

Feedback Form

Capacity Auction Enhancements – September 20, 2023

Feedback Provided by:

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Date: October 13, 2023

To promote transparency, feedback submitted will be posted on the [Capacity Auction Enhancements](#) web page unless otherwise requested by the sender.

Following the September 20, 2023, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback on a draft objective statement, lessons learned from the previous Capacity Auction Enhancements engagement, and recent stakeholder enhancement suggestions. The webinar presentation and recording can be accessed from the [engagement webpage](#).

Please submit feedback to engagement@ieso.ca by October 4, 2023. If you wish to provide confidential feedback, please submit as a separate document, marked "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

1) Draft Enhancements Objective Statement

Question	Stakeholder Feedback
Does the statement reflect the value that the Capacity Auction contributes to the Resource Adequacy Framework and IESO-Administered Markets?	Yes.
Will the objective make clear what future enhancements should be prioritized and how they can contribute to the Capacity Auction's success?	Yes.

2) 2023 Lessons Learned

Question	Stakeholder Feedback
Do stakeholders have any other lessons learned from the 2023 Enhancements process? If so please list them and elaborate.	n/a

3) Recent Stakeholder Enhancement Suggestions

A) Review of audit parameters/process

Question	Stakeholder Feedback
How would this enhancement improve CA participant and ratepayer outcomes?	No comment at this time.
Would the benefits of this enhancement be quantifiable (e.g., improved resource performance, reliability, ratepayer value, etc.)? If so, please elaborate.	n/a

Question	Stakeholder Feedback
Please indicate and elaborate on which of the following categories best describes how this change would enhance the Capacity Auction: <i>competition, reliability, transparency, accessibility, administrative efficiency, resource performance, resource diversity, accuracy, general/other.</i>	n/a

B) Review of reference technology that is the basis of the Reference Price

Question	Stakeholder Feedback
How would this enhancement improve CA participant and ratepayer outcomes?	No comment at this time.
Would the benefits of this enhancement be quantifiable (e.g., improved resource performance, reliability, ratepayer value, etc.)? If so, please elaborate.	n/a
Please indicate and elaborate on which of the following categories best describes how this change would enhance the Capacity Auction: <i>competition, reliability, transparency, accessibility, administrative efficiency, resource performance, resource diversity, accuracy, general/other.</i>	n/a

C) Understanding how import and virtual zonal limits are determined

Question	Stakeholder Feedback
How would this enhancement improve CA participant and ratepayer outcomes?	HQEM agrees that it would be useful to understand how import limits (including import limits from external control areas) are determined. For transparency purposes, participants and the public would have a better view of current transmission system constraints and how those constraints may be relaxed in the future.

Question	Stakeholder Feedback
<p>Would the benefits of this enhancement be quantifiable (e.g., improved resource performance, reliability, ratepayer value, etc.)? If so, please elaborate.</p>	<p>The benefits would generally be qualitative rather than quantitative, by signaling where the physical constraints are, which could lead to cost-benefit analyses of relieving/relaxing those constraints.</p> <p>With respect to import limits from external control areas (both local and global IESO-wide limits), it is important to understand how those limits are established and ensure that they are not set in a manner that unduly restrict competition from external market participants. Excessively restrictive import limits will necessarily lead to higher capacity prices, thus harming consumers.</p>
<p>Please indicate and elaborate on which of the following categories best describes how this change would enhance the Capacity Auction: <i>competition, reliability, transparency, accessibility, administrative efficiency, resource performance, resource diversity, accuracy, general/other.</i></p>	<p>Competition, reliability, transparency, resource diversity.</p>

