

IESO Capacity Auction Capacity Test FAQ

Posted: May 14, 2024

Disclaimer: Responses provided are for informational purposes only to assist capacity auction participants in understanding the Market Rules pertaining to the capacity auction capacity test. Participants are reminded that they remain responsible for complying with all of their obligations under the market rules and associated policies, standards, and procedures relating to the subject matter of this document. Every effort has been made to ensure the provisions of this document are accurate and up to date, users must be aware that the specific provisions of the market rules or other particular document shall govern.

Before the Capacity Test

How long will the advisory notice be retained on Advisory Notices Summary page on the IESO website?

The [advisory notice](#) will remain active up until the last day of the capacity auction capacity test week.

Advisory Notice Example:

Type	Notice	Issued	Updated
Action	Capacity Auction Testing Week Start: Mon, 27 May 2024 12:00 EST End: Fri, 31 May 2024 21:00 EST	Fri, 10 May 2024 09:01 EST	Fri, 10 May 2024 09:01 EST

In the example above, the advisory notice will show up on the following pages:

- In advance of testing week – May 10 to May 26 - [Day 1 to 34 Advisory Notices Summary](#)
- During testing week – May 27 to May 31 - [Day 0 Advisory Notices Summary](#)
- After testing week – June 1 – [Advisory Notices Archive](#)

Can a resource qualify for a reduced testing duration?

As of the 2023 Capacity Auction, resources can no longer qualify for reduced test duration. For additional information about the new capacity test requirements, including test durations for each resource type, please refer to section 5.3.4 of Market Manual 12: Capacity Auctions.

Can a testing week be rescheduled for a resource if the capacity test cannot be completed during the scheduled week?

Capacity auction resources must conduct their capacity auction capacity test during the 5 business day testing window specified by the IESO via the capacity testing advisory notice for that obligation period. Resources can make multiple attempts to submit bids/offers to ensure they receive a schedule and then deliver to their cleared ICAP in the energy market for the testing duration specified in Market Manual 12.

If a resource is unable to complete the capacity test during the entire 5 business day testing window due to one of the allowable exceptions outlined in section 5.3.4 of Market Manual 12, the IESO can, where the circumstances permit, schedule an additional testing window.

Do I need to adhere to the bid price threshold for demand response resources?

Demand response bid price thresholds for hourly demand response resources and capacity dispatchable loads will be removed for all hours of the availability window during the testing window.

During the Capacity Test

Can an HDR resource be scheduled for an activation of more than four (4) hours?

No. Per section 7.2 of Part 4.3: Real-Time Scheduling of the Physical Markets, an hourly demand response resource may be scheduled for one (1) up to four (4) consecutive hours during the dispatch day and the number of activations per resource will be limited to a maximum of once per day.

If a participant does not get scheduled to their cleared ICAP during a capacity auction capacity test but delivered capacity to the test performance assessment criteria, does this constitute a failed capacity test? Will a capacity charge apply?

Per market manual 12, to execute a capacity auction capacity test, the capacity market participant will be required to schedule their capacity auction resource for activation in the energy market to its cleared ICAP and then deliver to that cleared ICAP amount for a resource-specific duration of time. However, market participants should, at all times, deliver according to their schedules.

If a resource does not receive a schedule to its cleared ICAP, the participant should check its bids/offers and modify them in the pre-dispatch timeframe, within the unrestricted window, to either ensure a schedule is received that meets the capacity test requirements or to ensure the scheduled activation does not take place. Participants have the flexibility to attempt the capacity test multiple times during the testing week and then select and submit the test date, times and intervals for the test that meets the capacity test requirements. For information on how to revise schedules in the pre-dispatch timeframe, please refer to Market Manual 9.2: Submitting Operational and Market Data for DACP.

Are there any provisions in place for negative shadow pricing in an area that affects a schedule? In an area with shadow pricing, is there any provision so that you can't get capacity scheduled?

There are no specific provisions in place to address this scenario. It is up to the participant to manage their bid price but generally, participants have the ability to submit bid and offer prices to ensure they will get activated for a capacity test. Per section 3.5 of Chapter 7 of the Market Rules, participants have the ability to price not more than the maximum market clearing price (MMCP) and not less than the negative maximum market clearing price (negative MMCP).

In the very rare circumstance bids priced at these amounts do not result in a schedule, the resource should attempt the capacity test on another day within the capacity testing week.

