

Stakeholder Feedback and IESO Response

Resource Adequacy Engagement, Capacity Auction – December 15, 2021 Webinar

Following the December 15, 2021 Resource Adequacy engagement webinar, the Independent Electricity System Operator (IESO) invited stakeholders to provide feedback on the materials presented. The IESO received feedback from the following stakeholders:

- Advanced Energy Management Alliance
- Energy Storage Canada
- Ontario Power Generation
- Voltus Energy Canada Ltd.

This feedback has been posted on the [engagement webpage](#).

Note on Feedback Summary and IESO Response

The IESO appreciates the feedback received from stakeholders. The table below responds to the feedback received and is organized by each topic. This document is provided for information purposes only. It does not constitute, nor should it be construed to constitute, legal advice or a guarantee, offer, representation or warranty on behalf of the IESO.

Capacity Auction – 10x Availability Assessment Charge

Feedback	IESO Response
<p>Stakeholders seeking clarity around the criteria for the augmented (10x) availability assessment charge, commenting that the language “Where the IESO has issued an advisory notice that there is the potential for declaration of an emergency...”, does not provide a clear enough boundary on the circumstances during which the augmented availability assessment charge would apply.</p> <p>Additionally, stakeholders sought the rationale as to why these criteria were broadened from applying only during EEA-1 events.</p>	<p>An advisory notice issued by the IESO is a transparent and established method to signal to all IESO resources that a system emergency event may be declared. Using this established method as the trigger for augmented availability charge assessment places emphasis on the availability of a resource and better aligns with the objective of capacity acquisition, by incenting availability at times of need.</p> <p>Emergency advisory notices are posted on the IESO website here.</p>
<p>Stakeholder expressing concern that the IESO did not provide evidence of the reasonableness for the proposed 10x performance charge.</p>	<p>This feedback was submitted by stakeholders following the November 2021 Resource Adequacy engagement session. Please refer to the IESO’s response included in the response to feedback document in relation to that engagement session, which can be found here.</p>

Feedback	IESO Response
<p>Stakeholder suggests that increased availability penalties will create an incentive for aggregators to show full availability and take on the risk of a dispatch failure even for resources that are not available for curtailment. Stakeholder recommends that the IESO should instead decrease availability charges relative to the dispatch charge to incentivize aggregators to revise their bids in real-time to reflect true availability and to dispatch accordingly.</p>	<p>This feedback was submitted by stakeholders following the November 2021 Resource Adequacy engagement session. Please refer to the IESO’s response included in the response to feedback document in relation to that engagement session, which can be found here.</p> <p>The purpose of the augmented availability assessment charge is to reinforce the importance for acquired capacity resources to be available during instances of acute reliability need.</p> <p>All market participants are subject to compliance with the Market Rules, which includes requirements to submit, maintain and adjust bids that are an accurate reflection of true capability and to comply with dispatch instructions. Market participants in potential breach of the Market Rules may be subject to investigation by the IESO’s Market Assessment and Compliance Division. The IESO also has the authority under Chapter 7 of the Market Rules to remove a participant from participation as a capacity market participant or refuse their participation in a subsequent auction if their resource’s participation would negatively impact the reliable operation of the IESO-controlled grid.</p>

Capacity Auction – Availability True-Up

Feedback	IESO Response
<p>Stakeholder suggests that the availability true-up payment should not be capped at 115% of the resource’s capacity obligation. While the stakeholder recognizes and agrees with the premise that the true-up “is not intended to compensate capacity auction participants for over availability”, they believe 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>	<p>The intent of the true-up is to align the availability assessment with the UCAP calculation and provide an opportunity to make up for any availability charges incurred if on average the resource was available to its UCAP. It is not meant as an incentive for “extra” availability and any true-up can only off-set charges incurred. Furthermore, irrespective of whether a participant has a capacity obligation, all market participants are expected to submit, maintain and adjust bids and offers that reflect actual capability. The IESO will ensure the proposed wording amendments in Market Manual 5.5 are consistent with the intent.</p>

