

Capacity Auction Enhancements – September 21 & 22, 2022

Feedback Provided by:

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Following the September 21 and 22 sessions on the Capacity Auction Enhancements, the Independent Electricity System Operator (IESO) is seeking feedback from participants on the information presented at those two respective sessions that are outlined in the table below.

The meeting materials from these sessions can be found on the [Capacity Auction Enhancements engagement initiative](#).

Please provide feedback by October 7, 2022 to engagement@ieso.ca.

This feedback will be posted on the Capacity Auction Enhancements engagement webpage **unless otherwise requested by the sender or noted as confidential.**

The IESO will work to consider and incorporate comments as appropriate and post responses on the webpage.

Thank you for your contribution.

Engagement Topic 4.0 – HDR Standby Trigger Review

Topic	Feedback
<p>Please provide any feedback on Design Memo 4.0 - HDR Standby Trigger Review</p>	<p>AEMA supports the proposal for a change of the Standby Trigger to \$200 for the December 2022 Auction (2023/2024 obligation period).</p> <p>However, as stated in previous comments (see AEMA September 12th, 2022 comments), the IESO tools should be updated to a naturally dynamic trigger that properly reflects the changing nature of system needs. This would mean that a review would not have to occur as supply/demand scenarios evolve.</p> <p>AEMA recommends that the IESO provide insight into the forecast of prices and system needs so that the need for the Standby Trigger can be established. Once this analysis is complete, there will be a better understanding of what the Standby Trigger should be to ensure that the HDR resource is available when it is required.</p>

Engagement Topic 5.0 – Qualification: HDR Resources (Standby Charge)

Topic	Feedback
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<p>Please provide feedback on the IESO's revised standby availability charge proposal, which proposes to remove the cap on the number of standby days on which the Standby Availability Charge is applied, reducing the multiplier to 3x and applying the charge throughout the obligation period instead of just during peak months.</p>	<p>AEMA continues to disagree with the path the IESO is taking on this topic. As noted throughout the initial phase of consultation on this topic (Winter/Spring 2022), the proposals put forward by IESO in September 2022 continue to incent the wrong behaviour of HDR resources.</p> <p>Please refer to the AEMA September 12th comments (Engagement Topic 5.0)</p>
<p>Please provide feedback on any further suggestions the IESO should consider for an alternative to the availability de-rate in the HDR qualification methodology.</p>	<p>Last month, the AEMA proposed an Ontario version of ERCOT's Emergency Response Service Availability Methodology. This method would reduce payments to aggregators each month based on real-time load available to curtail during program hours. If applied correctly, this methodology would incentivize availability of load resources during the capacity period and account for outages that may occur throughout the season as well as seasonal variations in load. We believe that the IESO's criticisms that this method does not properly account for the percentage of load available for curtailment can be overcome.</p> <p>In addition to the previously suggested methodology discussed above, the AEMA is proposing an additional option for the IESO consideration. The new proposal would more closely mirror the methodology being used for the Availability Derate of other resources in the Capacity Auction like Dispatchable Loads and hydro electric generation. The AEMA is proposing to do a similar Availability Derate to HDR resources ahead of the auction in a manner consistent with other resources. For HDR resources, the Availability Derate would be based on one of two options:</p> <ol style="list-style-type: none">1) Real time bid data from the previous commitment period for the top 200 hours. The IESO could review the lowest capacity

	<p>offered in any of the Day Ahead or Real Time offers for an HDR resource across the top 200 hours and calculate an availability derate based on the percentage of the original Capacity commitment of the resource which was offered during those top 200 hours. This would be almost identical to the method used for other resources in the Capacity Auction. The Availability Derate would then be applied to the HDR resource ahead of the subsequent auction as a percentage derate.</p> <p>2) Instead of real time bids, the IESO instead could use historical meter data to review the baseline of the HDR resource in the top 200 hours and derate the resource based on the baseline available across the 200 hours. This would again result in a percentage derate based on how much the meter data indicates there was available capacity. Again, the IESO could apply this Availability Derate ahead of the subsequent Capacity Auction.</p> <p>The AEMA believes these proposals are superior to the IESO's current proposal for two reasons:</p> <p>1) This proposal aligns the HDR Availability Derate with other resources in the auction leading to a more level playing field for competition</p> <p>2) This proposal does not suffer from the misalignment in incentives that the AEMA has consistently pointed out exists in the IESO current proposed Standby Availability Charge.</p>
<p>Please provide any other general feedback on 5.0 – Qualification: HDR Resources (Standby Charge)</p>	

