

Feedback Form

2022 Capacity Auction Enhancements - Implementation – February 24, 2022

Feedback Provided by:

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Date: March 17, 2022

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

- Following the February 24, 2022, 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 March 17, 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.

Market Rules

Market Rule Chapter	Title	Sub-section	Feedback
Ch. 7	System Operations and Physical Markets		See comments below
Ch. 9	Settlements and Billing		See comments below
Ch. 11	Definitions		See comments below

Market Manuals

Market Manual	Title	Sub-section	Feedback
12	Capacity Auctions		See comments below
4.2	Submission of Dispatch Data in the Real Time Energy and Operating Reserve Markets		See comments below
4.3	Real Time Scheduling of the Physical Markets		See comments below
5.5	Physical Markets Settlement Statements		See comments below
	IESO Charge Types and Equations		See comments below
7.3	Outage Management		See comments below

General Comments/Feedback

ESC has been consistent with its feedback provided throughout the IESO's engagement on design changes to the Capacity Auction. While we recognize adjustments the IESO has made from its original draft, our prime concerns remain:

- IESO has not substantiated or provided evidence for the reasonableness of the EFORD (5%) assumption in the UCAP calculation for dispatchable storage. As such, the de-rating factor

appears arbitrary for the 2022 Auction. We believe that this has consequences for the electricity sector, including the potential risk of over-procurement and increasing costs.

- The augmented availability charge (10x) during periods of higher needs places a significant amount of risk on participating HDR resources. Increasing participation risk for HDR resources is likely to lead to increased costs for capacity auction participants, resulting in higher costs for electricity consumers. While ESC appreciates that the intent is to ensure HDR capacity is available during times of need, the IESO has not provided analysis or evidence that the higher charge (10x) will reduce risks or costs to customers.

ESC appreciates this opportunity to provide feedback at this time, and we look forward to next steps.