D) Consider reducing dispatch test to one per obligation period

Question	Stakeholder Feedback
<p>How would this enhancement improve CA participant and ratepayer outcomes?</p>	<p>No comment at this time.</p>
<p>Would the benefits of this enhancement be quantifiable (e.g., improved resource performance, reliability, ratepayer value, etc.)? If so, please elaborate.</p>	<p>n/a</p>
<p>Please indicate and elaborate on which of the following categories best describes how this change would enhance the Capacity Auction: <i>competition, reliability, transparency, accessibility, administrative efficiency, resource performance, resource diversity, accuracy, general/other.</i></p>	<p>n/a</p>

E) Evaluate the benefits of enabling monthly buyouts

Question	Stakeholder Feedback
How would this enhancement improve CA participant and ratepayer outcomes?	HQEM agrees that this initiative would be useful. More specifically, a buyout mechanism that allows market participants not only to buy out of, but also to exchange monthly capacity obligation is a core characteristic of the capacity auction constructs of both the NYISO and ISO-NE, and it would likely be a useful addition to the IESO CA design as well.
Would the benefits of this enhancement be quantifiable (e.g., improved resource performance, reliability, ratepayer value, etc.)? If so, please elaborate.	Depending on how the monthly buyout mechanism is designed, it would likely lead to greater price transparency, participation from suppliers, competition, and ultimately lower CA prices for consumers.
Please indicate and elaborate on which of the following categories best describes how this change would enhance the Capacity Auction: <i>competition, reliability, transparency, accessibility, administrative efficiency, resource performance, resource diversity, accuracy, general/other.</i>	See above.

F) Review of 4-hour duration requirement for energy storage

Question	Stakeholder Feedback
How would this enhancement improve CA participant and ratepayer outcomes?	No comment at this time.
Would the benefits of this enhancement be quantifiable (e.g., improved resource performance, reliability, ratepayer value, etc.)? If so, please elaborate.	n/a

Question	Stakeholder Feedback
Please indicate and elaborate on which of the following categories best describes how this change would enhance the Capacity Auction: <i>competition, reliability, transparency, accessibility, administrative efficiency, resource performance, resource diversity, accuracy, general/other.</i>	n/a

G) Benefits of enabling a weather-sensitive resource class and/or moving to four seasonal obligation periods to more accurately value HVAC load contributions

Question	Stakeholder Feedback
How would this enhancement improve CA participant and ratepayer outcomes?	It is not clear to HQEM whether this initiative would apply only to demand reduction providers/virtual resources, or whether it would apply to all market participants. HQEM believes that moving to four season obligation periods for all capacity suppliers (as opposed to the current summer/winter construct) would not be cost-effective, and that it would be extremely cumbersome from an administrative point of view.
Would the benefits of this enhancement be quantifiable (e.g., improved resource performance, reliability, ratepayer value, etc.)? If so, please elaborate.	See above.
Please indicate and elaborate on which of the following categories best describes how this change would enhance the Capacity Auction: <i>competition, reliability, transparency, accessibility, administrative efficiency, resource performance, resource diversity, accuracy, general/other.</i>	See above.

H) Provide more flexibility options for participants to manage/adjust commitments

Question	Stakeholder Feedback
How would this enhancement improve CA participant and ratepayer outcomes?	No comment at this time.
Would the benefits of this enhancement be quantifiable (e.g., improved resource performance, reliability, ratepayer value, etc.)? If so, please elaborate.	n/a
Please indicate and elaborate on which of the following categories best describes how this change would enhance the Capacity Auction: <i>competition, reliability, transparency, accessibility, administrative efficiency, resource performance, resource diversity, accuracy, general/other.</i>	n/a

I) Enable HDR participants to register more than one resource per zone

Question	Stakeholder Feedback
How would this enhancement improve CA participant and ratepayer outcomes?	No comment at this time.
Would the benefits of this enhancement be quantifiable (e.g., improved resource performance, reliability, ratepayer value, etc.)? If so, please elaborate.	n/a
Please indicate and elaborate on which of the following categories best describes how this change would enhance the Capacity Auction: <i>competition, reliability, transparency, accessibility, administrative efficiency, resource performance, resource diversity, accuracy, general/other.</i>	n/a

