Capacity Auction – September 18, 2024

Feedback Provided by:

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Date: 10/15/2024

Following the Capacity Auction Enhancements Webinar on September 18, 2024, the Independent Electricity System Operator (IESO) is seeking feedback and comments on the items discussed during the session. The webinar presentation and recording can be accessed from the Capacity Auction Engagement web page.

To promote transparency, feedback submitted will be posted on the Capacity Auction Engagement webpage unless otherwise requested by the sender.

x **Yes – there is confidential information, do not post**

No – comfortable to publish to the IESO web page

Please submit feedback to engagement@ieso.ca **by October 2, 2024.**

Testing and Emergency Activation Results

Question	Stakeholder Feedback
Do you have any comments regarding the summer 2024 testing results?	[redacted]
Do you have any comments regarding the summer 2024 emergency activation results?	Demand response portfolios generally include overperformance by some contributors and underperformance by others. As a result, Voltus is not surprised that the Uncapped results for the June 19, 2024 dispatch were 100% of Real-time Bids. This reflects an HDR fleet that worked quite well on that day.

2025 Enhancements

Question	Response

Do you have any comments regarding the enhancement prioritization for 2025?	Voltus and the demand response community continue to encourage the IESO to address the large issues that remain with the Data Submission Audits for Hourly Demand Response Resources. These audits pose significant risk to all HDR participants and do not accomplish the IESO's goals of ensuring timely, accurate and complete submissions. They have been repeatedly flagged as being in need of attention and we urge the IESO to revise them next year.

Physical-Virtual Obligation Transfers: Proposal

Question	Response
Do you have any feedback on the current proposal to enable obligation transfers between physical-virtual resource types? Is there any other information the IESO should consider including in the final high-level design?	

Review Buy-out Charge: Proposal

Question	Response
Do you have any feedback on the current proposal to amend the way in which the buy-out charge is calculated?	Voltus understands the IESO's objective to amend the buy-out charge calculation by applying a commensurate charge across each month of the obligation period. However, we believe that the revised proposal goes too far in increasing the financial burden on participants. It is important for the IESO to recognize that limited liquidity exists for capacity in Ontario, which means that for entities that take a forward position, the Buy-out Mechanism is often the only method of balancing their portfolios prior to the start of the season. As it stands, no entities in Ontario wish to use the buy-out mechanism and it is unclear to what extent increases to this charge will discourage

	necessary balancing behaviour that occurs when contributors declare outages. If the IESO is intent on increasing this charge, Voltus recommends that the factor be reduced from 50% to 33%. This would result in an equation equal to: -33% x $\mathbf{\Sigma}^{H}$ $CBOC_{m}$ x CACP x CNPF. This will meet the objective of the IESO of increasing the penalty by 100% and prevent the penalty from being drastically misaligned with similar charges assessed in other jurisdictions. Voltus would again like to note that PJM's shortfall charge is $7,300 per MW-Year.
Would an increase in prudential requirements to cover the risk of a participant defaulting on the buy-out charge? Would this create challenges for participation in the Capacity Auction? If so, describe how.	

Review Deposit and Forfeiture Rules: Proposal

Question	Response
Do you have any feedback on the current proposal to eliminate the obligation forfeiture process? Are there other ways the IESO could screen participants during the pre-auction period to verify a participant's likelihood to fulfill a capacity obligation?	

New Dispatchable Load Registration

Question	Response
Do you have any comments regarding the formalization of the registration process for new dispatchable load resources? Would you pursue this option to become dispatchable with the understanding that deposits must be posted for each capacity auction resource during qualification, which can be returned upon request following the completion of the registration process? Is there any other information the IESO should consider including in the final high-level design?	With the IESO pursuing changes to enable the ability to transfer between Virtual and Physical obligations, this seems like an appropriate place for the IESO to employ these new tools. Entities that are looking to become a Dispatchable Load in the upcoming season would clear the auction as a Virtual Resource and then transfer the capacity over to their new Physical resource when it comes online. This should only require them to register, and qualify capacity once.

High-Level Design (HLD): Capacity Auction Participation Model for Wind and Solar Resources

1. Draft HLD: Capacity Qualification

Question	Response
Do you have any feedback regarding the proposed capacity qualification methodology for variable generation (VG) resources?	

2. Draft HLD: Capacity Testing and PAF

Question	Response
Do you have any feedback regarding the proposal for VG resources to prove their maximum capability using historical performance data?	
Are any of the proposed requirements incompatible with the performance capabilities of VG resources? If so, please indicate which requirements cannot be met and why they are incompatible with VG resources.	

3. Draft HLD: General Feedback

Question	Response
Is there any other information that the IESO should consider including in the final high-level design for VG resource participation in the Capacity Auction?	

High-Level Design: Auction Tie-Break Mechanism

Question	Response
Is the proposed tie-break mechanism more equitable than the current time stamp method?	Voltus generally supports a change to the current methodology. We do foresee that the new mechanism incentivizes every aggregator in a virtually constrained territory to qualify MW equal to the total Virtual Limit in order to ensure they receive a full portion of the possible

	MW. This reality is still better than the current tie-breaking mechanism and should be pursued.
Does the proposed tie-break mechanism solve concerns stakeholders have raised with past tie-break results?	

General Comments/Feedback