

Improving Accessibility of Operating Reserve (OR) – Proposed Solutions and Evaluation Framework Feedback Form

Presented July 31, 2019

Date Submitted: 2019/08/15	Feedback Provided By: Contact Name: Thomas Ng Organization: Capital Power Corporation
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Thank you for attending the Improving Accessibility of OR webinar on July 31, 2019.

The presentation focused on:

- Reviewing stakeholder feedback from the previous webinar
- Presenting and seeking stakeholder feedback on proposed solutions to the issue of inaccessible OR
- Presenting and seeking stakeholder feedback on the proposed framework for evaluating the proposed solutions

Please share your feedback into the form by **Thursday, August 15, 2019** and email as an attachment to engagement@ieso.ca.
Please use the email subject header: *Improving Accessibility of OR Stakeholder Engagement Meeting 2 Feedback*.

Improving Accessibility of OR – Proposed Solutions and Evaluation Framework - Feedback Form

<p>Proposed Solutions Option 1 – Market Rule amendments Option 2 – Modify operating reserve activation (ORA) dispatch signal Option 3 – Enhancing OR scheduling and dispatching</p>	
Questions	Feedback
Are there any other options the IESO should consider? Please provide context along with your comments	Capital Power supports the IESO's proposed Option #1, subject to additional clarification described below.
<p>Proposed Framework for Evaluating the Proposed Solutions</p>	
Questions	Feedback

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<p>Is there any other evaluation criterion that the IESO should consider?</p>	<p>In consideration of Option 1, the IESO should introduce criterion which will outline when a claw-back process is triggered. Specifically, the process should be triggered only when the market participant has not met the operating reserve activation. Generators may have operational flexibility (in the event of optimal operating conditions) to produce above their maximum capability stated in their energy offer should it be required during an operating reserve activation. In this case, generators should not face operating reserve payment claw-backs for complying with an operating reserve activation. As an example, see table below:</p> <table border="1" data-bbox="695 526 1934 659"> <thead> <tr> <th></th> <th>Max Capability</th> <th>Energy Schedule</th> <th>OR Schedule</th> <th>Output at ORA</th> <th>Compliance Deadband</th> <th>Output Achieved*</th> <th>Clawback base amount</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Gen</td> <td>150</td> <td>100</td> <td>50</td> <td>110</td> <td>±15</td> <td>160</td> <td>0</td> </tr> <tr> <td>150</td> <td>100</td> <td>50</td> <td>110</td> <td>±15</td> <td>150</td> <td>10</td> </tr> </tbody> </table> <p>*Output Achieved – The generation output achieved 10 minutes or 30 minutes, as applicable, after operating reserve activation.</p> <p>Another criterion that the IESO should consider is providing exemptions to claw-backs in circumstances where unforeseen issues, outside of the control of market participants, limits the ability to comply with an activation. For example, generators may respond to grid frequency events, which may result in generation output well above its dispatch deadband. Should a generator receive an operating reserve activation during these events, it may not meet the capacity that is instructed through a dispatch. Other considerations that the IESO should consider are grid related events, force majeure events, or other issues that unexpectedly impact a market participants ability to meet an activation dispatch.</p>		Max Capability	Energy Schedule	OR Schedule	Output at ORA	Compliance Deadband	Output Achieved*	Clawback base amount	Gen	150	100	50	110	±15	160	0	150	100	50	110	±15	150	10
	Max Capability	Energy Schedule	OR Schedule	Output at ORA	Compliance Deadband	Output Achieved*	Clawback base amount																	
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	150	100	50	110	±15	150	10																	
<p>Is there any evaluation criterion that is not appropriate to evaluate these solutions?</p>	<p>As described above, Capital Power submits that claw-backs should only apply to a market participant for not meeting the operating reserve activation based on the criteria set forth by the IESO. A market rule amendment that allows for claw-backs on operating reserve dispatches may deter market participants from participating in the operating reserve market given the higher risk of claw-backs being issued as generators will face. The challenges that generators may face is ensuring that the generation output of the asset never reduces the operating reserve capacity set forth in an operating reserve dispatch.</p>																							

General Comments/Feedback:

Capital Power appreciates the opportunity to provide feedback to IESO on this matter.

Capital Power supports IESO's proposed Option 1 provided the market rule amendments to implement claw-backs are for operating reserve activations only. While considering market rule amendments, the IESO should consider criteria for when claw-back process is triggered and exemptions for not fulfilling the volume set out on operating reserve activations. There are actions that generators can take to ensure that operating reserve activations are met in order to serve the reliability of the IESO grid to which no generator should face a operating reserve activation claw-back. In addition, exemptions to claw-backs should be considered for events where the generator or load have no control over in meeting the volume set out in the operating reserve activation.

Capital Power would not support proposed solutions that are short-term in nature. With the Market Renewal Program implementation, Options 2 and 3 are not desirable. Should the IESO pursue changes to their IESO tools for managing the operating reserve accessibility, Capital Power recommends that these proposed solutions are discussed and completed through the Market Renewal Program. This will reduce change management risk for both the IESO and market participants.

Thank you for your feedback.