

Stakeholder Feedback and IESO Response

Capacity Auction Enhancements – March 30, 2023

Following the March 30, 2023 Capacity Auction Enhancements engagement session, 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

This feedback has been posted on the [Capacity Auction Enhancements](#) 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.

Contributor Data Submission Audit

Feedback	IESO Response
<p>Stakeholders indicate that changes to Market Rules Chapter 9, S. 4.7J.4 related to Contributor Data Submission Audits are out of scope for this enhancement.</p>	<p>The IESO has removed the proposed amendments to section 4.7J.4 of Ch. 9. In addition, it is now specified in Market Manual 12 and Market Manual 5.5 that the in-period cleared UCAP adjustment will not be reassessed as the result of a measurement data audit.</p> <p>This will be reflected in the proposed amendments to the Market Rules and Market manuals which will be posted as part of the Vote to Post in May.</p>
<p>Stakeholders indicate changes to audit-related provisions in Market Manual 12 relating to the contributor outage solution are out of scope for this enhancement.</p>	<p>Any change or impact to HDR measurement data submissions will inherently need to be considered in the audit, since the purpose of the audit is to validate the integrity of HDR measurement data submissions. In order to verify the contributor outage solution was used appropriately, the IESO must evaluate the contributor's interval data, which is only available at the time of an audit.</p> <p>Chapter 7 of the proposed market rule amendments clearly indicates what qualifies as an eligible contributor outage, with numerical thresholds outlined in the definition of contributor outage in Chapter 11. During an audit, the interval data for the contributor declared to be on outage will be evaluated against the contributor outage eligibility criteria to ensure that the data satisfies the requirements of the load threshold of the outage (meter data must be $\leq 1\%$ of 5-minute peak load), the duration of outage (continuous outage must occur before load returning in specified period with maximum duration of 15 days) and ensure the load returned in the specified period (meter data must show load return between end of in-day adjustment factor window and end of activation period).</p>
<p>Stakeholders encourage the IESO to conduct a comprehensive engagement later this year on Measurement Data Submissions Audits to address IESO and Stakeholder concerns.</p>	<p>The IESO proposes to include discussions on these measurement data audit-related topics in future auction enhancements discussions expected to begin this year.</p>
<p>During the March 30 stakeholder engagement meeting, stakeholders</p>	<p>If there is a meter outage that results in missing data for a virtual C&I HDR contributor, the capacity market</p>

requested clarity regarding how scenarios will be treated when a contributor outage has been declared and the aggregator is required to use the validation, estimating and editing (VEE) process due to that contributor's LDC meter being on outage during that same period.

participant (CMP) shall apply the VEE process for the missing data per the existing process outlined in Market Manual 12.

If a contributor outage coincides with a meter outage, the CMP may notify the IESO of the contributor outage per the timelines outlined in the Market Rules (5 business days following an activation event).

At the time of the audit, the IESO will consider the impact of the VEE and the declared contributor outage based on the contributor outage notification (emailed to IESO) and measurement data control sheet (submitted along with measurement data).

If the contributor meter data does not reconcile with LDC statement solely due to the VEE process applied and/or LDC estimated data, and supporting evidence is provided, the IESO will not fail that contributor for step 1 of the audit.

This procedure is part of the existing audit process.

In-Period Cleared UCAP Adjustment

Feedback

Stakeholders highlighted that the In-Period Cleared UCAP Adjustment should specify that the UCAP adjustment will not be applied until the final settlement statement.

Stakeholders note that there is a risk of the adjustment being based on inaccurate or incomplete data. IESO and the aggregator would be placed in a difficult situation if the revised data submitted during the NOD process showed a larger quantity of capacity having been delivered.

IESO Response

The IESO appreciates the recommendation regarding the in-period cleared UCAP adjustment and has made some modifications to incorporate this feedback. If the assessment of capacity test performance data determines that an in-period cleared UCAP adjustment applies, the adjustment to the obligation amount will be effective 7 business days after the issuance of the preliminary settlement statement unless a notice of disagreement (NOD) is submitted in respect of the in-period cleared UCAP charge or capacity charge. The associated in-period UCAP adjustment charge will apply effective the first day of the obligation period until the effective date of the in-period adjustment.

