

Feedback Form

Capacity Auction Enhancements – March 21, 2024

Feedback Provided by:

Name: Katherine Hamilton

Title: Executive Director

Organization: Advanced Energy Management Alliance

Email: [REDACTED]

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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>AEMA and its members are concerned about the lack of consultation related to the announcement made at the March 21st meeting that the capacity charge and Performance Adjustment Factor (PAF) will be set the resource's lowest performance within a four-hour test. The lack of precedent and understanding throughout the industry is of paramount concern.</p> <p>While we understand that other resources have a similar standard, it should be acknowledged that HDR resources are subject to other requirements that other resources are not subject to, such as baseline methodologies that take elements of their performance out of their control.</p> <p>We request that the IESO reverse this part of the performance standard and use the UCAP Adjustment methodology which is based on average performance over the four-hour period and not the lowest performance within the four-hour test.</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>It is AEMA's opinion that the ICAP should be offered into the capacity and energy markets and that the UCAP would be calculated from cleared ICAP. However, because this calculation is conducted post auction, it is cumbersome.</p>

2024 Enhancements

Topic	Response
<p>Do you have any comments regarding the prioritized 2024 enhancements? i.e.;</p> <p>1. Reference Price Review;</p>	<p>AEMA is supportive of the reviews relating the Reference Price and HDR Standby Price Triggers and the principles outlined in the presentation.</p>

Topic	Response
<p>2. HDR Standby Price Trigger Review; 3. Virtual Zonal Limits Review.</p>	<p>However, AEMA is concerned about how forecasted pricing will be incorporated in changes from Market Renewal to HDR Standby Price Trigger Review.</p> <p>More specifically, we would interested in further discussing answers to the following questions:</p> <ol style="list-style-type: none"> 1) How would the Reference price be affected when moved to a non-emitting resource? Will we see the price go up or down? 2) HDR Standby Price trigger, will this be different for the four demand forecast areas being implemented to allow more precise scheduling and price signals? <p>AEMA is supportive of the Virtual Zonal Limit Reviews for the 2024 auction and applauds IESO's efforts in this regard. In the meantime, it would be beneficial to understand the following:</p> <ol style="list-style-type: none"> 1) Is there a timeline as to when the virtual zonal limits will be reviewed? 2) Will stakeholders receive regular updates? <p>Establishing a clear approach/strategy with timelines will allow CMPs to better plan for the upcoming auction.</p>
<p>Do you have any comments regarding the timing of the 2024 enhancements?</p>	<p>AEMA is concerned regarding the short timelines proposed. Given the complexity of modelling and price impacts from market renewal, it would be important to understand where the IESO is in the process.</p>

2025 Enhancements

Question	Response
<p>Do you have any comments regarding the prioritization of the 2025 enhancements?</p>	<p>AEMA recommends that the review of commitment management options should be at a higher priority. In addition, the time it takes for an obligation or capacity transfer should be reviewed. Mechanisms and checks can be put in place to make the approval process more automated and reduce delays.</p>

Question	Response
Do you have any comments regarding the timing of implementation for the 2025 enhancements?	In order to provide additional comments, it is important to better understand the proposed changes to the Capacity Qualifications Methodologies and Improve Participant Performance workstreams.

2026 Enhancements

Question	Response
Do you have any comments regarding the prioritization of the 2026 enhancements?	
Do you have any comments regarding the timing of implementation for the 2026 enhancements?	Please refer to the Voltus submission. AEMA supports the recommendations put forward.

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. 	

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.