

Feedback Form

Capacity Auction Enhancements – March 30, 2023

Feedback Provided by:

Name: Katherine Hamilton

Title: Executive Director

Organization: Advanced Energy Management Alliance

Email: [REDACTED]

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Following the March 30, 2023 engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed during the webinar. The webinar presentation and recording can be accessed from the [engagement web page](#).

Please submit feedback to engagement@ieso.ca by April 13, 2023. If you wish to provide confidential feedback, please submit as a separate document, marked "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

Stream 1: Proposed Amendments to the Market Rules

Market Rule Chapter	Title	Identify the sub-section	Feedback
Ch. 7	System Operations and Physical Markets		<p>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. We 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>
Ch. 9	Settlements and Billing		<p>The IESO is attempting to amend rules related to Contributor Data Submission Audits. On November 2, 2022, the IESO notified stakeholders that amendments to audit rules would be the subject of future engagements and are outside the scope of this enhancement. The IESO has not taken the appropriate time to engage on this issue and any change risks further harm to DR Aggregators on this issue. As a result, the IESO should make no changes to Market Rules on Data Audits at this time. We encourage the IESO to conduct a comprehensive engagement later this year on Data Submissions Audits to address IESO and Stakeholder concerns. Furthermore, the IESO's current application of the audit rules is contested by many of the AEMA's members. For example, this application has seen any discrepancy found in the audit beyond the 1% threshold or missing audit materials to be punished by the claw-back of all associated Availability and Out-of-Market Activation Payment revenue, even though the rule clearly states that the IESO shall only "recover from or distribute to a capacity market participant any resulting over or under payment, as applicable." The proposed rule amendment as written, which is unclear, opens potential risk of the IESO taking all capacity revenue away from contributors for time periods in which they failed a data quality audit. The addition of language related to confirming outages also does not include clear bounds of what analysis the IESO will be conducting on the data, and what constitutes a 'failure'</p>

Market Rule Chapter	Title	Identify the sub-section	Feedback
			as it relates to the new provisions. This proposal was not discussed with stakeholders, is not needed, and is overly punitive, failing to compensate contributors for grid services that they provided.
Ch. 11	Definitions		Click or tap here to enter text.

Stream 1: Proposed Amendments to the Market Manuals

Market Manual	Title	Identify the sub-section	Feedback
12	Capacity Auctions		<p>The section on the In-Period Adjustment should specify that the In-Period Adjustment will not be applied until the final settlement statement (After the NOD Process has completed). Otherwise, there is a risk of Adjustments being based on inaccurate or incomplete data. It would also place the IESO and the aggregator in a difficult position if revised data submissions submitted during the NOD process showed a larger quantity of capacity having been delivered. The IESO would then have to reinstate the resource and pay back all availability payments initially clawed back. Proposed changes to the Audit sections should not be included in rule changes going to the Technical Panel this year. IESO noted in late 2022, that Audit rule amendments would wait until the December 2024 auction. These changes have not been properly discussed with stakeholders and have inherent issues in them. We request that the IESO wait until the next stakeholder engagement process. We appreciate feedback from the IESO that Utility Meter Outages may qualify a resource to request a second Capacity Test for a Season. Would the IESO be able to provide additional detail on what criteria it will use to assess eligibility for a second test? Additionally, there needs to be sufficient time given for participants to assess whether there was a Utility Meter Outage during a Test. This timing could</p>

Market Manual	Title	Identify the sub-section	Feedback
			potentially align with the data submission timelines, as utility data will be reviewed at this point.
4.3	Real Time Scheduling of the Physical Markets		Click or tap here to enter text.
5.5	Physical Markets Settlement Statements		Again, the section on the In-Period Adjustment should specify that the In-Period Adjustment will not be applied until the final settlement statement (After the NOD Process has completed).
	IESO Charge Types and Equations		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. Current market rules are clear that the Dispatch Charge only applies if $\text{Baseline} - \text{Actual Consumption} < 85\% \times (\text{Total Bid Qty} - \text{schedule})$. Therefore, the 15% threshold is only in one direction. The AEMA understands 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.
7.3	Outage Management		Click or tap here to enter text.

Stream 2: Performance Adjustment Factor

Topic	Feedback
<p>IESO made some observations on the suggestions provided by the stakeholders on the design of the Performance Adjustment Factor mechanism. Does the summary of the proposed PAF mechanism capture the intent of the stakeholder suggestion?</p> <p>Are there any other items of clarification that the IESO should address before finalizing the design?</p>	<p>The proposed changes capture the intent of the stakeholder suggestion. Thank you for considering this change to the PAF Mechanism.</p>

Stream 2: Administrative Updates

Topic	Feedback
Are there any questions or concerns with the administrative updates being made to the participation framework for generator-backed import resources?	Click or tap here to enter text.

General Comments/Feedback

We disagree with the IESO's assertion that contributors will not know which aggregators are subject to capacity derates. Major contributors in a resource will know when their performance was below their nomination in a year and would then be able to shop for another aggregator. AEMA members continue to believe that this remains a major issue that should be addressed in future engagements. Is capacity forfeited due to the In-Period Capacity Adjustment subject to Buy-out Charges? Total testing requirements have been expanded in this set of rule changes to up to 12 hours of testing season. This is significantly more than any other market in North America. The AEMA would like to request that the IESO limit itself to a maximum of one dispatch test per Season, with a reduction of dispatch testing length from 4 hours to 1 hour for resources that have previously passed a dispatch test. This reduction is in line with the current practice for Capacity Tests and has worked well for both Aggregators and the IESO. The AEMA would like to better understand the virtual zonal limits, how they are determined and how the introduction of the UCAP will affect them going forward.

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.