x Capacity Charge for poor performance during Emergency Operating State Control Action (EOSCA) activations. Which criteria must be met for the IESO to declare an Emergency Operating State Control Action (EOSCA)? Which criteria must be met for the IESO to activate Capacity Auction resources under an EOSCA (i.e. where does activation fall within the list of other actions)? Under an EOSCA, will activation notifications follow the same procedure as during non-emergency times (i.e. day-ahead notification required to activate)? After the fact, will there be an opportunity for participants activated under an EOSCA to confirm that the criteria for an EOSCA were met, as well as the criteria for activating Capacity Auction resources?</p>
Enhancement #3 Expand Participation to Generator-Backed Capacity Imports	Click or tap here to enter text.

Other General Comments or feedback on the **2022 Capacity Auction Enhancements Design Document**

For the Winter 2022/23 auction, does the PAF of zero apply to all HDR resources, or only new resources?

On Page 28 of the CA presentation it states that "Performance De-rates: If a resource fails a test, in addition to current charges, their value in the subsequent auction will be de-rated in the following year as part of qualification" – can you please confirm how the following scenario would impact a following auction qualification:

- A generator has a historical 20% EFORD which inputs into their UCAP value for the current commitment period. In the current year, they experience an EFORD of 5%, however they fail their capacity check test in the current commitment period. How does the interplay between the current year drop in EFORD affect next years capacity qualification while the resource failed its capacity check test?

Regarding future design considerations. Northland provided the following recommendation earlier this year and reiterates the need to adjust how facilities are tested for their capacity check test. Currently for a thermal resource, depending on the configuration of the plant (e.g. individual units registered as resources), the IESO tests for capacity at the resource level (unit level) instead of at the facility level. So if a 3x1 combined cycle plant has cleared the capacity auction for 100 MW each on the gas turbines and 200 MW on the steam turbine for a total of 500 MW, the IESO when testing the facility will assess each individual resource. In this case, each GT has to generate above 100 MW, and the steam turbine about 200 MW to pass the capacity check test. However, if during a capacity check test based on ambient conditions and other factors, two GTs generated a total of 99 MW each, while the third generates 102 MW, and the Steam Turbine generated instead of 200 MW – 205 MW, for a total facility output of 505 MW, the IESO would determine that two of the gas turbines failed their capacity check test. At the end of a capacity check test the IESO needs to ensure that the capacity that was paid for can be

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	<p>delivered, however how that facility delivers that capacity should be flexible as long as the facility provides the capacity at the facility level. Trying to ensure your offers reflect a typical or extreme summer day when submitting capacity offers is challenging enough, however for the IESO to obtain the capacity it procured at the facility level but assess pass/fail at the resource level seems overly restrictive. The punitive damages for failing a capacity check test are quite high. In this case the IESO expected to receive a total of 500 MW during a capacity check test, it received 505 MW, but the facility would be assessed as failing the capacity check test for 2 out of 4 resources.</p> <p>In addition, Northland made comments from the previous stakeholder meeting related to the exact timing of a capacity check test. The spirit of a test is to determine whether the capacity that was offered can be satisfied. In other markets (e.g. NYISO), a facility has flexibility on a day to synchronize and ramp up to its full output to demonstrate its capability. In the IESO market, the IESO up to this point has been very prescriptive to the exact time it must be achieved. If a resource misses the exact time by even 5 minutes, but actually provides the MW's it was contracted for it is deemed to have failed the capacity check test. Resources should have flexibility to be able to demonstrate their capacity capability without incurring penalties for matters that deviate from the spirit of what a capacity check test is designed to test against – which is whether the total MW can be provided that were cleared through the auction, not necessarily whether those MW's can be provided down to the exact minute.</p>

Medium Term RFP

Topic	Feedback
Feedback on the draft schedule	Click or tap here to enter text.

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Feedback on the extension to the commitment term	<p>The IESO should extend the optional 2-year extension to 3 years. Doing so will ensure that, regardless of whether the extension is exercised, the end of the resource's commitment period will coincide with the start of the next three-year commitment period.</p> <p>In addition, the IESO should allow resources to request that the commitment period be brought forward by up to 3 years starting in as early as 2023 if the resource is capable of providing capacity before 2026.</p>
General comments and feedback	<p>Slide 23: what's the criteria by which the IESO will assess whether the target capacity ought to be adjusted to ensure competition? Participants have been preparing to participate in the medium-term RFP, and perhaps foregone other commercial opportunities, based on the expectation set by the IESO that 750 MW of capacity would be procured. Furthermore, the 750 MW procured through the medium-term RFP is part of a larger integrated Resource Adequacy framework, how does procuring less than that targeted capacity imperil the IESO's broader adequacy picture? If the IESO amends its rules to create some protection from</p>

Long Term RFP

Topic	Feedback
General comments and feedback	Click or tap here to enter text.

General Resource Adequacy Comments/Feedback

Click or tap here to enter text.