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Via Electronic Mail

In Re: AEMA Technical Panel 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.

AEMA appreciates the IESO’s continuous stakeholding in the Capacity Auction Enhancements. The steps that the IESO took during the last year shows a willingness to work with the various stakeholders in designing the Capacity Auction. This was exemplified by the IESO’s efforts regarding the availability charge. AEMA would like to thank the IESO for its engagement on the 10x availability charge. The proposed rules better align incentives for HDR participants for showing availability and performing in accordance with their obligations.

While we appreciate the efforts that the IESO has taken to listen to feedback and address stakeholder concerns, because the IESO has not comprehensively addressed the concerns below, we are unable to recommend supporting the package. We look forward to participating in future Capacity Auction Enhancement projects where we hope that these concerns can be addressed.

In-Period Adjustment

However, AEMA remains concerned about the possibility of over recovery of revenues in the Capacity Test. At present, a resource that fails the capacity test could have all of its availability payments clawed back from the season, be hit with a capacity charge worth one-month’s revenue and have its payments reduced in the following capacity period by 75%. We believe that the first two charges (the in-period adjustment and the capacity charge) risk double-recovery and we would request that the IESO limit recovery of payments through these two charges to no more than the availability payments for the capacity period in question.

Exclusion of HVAC loads

AEMA and others have repeatedly raised the concern that the IESO’s transition to qualifying capacity within the first 2 months of the season and ambient temperatures will prevent HVAC

loads from providing capacity to the grid. This will decrease available capacity to the system and increase costs. AEMA and its stakeholders continue to request that the IESO explore additional options for the inclusion of HVAC loads in the capacity market.

Performance Adjustment Factor (PAF)

AEMA continues to believe that the PAF will not help the IESO achieve its goal of system reliability and will not help the IESO determine an effective UCAP for HDR resources. Although there are no PAF amendments being voted on in this set of enhancements it is important to take these concerns into consideration as the PAF adds to compounding penalties for the HDR community. AEMA has four key areas of concern:

First, because PAF's are calculated at the aggregator level, poor performing customers within an aggregator's portfolio that will be derated in a given season could easily choose to leave for an aggregator with a higher PAF in their zone. This could be alleviated by adopting AEMA's suggestion to apply PAFs at the contributor level. This would require some changes to the data submission processes and may take some time to implement but will create a more robust HDR program long-term.

Second, if one contributor has an outage that is not recognised by the IESO, during the capacity test, despite performing in other events throughout the capacity period, the entire portfolio would face a significant derate for years. We believe that this issue could be rectified by allowing Resources to use the higher of their performance in real events and the Capacity Test when setting the PAF and the In-Period Adjustment. This issue could also be addressed through continued improvement of the outage management process improvement.

Third, by not allowing aggregators to have multiple aggregations in one zone creates an uneven playing field between HDR and other resources. Other direct resources are able to register as different participants for different sites and not have a broad adjustment applied for all of their resources in a single zone. Aggregators hold many different types of resources and load types and are not able to manage that in their qualification process.

Finally, AEMA continues to advocate for a distinction between capacity and energy delivered. All other markets in North America distinguish between these two concepts and we believe it is important for the IESO to do the same. By equating energy delivered and capacity delivered, the IESO is undercounting the capacity provided by its HDR resources and increasing performance risk for aggregators in the province.

Outage Management Process

The IESO had previously stated that due to the potential scope required to conduct a comprehensive review of the Measurement Data Audit program, IESO proposed to include discussions on this topic in future auction enhancements discussions expected to begin in 2023. Therefore, AEMA believed that IESO would consider including further discussion on this topic through an engagement to address HDR-related topics that have been identified as outside the scope of the current Capacity Auction Enhancement engagements. However, under the proposed rules the IESO is recommending that the Outage Management Process be included under the Measurement Data Audit program which, as highlighted above, we believe should not have been touched during the 2023 enhancements.

AEMA members brought up the need to continue to explore additional applications of the contributor outage process being designed by the IESO. The current process is only to be applied in situations where a facility's meter is on outage but comes back online between the start of the In-Day Adjustment window and the end of the event. However, AEMA members brought up other circumstances that have the same impact but are not currently eligible for the outage process, for example: when a contributor's utility meter is on outage beginning at any time during the data submission and lasting through the dispatch. At this time, aggregators are forced to use the VEE process that specifies that the contributor with the meter outage be assigned a zero in all periods in which a dispatch did not occur, and the max load observed within the data submission for the dispatch period (MM Ch. 12, p. 30). As applied, this creates the same negative impact as the situation the Contributor Outage Management Process is currently set to govern and results in a large negative impact to resource performance that is impossible to assess or control ahead of a dispatch. The true impact of a site that did not participate in a DR event is at worst, zero performance and should be treated as such.

Thank you again for your attention and consideration. Please do not hesitate to reach out should you have any questions.

Sincerely,



Katherine Hamilton
Executive Director, Advanced Energy Management Alliance