

# Feedback Form

## Capacity Auction Enhancements – November 22, 2022

### Feedback Provided by:

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Date: December 16, 2022

Following the November 22 Capacity Auction Enhancements engagement session, the Independent Electricity System Operator (IESO) is seeking feedback from participants on the information presented at the session as outlined in the table below.

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

Please provide feedback by December 12, 2022 to [engagement@ieso.ca](mailto: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 5.0 – Qualification: HDR Resources (Availability De-rate)

| Topic | Feedback |
|-------|----------|
|       |          |

Please provide feedback on IESO's preferred design for hourly demand response (HDR) qualification and the in-period adjustment as outlined [Design Memo 5.0 – Capacity Qualification \(HDR Resources\)](#)

Are there any concerns or items of clarification the IESO should address before finalizing the design?

The current PAF puts a significant emphasis on the Capacity Test, and not on resource availability to deliver on any other day. The way the current framework is set out a resource could deliver 80%, and as a result have to pay an availability charge, get derated for the entire season and have a penalty two years down the line, meaning the resource is getting triple penalized for one test.

The PAF as structured does not help the IESO achieve their goal of system reliability for two key reasons: 1) the PAF does not apply until two years down the line at which point an aggregators DR portfolio would look very different then it did at the time of the Capacity Test two years prior; and 2) as a result of the current market structures not allowing aggregators to have multiple aggregations in one zone does create an unlevel playing field. Other direct resources are able to register as different participants for different sites and not have a broad based adjustment applied for their corporation. On the other hand, aggregators hold many different types of resources and load types and are not able to manage that in their bidding process.

If the PAF does impact future years as outlined in the proposal, then further enhancements should be instituted that allow for flexibility in the management of demand response portfolios. This includes the need for the ability to buy-out monthly vs. for the entire period as exists today; and the use of multiple aggregations in each zone.

These enhancements should be a priority, and no PAF structure should be introduced prior to these additional enhancements coming into effect..

Additionally, the IESO has indicated that the Capacity Test will be used to assess the DR resources ability to deliver in season. As a result, the in season adjustment and the PAF serve the same purpose and applying them both amounts to double recovery of the same penalty.

With regards to the examples the IESO recently provided, the AEMA has some comments:

1. In example 2, the IESO says that a resource which performs at 92% will receive an in period adjustment down of 8%. In the original discussion brief provided by the IESO, it stated that “An adjustment will only be made if the resource performance results show that it delivered below its cleared ICAP value within the performance testing threshold or in other words, if the resource fails the capacity test.” In example 2, the resource has passed the Capacity Test (by delivering above 90%) and therefore, no adjustment should apply. The AEMA believe the originally stated design is correct and would like the IESO to please clarify this contradiction.
2. In previous discussions, the IESO had indicated that the floor of 25% would apply both to the PAF and in-period adjustment but in the recent examples has clarified that it only applies to the PAF. AEMA believes it should apply in both cases and would request the IESO clarify the intended design.

## Engagement Topic 6.0 – Contributor Outage Management and Performance Thresholds

| Topic | Feedback |
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Please provide feedback on IESO's preferred design as outlined in [Design Memo 6.0 – HDR Contributor Outages](#) and/or [Design Memo 6.1 – Performance Thresholds](#)

Are there any concerns or items of clarification the IESO should address before finalizing the design?

Voltus provided another pivotal example in its November comments to the IESO that is not being addressed by the current proposal. In Voltus' example, a contributor's ability to curtail is on outage, but its load remains weather sensitive. As a result, it contributes to the resource capping out on its IDA at 1.2 but does not provide any response. This inevitably drives unpredictable performance that is difficult for any aggregator to take into account when updating offers. As a result, the AEMA proposes that contributors with equipment outages also be eligible for outage management and be removed from data submissions.

Example below is an excerpt from Voltus' November 4, 2022 Comments:

"Resource composed of 4 sites with the following baselines and nominations:

Site A: 30 MW Baseline, 30 MW nomination. Site's generator is on outage and unable to respond to an event that week.

Site B: 30 MW Baseline, 15 MW Nomination.

Site C: 20 MW Baseline, 10 MW Nomination.

Site D: 20 MW Baseline, 5 MW Nomination.

The day-of loads for each site are higher than their baselines due to weather conditions.

Loads in the IDA period are as follows:

A: 40 MW

B: 35 MW

C: 30 MW

D: 25 MW

Resource baseline

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100 MW

Adjusted baseline including site with generator on outage:

120 MW\*

Resource load at time of activation

130 MW

Resource load after curtailment

100 MW

Resource load reduction from baseline

20 MW

Actual Curtailment

30 MW

\*Capped at 1.2

This circumstance becomes likely in the early Summer period and has impacted Voltus' resources before."

The AMEA has expressed concerns over the revised performance threshold. When taken into consideration with all other proposed changes, it creates an overly punitive program that will reduce HDR participation in the short-term and limit long-term growth of HDR resources. As a result, we do not believe the current performance thresholds should be put forward until they can be evaluated in conjunction with all other amendments.

## Engagement Topic 7.0 – Demand Curve Review

| Topic  | Feedback  |
|--|---|
| <p data-bbox="201 348 797 457">Please provide feedback on IESO’s preferred design as outlined in <a href="#">Design Details: Design Memo 7.0 – Demand Curve Price Parameters</a></p> <p data-bbox="201 499 854 569">Are there any concerns or items of clarification the IESO should address before finalizing the design?</p> | <p data-bbox="881 348 1471 457">As noted in previous comments submitted by AEMA, please provide more details on the information used to determine ICAP.</p> |

## Market Rules and Manuals

| Market Rule and Manual   | Feedback   |
|--|--|
| <p data-bbox="201 942 716 1012">Please provide feedback on the Batch 1 Market Rule and Manual amendments</p> | <p data-bbox="766 942 1492 1052">At this time AEMA has no comments on Batch 1. AEMA will review in conjunction with Batch 2 once it is released.</p> |

## 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.

AEMA would like to thank the IESO for productive conversations at and between the stakeholder sessions. There has been some concern by the AEMA that pathways identified during key discussions have not seen follow-up or response in later sessions. For example, the IESO was quite confident in the October sessions that multiple aggregations could be explored as a tool for aggregators to manage risk in the face of rapidly increasing penalty structures. However, there has been no additional discussion on this pathway since.