Market Rule Amendment Proposal Form

Part 1 - Market Rule Information

Identification No.:	MR-00482-R00
Subject:	2024 Capacity Auction Market Rule Corrections
Title:	2024 Capacity Auction Market Rule Corrections
Nature of Proposal:	☒ Alteration ☐ Deletion ☐ Addition
Chapter:	7 & 9
Appendix:	N/A
Sections:	Ch. 7 Section 18, Ch. 9 Section 4
Sub-sections proposed for amending:	Ch. 7 Section 18.8.2.1 Ch. 9 Section 4.7J.2.1A & 4.7J.2.1B
Current Market Rules Baseline:	Baseline 50.1

Part 2 - Proposal History

Version	Reason for Issuing	Version Date
1.0	Draft issued for Technical Panel review	May 7, 2024
2.0	Issued for Technical Panel vote to recommend	July 9, 2024
3.0	Recommended by the Technical Panel to the IESO Board	July 16, 2024
4.0	Issued for IESO Board review	August 20, 2024
5.0	Approved by IESO Board	August 28, 2024

Approved Amendment Publication Date: August 30, 2024

Approved Amendment Effective Date: September 20, 2024

Part 3 - Explanation for Proposed Amendment

Provide a brief description that includes some or all of the following points:

- The reason for the proposed amendment and the impact on the *IESO-administered markets* if the amendment is not made.
- Alternative solutions considered.
- The proposed amendment, how the amendment addresses the above reason and impact of the proposed amendment on the *IESO-administered markets*.

Summary

Market Rule Amendment MR-00477-R00 (2023 Capacity Auction Enhancements – Stream 2) introduced the *performance adjustment factor* into the market rules, and consolidated materials that had previously been spread across the market rules, market manuals and the Charge Types and Equations list into Chapter 9 of the market rules.

It has been identified that the *performance adjustment factor* was unintentionally omitted from the *cleared ICAP* formula. This proposed market rule amendment (MR-00481-R00) intends to correct this omission.

Additionally, in Chapter 9 Section 4.7J.2.1A, it was identified that the current wording could be interpreted to mean that the charge only applies when a standby notice is issued. This was not the intent and it is not consistent with the historical design and application of the Capacity Auction Availability Charge. This amendment seeks to clarify the language to ensure that it matches with the historical design and application of the Capacity Auction Availability Charge.

Background

Chapter 7 - The *performance adjustment factor* is a derate that is applied to *capacity auction resources* during the capacity qualification process based on their *capacity auction capacity test* results. The *cleared ICAP* is the proportional amount of a *capacity auction resource's installed capacity* in relation to the amount of a *capacity auction resource's unforced capacity (UCAP)* that receives an obligation in a *capacity auction*. In order to return the proper *cleared ICAP* value, all multipliers that were applied to the *installed capacity* (ICAP) value when calculating the *unforced capacity (UCAP)* must be reapplied in reverse in the *cleared ICAP* calculation

Chapter 9 – *Capacity Auction participants* that secure a *capacity obligation* under the *capacity auction* are obligated to make their *auction capacity* available during the *availability window*. Where a *capacity market participant* fails to make their *auction capacity* available, they are assessed an availability charge for the portion that was not made available. For *hourly demand response resources*, where a standby notice is not received the *demand response energy bid* is only required to be maintained until 7:00 am EST of the relevant trading day.

Additional clarifying language has been added to 4.7J.2.1B to specify the applicable time period for each applicable resource type.

Discussion

Chapter 7

18.8.2.1 – Correction to the *cleared ICAP* calculation by including the *performance adjustment factor*.

Chapter 9

3.1.10 – correct the order of the subscripts so they appear in the same order as other variables. Correct the defined to properly read "*real-time market.*"

4.7J.2.1A – Restructure the description of the Capacity Obligation Availability Charge for *hourly demand response recourses* and *capacity dispatchable load resources* to correctly identify that standby notices are only applicable to *hourly demand response resources* and correctly identifies the time period where the availability charge is applicable when a standby notice is not issued.

4.7J.2.1B – Additional clarity has been added to specify the applicable time period for each resource type.

Part 4 - Proposed Amendment

Chapter 7

18.8.2 The *IESO* shall, following the conclusion of a *capacity auction*, issue post-auction reports to each *capacity auction participant* by the date specified in accordance with section 18.5.4.5, to detail the *capacity auction offers* that have cleared in the *capacity auction* and the associated *capacity obligations* and *cleared ICAPs* for each *obligation period* in accordance with the applicable *market manual*:

18.8.2.1 the *cleared ICAP* is calculated as:

$$cleared\ ICAP = cleared\ UCAP \times \left(\frac{1}{availability\ de{-}rating\ factor}\right) \times \left(\frac{1}{performance\ adjustment\ factor}\right)$$

18.8.2.1.1 For the purposes of calculating a *cleared ICAP* where a *capacity auction resource* is not subject to an *availability de-rating factor* as per section 18.2A.1, an *availability de-rating factor* of 1 shall be applied.

