

Feedback Form

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2022 Capacity Auction Enhancements - Implementation – December 15, 2021

Feedback Provided by:

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- Date: January 7, 2022

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

- Following the December 15, 2021 Resource Adequacy webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the following items:
Capacity Auction proposed Market Rule amendments and draft Market Manuals for the 2022 Capacity Auction
- 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 January 7, 2022.** 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.

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Market Rules

Market Rule Chapter	Title	Sub-section	Feedback
Ch. 7	System Operations and Physical Markets		Click or tap here to enter text.
Ch. 9	Settlements and Billing	4.7J.2.1	This section refers to the augmented availability charge (10x the hourly availability payment) issued when resources fail to submit offers during emergency operating conditions. OPG notes that during the November 23, 2021 stakeholder meeting, the IESO implied the augmented availability charge would be issued during NERC EEA-1 events. The draft Market Rules, however, indicate the charge is levied even if the IESO issues an advisory that there is “the potential for declaration of an <i>emergency operating [condition]</i> ”. Please explain the IESO’s rationale for broadening the applicability of the augmented availability charge.
Ch. 11	Definitions	<i>cleared UCAP</i>	<p>Defined as: <i>cleared UCAP</i> means an amount in megawatts of electricity that a capacity auction resource receives in a given capacity auction</p> <p>OPG suggests the following revision:</p> <p><i>cleared UCAP</i> means an amount in megawatts of electricity that a capacity auction resource clears receives in a given capacity auction.</p> <p>This minor change mitigates the potential for ambiguity in interpretation.</p>

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Market Manuals

Market Manual	Title	Sub-section	Feedback
12	Capacity Auctions	1.6.26.3.2A Availability Charges True-Up Payments	<p>The section states:</p> <ul style="list-style-type: none"> • <i>Resource available capacity</i> used to calculate the true-up payment for each applicable hour is capped at the minimum of: • <i>resource energy bids or energy offers as applicable,</i> • <i>capacity auction resource’s cleared ICAP,</i> • <i>115% of a capacity auction resource’s capacity obligation,</i> • <i>capacity auction resource’s registered capability (applicable only to HDRs)</i> <p>The availability true-up payment should not be capped at 115% of the resource’s capacity obligation. In the IESO’s December 17, 2021 response to stakeholders, it stated the true-up “is not intended to compensate capacity auction participants for over availability”. OPG agrees with this rationale, but argues that offers above 115% of the obligation would not always reflect “over availability”. For example, if a resource had an obligation of 100 MW and a cleared ICAP of 150 MW, the true-up should incentivize the resource to offer as much capacity as it is available to provide (in this scenario, 150 MW). Instead, the 115% cap limits any incentive to 115 MW.</p>
4.2	Submission of Dispatch Data in the Real Time Energy and Operating Reserve Markets		Click or tap here to enter text.
4.3	Real Time Scheduling of the Physical Markets		Click or tap here to enter text.
5.5	Physical Markets Settlement Statements		Click or tap here to enter text.

Market Manual	Title	Sub-section	Feedback
	IESO Charge Types and Equations		Click or tap here to enter text.
7.3	Outage Management		Click or tap here to enter text.

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General Comments/Feedback

- The change to the Availability De-rating factor on Pg 7 of the Capacity Auction Enhancements Presentation given on Dec 15th, 2021, shows a change from ICAP to MAPC. Please provide additional clarification on how the MAPC number differs from ICAP and MCR. Please also provide detail on the criteria or documentation required by the market participant to substantiate this number.
- The Availability De-rating factor is used to calculate the UCAP. Will the Availability De-rating factor be multiplied by ICAP or MAPC to derive the MW's?
- A change has been made in the top 200 hours to include per season per year. Please clarify if this means 100 hours in winter and 100 hours in summer, or 200 hours in winter and 200 hours in summer.
- Please provide some detail or reasoning for using Scheduled OR instead of Offered OR quantity in this calculation. Offered OR quantity is a better indication of the capacity actually available as opposed to Scheduled OR. Some portion of Offered OR quantity might not get scheduled due to economic reasons (displaced by other cheaper OR resources) or due to joint optimization of energy and OR.