Does the activation notice have any controls around it to ensure:

- **No non-consecutive curtailment hours**
- **No curtailment hours scheduled below the offered MW**
- **No curtailment hours scheduled beyond a four-hour duration?**


Per section 7.2 of Part 4.3: Real-Time Scheduling of the Physical Markets, an hourly demand response resource may be scheduled for one (1) up to four (4) consecutive hours during the dispatch day and the number of activations per resource will be limited to a maximum of once per day.

It is possible for a resource to get scheduled below their offered MW in some circumstances, for example, due to system constraints but it is unlikely for this case to persist over the entire testing week. IESO recommends that market participants continue to check their schedules and if they aren't scheduled to their cleared ICAP, to consider re-scheduling their self-scheduled test.

How do HDR resources know when they are activated?

An Activation Notice will be issued approximately 2 hours and 30 minutes in advance (but no later than 2 hours in advance) of the start of the first dispatch hour to which it relates. You should start monitoring at 09:00 EST and can stop monitoring at 15:00 EST.

You can access the Activation Report by going to the [IESO Reports Page](#) and logging in to your confidential Participants Report. Select the Activation Report from your reports. A sample report is shown below:



Connecting Today.
Powering Tomorrow.

Demand Response Activation Report

For MP1
Created at Feb 10, 2016 12:30:00
For Feb 10, 2016

Resource Name		Scheduled MW for Hour																								
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
RESOURCE_2	Energy Bid (MW)														15	15	15	15								
	Energy Schedule (MW)														10	9	8	7								
	DR Curtailment (MW)														5	6	7	8								
RESOURCE_1	Energy Bid (MW)															20	20	20	20							
	Energy Schedule (MW)														10	9	8	7								
	DR Curtailment (MW)														10	11	12	13								

What is the process for updating bids, including the timeline for updating bids for an HDR resource?

Submitted bids can be changed freely until the mandatory window (2 hours before the first dispatch hour). Per Market Manual 7.3, Section 4.2.4, for any quantity, CMPs whose HDR resources received an Activation Report with an Activation Notice on the dispatch day are required to notify the IESO Control Room by telephone as soon as practical if they are unable to provide their activation amount.

While HDR's only require approval to update dispatch data within the mandatory window, they must notify the Control Room if they need to update their bids between the time they are activated (approximately 2 hours and 30 minutes prior to the dispatch hour) and the start of the mandatory window (2 hours before the first dispatch hour), and subsequently must reduce their DR capacity to reflect the updated bid. What is the process for updating bids, including the timeline for updating bids for other resource types?

Submitted bids can be changed freely until the mandatory window (2 hours before the first dispatch hour). Participants with generation, storage, or dispatchable load resources that are unable to manage their schedule are required to submit outage requests as per the requirement set out in Market Manual 7.3 and must update the energy offers/energy bids to reflect the available auction capacity during the outage.

Is equipment protection reason code applicable to load curtailment?

Section 3.3.6 of MR Ch. 7 notes that any registered MP can put in a request to revise dispatch data in the mandatory window if the revision is required to prevent endangering the safety of any person, damaging equipment, or violating any applicable law (SEAL). This is subject to IESO approval.

After the Capacity Test

What are the data submission requirements for the capacity test?

Capacity market participants must notify the IESO of the specific day, hours and dispatch intervals for which they wish their capacity test performance to be assessed. This notification can be sent in the form of an email to capacity.auction@ieso.ca. A data submission template has been provided in the Capacity Auction webpage. The data submission template must be sent by the deadline specified for the applicable resource type, and should only contain test information for a single tested resource.

What is the methodology to assess all resource types?

The Capacity Auction Capacity Test Performance Assessment can be found in section 5.3.4 of Market Manual 12.

What is the capacity charge?

Per section 1.6.26.3.5 of market manual 5.5, the capacity charge (charge type 1318) is applicable to all participating capacity auction resources when they fail the capacity auction capacity test, as determined in accordance to section 5.3.4 of Market Manual 12. The capacity charge for a failed capacity auction capacity test is equal to one month's availability payment.

What is the in-period cleared UCAP adjustment charge?

Per section 1.6.26.3.8 of market manual 5.5, the in-period cleared UCAP adjustment charge settlement amount claws back availability payments for auction capacity which exceeds the auction capacity demonstrated in the capacity auction capacity test. This charge only applies to hourly demand response (HDR) resources.