Capacity Auction – Demand Response Feedback

Feedback	IESO Response
<p>Stakeholder is seeking clarification as to how the PAF will be determined for a resource that will operate in Summer 2022, does not clear the Summer 2023 auction, but returns in Summer 2024.</p>	<p>This feedback was submitted by stakeholders following the November 2021 Resource Adequacy engagement session. Please refer to the IESO’s response included in the response to feedback document in relation to that engagement session, which can be found here.</p> <p>For new HDR resources or resources for which data are not available (e.g., through a lack of participation in a requisite previous obligation period), a fleet-specific seasonal class average will be used to determine the PAF.</p>

Feedback	IESO Response
<p>Stakeholder inquiring as to why HDR resources are capped at their registered capability when the availability true-up is calculated, whereas other resources are capped at their cleared ICAP. Stakeholder suggests that HDR resources should also have the Cleared ICAP value function as the maximum for the purposes of the availability true-up calculation.</p>	<p>In the case of a virtual HDR resource, the registered capability represents the sum of capacity registered for all contributors in its portfolio. This value may be greater than or equal to the cleared ICAP amount, but may also be less than the cleared ICAP if there is not a sufficient amount of contributors registered to meet the cleared ICAP amount.</p>

Capacity Auction – Capacity Qualification

Feedback

Stakeholder seeking clarification on the changes to the qualification formula for hydro resources. Inquiring as to:

- How does the MAPC value differ from ICAP and MCR? Is there documentation required by the market participant to substantiate the MAPC value?
- Will the Availability De-rating factor be multiplied by ICAP or MAPC to calculate the qualified capacity?
- Does “per season” mean 100 hours in winter and 100 hours in summer, or 200 hours in winter and 200 hours in summer?
- What is the rationale for using Scheduled OR instead of Offered OR quantity in the calculation? Stakeholder suggests that Offered OR quantity is a better indication of the capacity actually available since a portion of the Offered OR quantity might not get scheduled.

IESO Response

Please see the IESO’s responses to each question below:

- MAPC is the Maximum Active Power Capability, in MW, under any conditions without station service being supplied by the unit as outlined in the [Register Facility Help File](#). This value is provided by the participant and the IESO does not require the market participant to substantiate the MAPC value for the Capacity Auction. ICAP, in the context of the Capacity Auction, should reflect the maximum expected capability in MWs of a resource given ambient temperature and operating conditions, as specified by the Capacity Auction Participant.
- The Availability De-Rating factor will be multiplied by the ICAP.
- The Availability De-Rating factor will consider the top 200 hours of demand in winter, as well as the top 200 hours of demand in summer (over the look-back period applicable to each resource type).
- Using scheduled OR instead of offered OR is consistent with IESO Reliability Outlook methodology for hydro. As the IESO is also using the AQEI/production data for energy, it is important to maintain consistency by using scheduled reserve as well.

Capacity Auction – General comments and feedback

Feedback	IESO Response
<p>Stakeholders expressed disappointment that amendments to Market Rules and Market Manuals were posted in advance of the IESO reviewing and addressing comments from the November stakeholder engagement session.</p>	<p>The purpose of sharing the initial draft content was to allow participants to review how the proposed design enhancements would be reflected in Market Rules and Manuals at this early stage. It was not meant to subvert or cut short the stakeholder engagement process to which all the proposed design enhancements have been subject. The IESO will endeavour to provide more clarity on the purpose and intent of these materials in subsequent engagement sessions.</p>
<p>Stakeholder suggested revision to the wording of the definition of <i>cleared UCAP</i> in Ch. 11 of the Market Rules. Suggestion was to use the phrase “amount in megawatts of electricity that a capacity auction resource clears..” rather than “amount in megawatts of electricity that a capacity auction resource receives...”</p>	<p>The IESO agrees that this minor change mitigates the potential for ambiguity in interpretation and will adopt the change.</p>