Engagement Topic 6.0 – Performance Assessment: HDR Thresholds

Topic	Feedback																								
<p>Please provide details on contributor outages prior to an activation day on assessed performance that were discussed during the technical session.</p>	<p>We thank the IESO for the example shown during the September sessions. The impact of a contributor outage prior to the activation day can be similarly disproportionate to the outage volume as shown in the day-of example. If a site declares an outage in the week prior to the activation, the baseline will not erode due to the High 15 of 20 methodology. As a result, when that site remains on outage for the activation, the same dynamics take place where the baseline is eroded significantly, muting the actual response that takes place:</p> <table border="1" data-bbox="743 842 1421 1142"> <thead> <tr> <th></th> <th>Status Quo – Contributor Included</th> <th>Proposed Solution – Contributor Removed</th> </tr> </thead> <tbody> <tr> <td>Resource baseline</td> <td>100 MW</td> <td>70 MW</td> </tr> <tr> <td>Adjusted baseline due to outage</td> <td>80 MW*</td> <td>70 MW</td> </tr> <tr> <td>Resource load at time of activation</td> <td>100 MW</td> <td>70 MW</td> </tr> <tr> <td>Resource load after curtailment</td> <td>75 MW</td> <td>50 MW</td> </tr> <tr> <td>Actual curtailed quantity</td> <td>25 MW</td> <td>20 MW</td> </tr> <tr> <td>Resource load reduction from baseline</td> <td>5 MW</td> <td>20 MW</td> </tr> <tr> <td>Bidding quantity reduction to avoid charge</td> <td>25 MW to 5 MW</td> <td>25 MW to 20MW</td> </tr> </tbody> </table> <p>This effect continues at full strength from the contributor on outage until 5 days of outage has been reached. Between 5 and 15 days of outage this effect continues at a declining effect. After 15 days of outage, the effect no longer takes place because that contributor’s load is no longer part of the baseline.</p>		Status Quo – Contributor Included	Proposed Solution – Contributor Removed	Resource baseline	100 MW	70 MW	Adjusted baseline due to outage	80 MW*	70 MW	Resource load at time of activation	100 MW	70 MW	Resource load after curtailment	75 MW	50 MW	Actual curtailed quantity	25 MW	20 MW	Resource load reduction from baseline	5 MW	20 MW	Bidding quantity reduction to avoid charge	25 MW to 5 MW	25 MW to 20MW
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<p>Please provide feedback on whether stakeholders support the proposed solution to address forced contributor outages.</p>	<p>In general, the AEMA supports the proposed solution to address forced contributor outages. However, the AEMA would like to see this logic applied to longer term forced outages (up to 15 days in length) per the comments above. Moreover, we look forward to on-going dialogue regarding the methods of communication and documentation</p>																								

	required from aggregators to track and submit outages to the IESO.
<p>Please provide any other general feedback on additional areas of concern related to</p> <p>6.0 – Performance Assessment: HDR Thresholds.</p>	<p>Do not support changes.</p> <p>In general, the AEMA continues to push the IESO to use both a capacity baseline and an energy baseline like every other ISO in North America. Without a transition to multiple baseline methodologies, the AEMA continues to have concerns with the ability to properly assess HDR Resource performance in all situations. Capacity and Energy, while linked, are dramatically different products that must be accounted for separately.</p>

Engagement Topic 9.0 – Audit

Topic	Feedback
<p>Please provide feedback or suggestions regarding opportunities to enhance the Measurement Data Audit process</p>	<p>The AEMA would like to propose that as part of the Measurement Data Audit Process that the IESO review the following topics:</p> <ol style="list-style-type: none"> 1) A definition outlining the purpose and objective of the Audit. 2) What the IESO considers to be evidence given that each utility is unique and there can be variances between how utilities apply losses and other factors. 3) Changing the variance from 1%. 4) Applying proportionality to appropriately penalize the customers that did not satisfy the Audit. <p>This last item is of critical importance as a number of data errors can occur through no fault of the Aggrgeator. Moreover, many data errors uncovered can have no impact on the performance of the</p>

	resource. We believe that penalties issued for audit failure should be proportionate to the impact on resource performance. This is what could impact reliability, and as a result, should be the priority of these lengthy and costly audits.
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General Comments/Feedback:

Advanced Energy Management Alliance (“AEMA”) is a North American trade association whose members include distributed energy resources, demand response (“DR”), and advanced energy management service and technology providers, as well as some of Ontario’s largest consumer resources, who support advanced energy management solutions due to the electricity cost savings those solutions provide to their businesses. The comments herein represent those of the organization, not those of any individual member.