Chapter 9

3.1.10 The *IESO* shall provide the following *capacity auction* information and provide them directly to the *settlement process*:

$CAEO^{m}_{k,h\sout{,h,k}}$ = the quantity of *auction capacity* for *settlement hour* 'h' (in MW) made available by *capacity auction resource* for *capacity market participant* 'k' at *delivery point* or *intertie metering point* 'm' in the relevant *settlement hour* of the *availability window* determined as the lesser of the *resource's energy offers* (in MW) submitted in the day-ahead commitment process, pre-dispatch, and *real-time* ~~*energy*~~ *market*, as applicable.

Capacity Obligation Availability Charges

4.7J.2.1 The *capacity auction* availability charge *settlement amount* for *capacity market participant* 'k' at *delivery point* or *intertie metering point* 'm' for the relevant *trading day* ("$CAAC^{m}_{k}$") shall be collected from such *capacity market participants* in accordance with the following:

4.7J.2.1A In regard~~s~~ to a *capacity market participant* participating with an *hourly demand response resource* or a *capacity dispatchable load resource*, the *capacity auction* availability charge *settlement amount* shall be calculated for each *trading day* for which it ~~receives a standby notice and it~~ fails for any *settlement hour* of the *availability window* during such *trading day* to submit a *demand response energy bid* in an amount that is greater than or equal to its *capacity obligation* in the day-ahead commitment process and maintain such *energy bid* through the *real-time* ~~*energy*~~ *market.* Where a *capacity market participant* participating with an *hourly demand response resource* does not receive a standby notice, the *demand response energy bid* is instead required to be maintained until 7:00 am EST of the relevant *trading day*. The *capacity auction* availability charge *settlement amount* is calculated as follows:

$$CAAC^{m}_{k} = \Sigma^{H} (-1) \times \text{Max}(0, CCO^{m}_{k,h} - DREBQ^{m}_{k,h}) \times CACP^{z}_{h} \times CNPF_{tm}$$

Where:

(a) 'H' is the set of all *settlement hours* within the *availability window* during the relevant *trading day*;

(b) If the *capacity market participant* did not submit a *demand response energy bid* for its *hourly demand response resource* or *capacity dispatchable load resource*, as the case may be, for *settlement hour* 'h' in the day-ahead commitment process or failed to maintain such *energy bid* through the *real-time* ~~*energy*~~ *market* or until 7:00 am EST as the case my be, $DREBQ^{m}_{k,h} = 0$;

(c) In regard~~s~~ to *hourly demand response resource*, if the *demand response energy bids* submitted for *settlement hour* 'h' does not form part of *energy bids* spanning at least four consecutive *settlement hours*, $DREBQ^{m}_{k,h} = 0$;

(d) If the *demand response energy bid* submitted in the day-ahead commitment process for *settlement hour* 'h' is not equal to the *demand response energy bid* submitted in the *real-time market* for the same *settlement hour*, $DREBQ^{m}_{k,h}$ shall be equal to the lesser of the two *demand response energy bids*; and

(e) Notwithstanding any of the foregoing, $DREBQ^{m}_{k,h}$ shall not exceed the $CARC^{m}_{k}$ for the *hourly demand response resource* ~~or *capacity dispatchable load resource*, as the case may be~~.

4.7J.2.1B For a *capacity market participant* participating with a *capacity generation resource*, *system-backed capacity import resource*, *generator-backed capacity import resource*, or *capacity storage resource*, the *capacity auction* availability charge *settlement amount* shall be calculated for each *trading day* it fails for any *settlement hour* of an *availability window* during such *trading day* to submit *energy offer* in an amount that is greater than or equal to its *capacity obligation* in the day-ahead commitment process and maintain such *energy offer* as follows: (a) for *system-backed capacity import resources* or *generator-backed capacity import resources*, through to pre-dispatch; (b) for *capacity storage resources*, through the *real-time market;* and (c) for *capacity generation resources*, in accordance with the applicable *market manual*. The *capacity auction* availability charge *settlement amount* is calculated as follows:

$$CAAC^{m}_{k} = \Sigma^{H} (-1) \times Max(0, CCO^{m}_{k,h} - CAEO^{m}_{k,h~~,k~~}) \times CACP^{z}_{h} \times CNPF_{tm}$$

Where:

(a) 'H' is the set of all *settlement hours* within the *availability window* during the relevant *trading day*;

(b) If the *capacity market participant* did not submit an *energy offer* in the day-ahead commitment process or maintain such *energy offer* through to pre-dispatch or the *real-time market*, as the case may be, ~~in accordance with the applicable *market manual*~~ for *settlement hour* 'h', $CAEO^{m}_{h,k} = 0$;

(c) If the *energy offer* submitted in the day-ahead commitment process for *settlement hour* 'h' is not equal to the *energy offers* submitted in pre-dispatch ~~*pre-dispatch*~~ or the *real-time market* for the same *settlement hour*, the $CAEO^{m}_{k,h}$~~$_{h,k}$~~ shall be equal to the lesser of any such *energy offers*; and

(d) If a *capacity storage resource* receives a non-zero *energy dispatch instruction* within the relevant *availability window,* the $CAEO^{m}_{k,h}$~~$_{h,k}$~~ for the remaining *settlement hours* of the *availability window* after receiving such non-zero *energy dispatch instruction* shall be equal to the *energy offer* applicable to the *settlement hour* in which they receive such non-zero *energy dispatch instruction.*