

September 22, 2020

Shawn Cronkwright
Director, Market Renewal Operations
Independent Electricity System Operator
1600-120 Adelaide Street West Toronto, ON M5H 1T1

Dear Mr. Conkwright,

Energy Storage Canada (ESC) appreciates the opportunity to provide feedback on the Reference Level Guide and Workbooks. ESC understands the importance of the Market Power Mitigation process and the impact setting ineffective reference levels would have on the efficiency of the wholesale market. With this in mind ESC is looking forward to working with the IESO to develop appropriate cost-based reference levels for Energy Storage resources.

Recognizing energy storage resources are relatively new to wholesale electricity markets there is limited ability to leverage the learnings of other ISO/RTOs in how reference levels are developed. In general, the cost components for energy storage align with those for other resources within the market but also those developed in other markets. The one exception is allocation of station service. The proposal does not define a process to measure the station service consumption required in the operation of a storage facility.

Another concern is the calculation of "Opportunity Cost". The reference levels will be utilized in all market timeframes but the value of quick responding energy storage resources in real-time is different than Day-Ahead or Pre-Dispatch and as such the opportunity cost for this asset should be reflected in a real-time reference level. Mitigating real-time offers and limiting the economic opportunity might reduce the incentive for these resources to provide additional flexibility.

If you have any questions, please let us know.

Sincerely,



Justin W. Rangooni
Executive Director