J) Additional review of in-day adjustment factor in baseline methodology

Question	Stakeholder Feedback
How would this enhancement improve CA participant and ratepayer outcomes?	No comment at this time.
Would the benefits of this enhancement be quantifiable (e.g., improved resource performance, reliability, ratepayer value, etc.)? If so, please elaborate.	n/a
Please indicate and elaborate on which of the following categories best describes how this change would enhance the Capacity Auction: <i>competition, reliability, transparency, accessibility, administrative efficiency, resource performance, resource diversity, accuracy, general/other.</i>	n/a

K) Reduce minimum resource requirement to less than 1 MW

Question	Stakeholder Feedback
How would this enhancement improve CA participant and ratepayer outcomes?	No comment at this time.
Would the benefits of this enhancement be quantifiable (e.g., improved resource performance, reliability, ratepayer value, etc.)? If so, please elaborate.	n/a
Please indicate and elaborate on which of the following categories best describes how this change would enhance the Capacity Auction: <i>competition, reliability, transparency, accessibility, administrative efficiency, resource performance, resource diversity, accuracy, general/other.</i>	n/a

L) Introduce performance-based incentives

Question	Stakeholder Feedback
How would this enhancement improve CA participant and ratepayer outcomes?	No comment at this time.
Would the benefits of this enhancement be quantifiable (e.g., improved resource performance, reliability, ratepayer value, etc.)? If so, please elaborate.	n/a
Please indicate and elaborate on which of the following categories best describes how this change would enhance the Capacity Auction: <i>competition, reliability, transparency, accessibility, administrative efficiency, resource performance, resource diversity, accuracy, general/other.</i>	n/a

M) Utilize resource-specific data to determine EFORd for storage resources

Question	Stakeholder Feedback
How would this enhancement improve CA participant and ratepayer outcomes?	No comment at this time.
Would the benefits of this enhancement be quantifiable (e.g., improved resource performance, reliability, ratepayer value, etc.)? If so, please elaborate.	n/a
Please indicate and elaborate on which of the following categories best describes how this change would enhance the Capacity Auction: <i>competition, reliability, transparency, accessibility, administrative efficiency, resource performance, resource diversity, accuracy, general/other.</i>	n/a

N) Include loss factors in UCAP methodology for demand response resources

Question	Stakeholder Feedback
How would this enhancement improve CA participant and ratepayer outcomes?	No comment at this time.
Would the benefits of this enhancement be quantifiable (e.g., improved resource performance, reliability, ratepayer value, etc.)? If so, please elaborate.	n/a
Please indicate and elaborate on which of the following categories best describes how this change would enhance the Capacity Auction: <i>competition, reliability, transparency, accessibility, administrative efficiency, resource performance, resource diversity, accuracy, general/other.</i>	n/a

O) Various suggestions that increase scope of contributor management process

Question	Stakeholder Feedback
How would this enhancement improve CA participant and ratepayer outcomes?	No comment at this time.
Would the benefits of this enhancement be quantifiable (e.g., improved resource performance, reliability, ratepayer value, etc.)? If so, please elaborate.	n/a
Please indicate and elaborate on which of the following categories best describes how this change would enhance the Capacity Auction: <i>competition, reliability, transparency, accessibility, administrative efficiency, resource performance, resource diversity, accuracy, general/other.</i>	n/a

P) Review of HDR standby trigger process

Question	Stakeholder Feedback
How would this enhancement improve CA participant and ratepayer outcomes?	No comment at this time.
Would the benefits of this enhancement be quantifiable (e.g., improved resource performance, reliability, ratepayer value, etc.)? If so, please elaborate.	n/a
Please indicate and elaborate on which of the following categories best describes how this change would enhance the Capacity Auction: <i>competition, reliability, transparency, accessibility, administrative efficiency, resource performance, resource diversity, accuracy, general/other.</i>	n/a

General Comments/Feedback