If a NOD is filed, the capacity obligation will not be adjusted downward, and the in-period cleared UCAP adjustment charge will be applied effective the first day of the obligation period to the end of the obligation period. If the NOD results in a change to

the capacity test result, then the in-period cleared UCAP adjustment charge will be updated accordingly.

For additional clarity, where the NOD is filed, and the capacity obligation is not adjusted downwards, the participant will continue to be responsible for meeting their capacity obligation and will be subject to any applicable non-performance charges for failure to do so. If at any time during the obligation period, either before or after the capacity test, a resource does not have the capacity to meet its obligation they are expected to update their bids to reflect their actual capability or perform a capacity buy-out if necessary.

This will be reflected in the proposed amendments to the Market Rules and Market manuals which will be posted as part of the Technical Panel Vote to Post in May.

Is capacity forfeited due to the In-Period Cleared UCAP Adjustment subject to Buy-out Charges?

The in-period cleared UCAP adjustment is not subject to a buy-out charge.

Virtual Zone Limits

Feedback

Stakeholders request clarification on virtual zonal limits and how the introduction of the UCAP will affect them.

IESO Response

Virtual resources introduce a level of inaccuracy in operational forecasts and dispatch as they are all modelled to a single node within a zone, and the virtual limits represent the maximum amount of inaccuracy our control-room is willing to accept in a particular zone in real-time operations. The virtual limits are reviewed annually during the development of the pre-auction report. The IESO will consider how additional clarification can be provided to participants as part of the review.

Dispatch Charge Deadband

Feedback	IESO Response
<p>Stakeholders request confirmation whether the 15% dead band on the dispatch charge is an upper/lower dead band or both. In the Design Memo 3.1, the IESO describes the Dispatch Charge will not apply "If the resource follows IESO's dispatch instruction within a 15% threshold". This wording seems to imply that there is a +/- 15% band which must be met by HDR resources.</p> <p>Stakeholders understand no changes are planned to the Dispatch Charge and therefore is requesting that the IESO update the wording in Design Memo 3.1 to avoid any confusion.</p>	<p>The dead band to the dispatch charge is a lower dead band, in other words the resource must deliver at least 85% of its bid quantity. This can be found in Market Manual 5.5: Physical Markets Settlement Statements, section 1.6.26.3.4 in the formula for calculating the application of a dispatch charge. In this formula, the reduction in consumption of the resource is compared to 85% of the bid minus the schedule, but is not compared to 115% of the bid minus the schedule, indicating it is only a lower dead band.</p> <p>The IESO will review the language in Market Manual 5.5 and add clarity as necessary as part of the Stream 2 amendments.</p>

Testing Framework

Feedback	IESO Response
<p>Stakeholders state that the addition of up to two dispatch tests per season, takes total testing up to 12 hours per season. This is unacceptably high and more than 4 times what other jurisdictions do. Stakeholders are requesting that the dispatch test be limited to 1 test per season and that resources be subject to reduced testing duration in subsequent dispatches after a successful Dispatch test (down to 1 hour).</p>	<p>This requested change would require modifications to the design of the new testing framework, which is now complete.</p>
<p>In the event of a utility meter outage, what criteria will be used to assess eligibility for a second Capacity Test?</p> <p>Additionally, there needs to be sufficient time given for participants to assess whether there was a utility meter outage during a test.</p>	<p>If the participant is aware of a utility meter outage and believes such outage prevents a capacity auction resource from completing the capacity auction capacity test during the entirety of the first testing window, they may use the Allowable Exceptions process to declare this within 5 business days of the close of the test window and the IESO will consider scheduling a second testing window. A utility meter outage may qualify as</p>

This timing could potentially align with the data submission timelines, as utility data will be reviewed at this point.

an outage caused by a third-party market participant, and as such the capacity market participant would be required to submit evidence from the third party confirming the outage. All details on the Allowable Exceptions to a test are found in Market Manual 12.

If a utility meter outage is found at the time of the measurement data submission, participants should submit the best available data or use the existing VEE process if no data is available as outlined in Market Manual 12.