

Stakeholder Feedback and IESO Response

Capacity Auction Enhancements

Following the Capacity Auction Enhancements Webinar on November 18, 2024, the Independent Electricity System Operator (IESO) invited stakeholders to provide comments and feedback on the materials presented.

The presentation materials and stakeholder feedback submissions have been posted on the IESO [Capacity Auction engagement webpage](#). Please reference the material for specific feedback as the information below provides excerpts and/or a summary only.

Expanding participation to wind and solar resources

Feedback	IESO Response
<p>A stakeholder had concerns about variable generation (VG) resources not being subject to the capacity test.</p> <p>In addition, a stakeholder had concerns about VG resources not being able to provide incremental capacity when dispatched by the IESO.</p> <p>A stakeholder also questioned the ability of VG resources to deliver in all hours of the availability window, even after considering a resource's availability de-rating factor (ADF).</p>	<p>Thank you for feedback related to variable generation (VG) resource participation in the Capacity Auction.</p> <p>The IESO believes that the fuel type, unique characteristics, and technical limitations of VG resources prevents them from reliably completing a self-scheduled four-hour capacity test.</p> <p>To ensure greater consistency in qualification requirements for all resource types, the IESO has modified the participation model design to include the requirement that VG resources must submit Demonstrated Performance (AQEI) data from the first two months of the summer obligation period (and from within the availability window hours).</p> <p>The Capacity Auction is designed to ensure</p>

	<p>sufficient capacity is available at times of need (i.e., during availability window hours); the proposed VG participation model is consistent with this design objective.</p> <p>The Capacity Auction rules do not include a requirement that resources may only be manually dispatched by the IESO. Like all other resources, VG resources that have submitted offers and are scheduled to provide energy during the availability window are considered to have met the availability must-offer requirement.</p> <p>VG resources are generally capable of delivering in all availability hours, including during the shoulder months. Like other Capacity Auction resources, VG resources' capability can deviate from their UCAP value.</p> <p>After applying the availability de-rating factor (ADF), the resulting UCAP value for a VG resource is representative of the VG resource's expected capacity contributions and availability during hours of system peak demand throughout the obligation period.</p>
--	---

Commitment Management Options for 2025 Capacity Auction

Feedback	IESO Response
<p>Stakeholders supported the proposed increase of the buy-out charge to approximately 50% of availability payments.</p> <p>In addition, stakeholders would like the IESO to continue its investigation of in-period obligation transfers. Stakeholders believe that in-period transfers would enhance flexibility and encourage broader participation.</p>	<p>Thank you for your support of the proposal to increase the buy-out charge.</p> <p>The IESO recognizes the potential benefits that in-period obligation transfers could provide to CMPs. Initial investigations revealed the many complexities associated with more frequent changes to an obligation and the impacts on various downstream activities and processes (e.g., settlements, capacity testing, etc.). The IESO will consider this feedback when investigating post-2025 enhancement priorities.</p>

Auction Tie-Break Mechanism

Feedback	IESO Response
<p>One stakeholder acknowledged the IESO's efforts to bring a new tie-breaking mechanism to the Capacity Auction in time for the 2025 auction.</p> <p>The stakeholder was generally supportive of the current proposal; however, the stakeholder believes that the current proposal provides too great of an incentive to register multiple subsidiaries for auction participation.</p> <p>Some aggregators are currently using multiple subsidiaries to limit their performance risk across portfolios. In tie-break scenarios, these aggregators could also clear more total capacity than their competitors, and this could incentivize them to register as many subsidiaries as possible. The stakeholder recommended that the tie-break mechanism should allocate capacity at the parent company level instead of allocating capacity to each subsidiary entity.</p>	<p>The IESO appreciates the stakeholder support for this enhancement.</p> <p>The IESO believes that the tie-break enhancement improves on the current tie-break mechanism. The proposed tie-break enhancement design will allocate capacity more equitably and support robust competition. The IESO will consider this feedback about the impact of multiple subsidiaries as part of post-2025 enhancement discussions.</p>

2025 Administrative Updates

Feedback	IESO Response
<p>A stakeholder was generally supportive of the IESO's proposed administrative update relating to testing of system-backed imports (SBI).</p> <p>A stakeholder supported the creation of an Online IESO interface for the submission of capacity test data commencing in the summer 2025 obligation period.</p>	<p>Thank you for feedback and support of this enhancement.</p>

General Comments/Feedback

Feedback	IESO Response
<p>A stakeholder indicated that the IESO should allow for the aggregation of physical HDRs.</p>	<p>Thank you for this feedback. Physical non-dispatchable loads can currently be aggregated and registered within a virtual HDR resource.</p> <p>Multiple physical HDR resources cannot be aggregated as contributors to a single, aggregated, physical HDR resource because a physical HDR resource must be registered and modelled at a single dedicated node.</p> <p>Registering an additional physical HDR resource node for aggregation purposes would introduce modelling error and potential double-counting of bids and consumption profiles.</p> <p>In the renewed market, a price responsive load (PRL) cannot be registered as a virtual contributor because a PRL's location-specific settlement pricing is incompatible with virtual HDR pricing (which is the Ontario Zonal Price plus the Load Forecast Deviation Adjustment¹). This is why the IESO does not allow price responsive loads to be aggregated in a virtual HDR resource.</p> <p>[1] See the Guide to Prices in the Renewed Market for more information.</p>