

Feedback Form

Capacity Auction Enhancements – March 21, 2024

Feedback Provided by:

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To promote transparency, feedback submitted will be posted on the [Capacity Auction Enhancements](#) web page unless otherwise requested by the sender. If you wish to provide confidential feedback, please mark as “confidential”.

Following the March 21, 2024, engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback on items discussed. The webinar presentation and recording can be accessed from the [engagement webpage](#).

Please submit feedback to engagement@ieso.ca by April 4, 2024.

Market Manual and Market Rule Updates

Topic	Stakeholder Feedback
<p>Do you have any comments regarding the presented Market Manual administrative updates?</p>	<p>Voltus and every other aggregator on the call were incredibly surprised by the announcement that the capacity charge and Performance Adjustment Factor (PAF) will be set by the resource's lowest performance within a four-hour test. This standard has no precedent within the industry and runs counter to what was understood by aggregators to be in place today. Voltus has always understood Market Manual 5.5. Section 1.6.26.3.5 to be based on a four-hour performance interval.</p> <p>Moreover, the IESO's assertion that other resources have a similar standard in place does not consider the fact that HDR resources are subject to baselining methodologies that take elements of their performance out of their control. For example, a generator that is producing 100 MW from 9am to 9pm on a capacity test day, where the test is declared from 1pm to 5pm will be deemed to have provided 100 MW of capacity. However, an HDR resource that drops from 100 MW to 0 MW from 9am to 9pm will be deemed to have provided 0 MW.</p> <p>Voltus would like the IESO to reconsider this part of the performance standard and shift it to match the UCAP Adjustment methodology, which is based upon average performance over the 4-hour period.</p>
<p>Do you have any comments regarding the proposed correction to update the cleared ICAP calculation in Market Rule Ch. 7 to incorporate the PAF?</p>	<p>Voltus has always felt that ICAP should be offered into the capacity and energy markets and UCAP would be calculated from cleared ICAP. As a result, this calculation post auction has always felt a bit backwards.</p> <p>Offering UCAP into the Energy market has never made sense and creates problems for small resources that face derates to < 1 MW of UCAP.</p>

2024 Enhancements

Topic	Response
<p>Do you have any comments regarding the prioritized 2024 enhancements? i.e.;</p> <ol style="list-style-type: none"> 1. Reference Price Review; 2. HDR Standby Price Trigger Review; 3. Virtual Zonal Limits Review. 	<p>Voltus is generally supportive of reviews to the Reference Price and HDR Standby Price Triggers in line with the principles outlined in the presentation. Voltus is concerned about how the IESO will incorporate forecasted pricing changes from Market Renewal in the HDR Standby Price Trigger Review. This change (and potential impacts to the natural gas market) is likely to have the largest impact on price within the 2025/2026 delivery year.</p> <p>Voltus is extremely supportive of the Virtual Zonal Limit Reviews for the 2024 auction and would like to acknowledge the IESO’s engagement efforts in this area. We look forward to reviewing proposed paths forward as additional information becomes available.</p>
<p>Do you have any comments regarding the timing of the 2024 enhancements?</p>	<p>Voltus is concerned about the abbreviated timelines proposed, especially with the complexity of modelling transmission bus impacts and pricing impacts from market renewal. Has the IESO already begun this work?</p>

2025 Enhancements

Question	Response
<p>Do you have any comments regarding the prioritization of the 2025 enhancements?</p>	<p>Voltus would like to see Multiple HDR Resources moved forward one year to the 2025 Enhancements. At this time, many aggregators have started using subsidiaries to gain the benefit of multiple aggregations. Voltus believes that smaller companies are unable to access multiple aggregations using this method and it is creating a competitive advantage for those who can. As a result, Voltus would like to see a better path forward proposed by the IESO earlier.</p>
<p>Do you have any comments regarding the timing of implementation for the 2025 enhancements?</p>	

2026 Enhancements

Question	Response
Do you have any comments regarding the prioritization of the 2026 enhancements?	Voltus would like to better understand the proposed changes to the Capacity Qualification Methodologies and Improve Participant Performance workstreams before providing comments on them. Is the IESO able to provide additional information at this time?
Do you have any comments regarding the timing of implementation for the 2026 enhancements?	

Other Enhancements

Question	Response
<p>Do you have any comments or new information you would like to share with the IESO regarding the enhancements that are not currently being considered? i.e.;</p> <ol style="list-style-type: none"> 1. Accommodating short-term obligation buy-outs; 2. Introducing a rebalancing auction; 3. Including avoided line losses credit in HDR capacity qualification. 	<p>Voltus has long championed the need to include Loss Factors into delivered capacity for HDR Resources. In PJM, these include loss factors and a credit for the Forecast Pool Requirement. In the 2024/2025 Capacity year, for Voltus' several-hundred-MW portfolio, these represent an average increase of 19% in delivered MW. If implemented similarly in the IESO, this would represent an increase of up to 133 MW (assuming 700 MW of Demand Side Capacity Resources) simply by properly accounting for the benefits of demand response resources!</p> <p>The two components of this can be accounted for in two separate ways. One of which will be easy for the IESO to implement:</p> <ol style="list-style-type: none"> 1. Utility Loss Factors (~6.8% increase in HDR capacity) <u>could be easily enabled by the IESO by having aggregators submit adjusted data instead of unadjusted data.</u> The additional UCAP value represented by the loss factors would then be managed by the aggregators when offering the resources into the Capacity auction. 2. The Forecast Pool Requirement benefit is a function of the IESO's Reserve Margin (~11.7% increase in HDR Capacity). Additional information on the calculation used by PJM can be found in their in Annual Reserve Requirement Study. Voltus believes in this benefit provided by Demand Side Resources but understands that this may prove to be a large

Question	Response
	<p>change for the IESO and remain out of scope for the foreseeable future. The exclusion of the FPR from HDR Capacity Qualification SHOULD NOT prevent the IESO from transitioning HDR settlements to Loss Factor Adjusted utility data instead of unadjusted data.</p>

General Comments/Feedback