

Feedback Form

Capacity Auction – July 25, 2024

Feedback Provided by:

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Date: August 7, 2024

To promote transparency, feedback submitted will be posted on the Capacity Auction Enhancements engagement page unless otherwise requested by the sender. If you wish to provide confidential feedback, please mark "Confidential".

Following the Capacity Auction Enhancements Webinar on July 25, 2024, the Independent Electricity System Operator (IESO) is seeking feedback and comments from stakeholders on the items discussed. The webinar presentation and recording can be accessed from the [engagement web page](#).

Please submit feedback to engagement@ieso.ca by August 8, 2024.

Winter Testing Results

Topic	Stakeholder Feedback
Do you have any comments regarding the winter 2023-2024 testing results?	No comment.

2024 Enhancement Updates

Topic	Response
Do you have any feedback regarding the enhancement updates for 2024?	HQEM is satisfied with the 2024 enhancements.

Commitment Management Options – Physical-Virtual Obligation Transfers

Question	Response
<p>The Capacity Auction team proposes enabling transfers between physical and virtual resource types.</p> <ol style="list-style-type: none">1. Is this something that would be of benefit to participants?2. To what extent would this reduce the need to buy-out of commitments?	<p>Enabling transfers between physical and virtual resources should benefit participants and the system as a whole by expanding the pool of potential transferee for any participant looking to transfer its obligation. An expanded pool of transferee should reduce the need for buy-outs.</p> <p>More specifically, HQEM believes that obligations should be transferable to import resources, and not just to internal resources, to the extent import limits have not been fully reached for the applicable seasonal obligation period.</p> <p>HQEM encourages the IESO to explore this enhancement further.</p>

Commitment Management Options – New Dispatchable Load Registration

Question	Response
<p>The IESO proposes to formalize an existing solution that can be used by participants to avoid having to buy-out of their obligation.</p> <p>At the time of capacity qualification, a participant would submit two qualification requests and two auction</p>	No comment.

Question	Response
<p>deposits: one for the existing non-dispatchable load resource participating as a physical HDR, and one for the future dispatchable load resource.</p> <ol style="list-style-type: none"> 1. Is this something that would be of benefit to participants? 2. To what extent would this reduce the need to buy-out of commitments? 	

Commitment Management Options – Review of Current Buy-out Charge

Question	Response
<p>The IESO proposes to re-assess and modify the buy-out charge to more accurately reflect the cost of procuring capacity in the auction. The proposal is to revise the buy-out charge to match the availability payment that would have been earned by the participant for the obligation amount that is being bought out.</p> <p>Do you have any feedback on how this might impact future Capacity Auction participation?</p>	<p>HQEM encourages the IESO to re-assess the buy-out charge. A buy-out charge should be high enough to incentivize good behavior and discourage gaming but should not be unduly punitive as to create the opposite, ie, incentivize a participant to “stick” with its obligation even though they genuinely cannot deliver thus triggering non-performance charges and compliance investigations. The IESO can take additional steps at the authorization and qualification stages of the auction to screen a participant’s ability to deliver.</p>

Commitment Management Options – Review Deposit and Forfeiture Rules

Question	Response
<p>Regarding the proposed revisions to the deposit calculation and forfeiture rule, do stakeholders have any feedback on the following:</p> <p>How might the proposed changes outlined on slide 47 of the July</p>	<p>No comment.</p>

Question	Response
engagement presentation impact future Capacity Auction participation?	

Expanding Participation – Purpose and Overview

Topic	Response
Do you have any feedback regarding the purpose and/or overview of this enhancement?	Expanding participation should help the IESO secure greater amounts of capacity at competitive prices which provide reliability and ratepayer value. HQEM notes that incrementally raising import constraints and allowing additional import interfaces would contribute to expanding participation in the capacity auction.

Expanding Participation – Resource Eligibility and Capacity Qualification

Topic	Response
Do you have any feedback regarding the proposed eligibility for variable generation (VG) resources?	No comment.
Do you have any feedback regarding the proposed capacity qualification methodology for variable generation (VG) resources?	No comment.
Is there any part of the MT1 qualification methodology for eligible variable generation (VG) that should be changed/enhanced for use in the Capacity Auction?	No comment.
Does the proposed eligible VG qualification methodology accurately represent the resource adequacy contributions wind and solar resources provide to the system at times of peak?	No comment.

Expanding Participation – Obligation Periods and Availability Windows

Topic	Response
Do you have any feedback regarding the proposal that availability windows, obligation periods, and commitment period can remain unchanged for eligible variable generation (VG) resources?	No comment.

Expanding Participation – Capacity Testing and PAF Delivered MWs

Question	Response
Are any of the proposed testing requirements incompatible with the performance capabilities of eligible VG resources? If so, please indicate which testing requirements cannot be met and why they are incompatible with eligible VG resources.	No comment.
Do you have any suggestions on alternative testing requirements that are feasible for eligible VG resources to prove their maximum capability?	No comment.

Expanding Participation – Dispatch Testing

Question	Response
Do you have any feedback regarding the proposal that eligible VG resources may not be required to complete dispatch testing to prove their ability to follow dispatch instructions?	No comment.

Expanding Participation – Settlement Charges

Question	Response
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Do you have any feedback regarding the proposal that settlement charge types applicable to Capacity Auction generation resources can also be applicable to eligible VG resources?	No comment.
Do you believe that eligible VG resources may require different settlement treatment from what is currently applicable to Capacity Auction generation resources?	No comment.

General Comments/Feedback

Finally, HQEM appreciates that the IESO intends to provide future opportunities for “in-person” stakeholder sessions. HQEM shares the IESO’s position that some topics are more suited for discussion and that in-person sessions can contribute to more constructive stakeholdering.