

Feedback Form

Resource Adequacy webinar – May 28, 2021

Feedback Provided by:

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Following the May 28, 2021, Resource Adequacy engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed during the webinar. The webinar presentation and recording can be accessed from the [engagement web page](#).

Please submit feedback to engagement@ieso.ca by June 18, 2021. If you wish to provide confidential feedback, please submit as a separate document, marked "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

Resource Adequacy Information Guide

Topic	Feedback
<p>Is there any important Resource Adequacy-related information not already considered in this guide?</p>	<p>ESC provides the following feedback with respect to the guide:</p> <ul style="list-style-type: none"> • Timelines – IESO should define the length of time associated with each timeframe (short, mid, and long-term); IESO should clarify if the regional planning needs will be integrated within the timeline considerations. • Procurement Mechanisms – IESO should define the circumstances that may trigger need for bi-lateral negotiations/contracting (e.g., sole-sourcing). • Commitment Details – ESC continues to express concern with mid-term contracting commitment period which would not enable new project development to meet mid-term needs. • Products and Services – IESO’s framework should acknowledge barriers for energy storage participation in IESO markets (i.e., ancillary services) identified by the IESO Long Term Storage Design Vision; IESO should clarify if the AAR will identify future procurements of ancillary services (e.g., regulation service) • Eligibility – IESO’s framework should identify when new resource development will be enabled, particularly related to future mid-term or long-term RFPs. • Planning Considerations – IESO should clarify how regional planning is considered with respect to establishing targets to meet system needs

Capacity Auction: Forward Guidance and Minimum Target Threshold

Topic	Feedback
<p>Stakeholders are invited to provide general feedback on the proposed approach for forward guidance and minimum target threshold</p>	<p>ESC is supportive of providing forward guidance and minimum capacity target thresholds. Overall, we agree with the IESO’s assessment that there is a need for to ensure investor confidence in IESO’s Capacity Auctions.</p> <p>However, the current governance framework presents challenges. While the IESO is proposing forward guidance</p>

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	<p>on capacity targets, the IESO has the purview to amend market manuals dictating fundamental elements of the Capacity Auction. For example, IESO can change the demand curve / reference levels of future Capacity Auctions impacting revenue projections for participants regardless of capacity targets. ESC recommends that demand curve / reference levels methodology and calculations should be a separate document that is shared with market participants, with sufficient competing analysis and/or regulatory review.</p>

Transition to Qualified Capacity/UCAP

Topic	Feedback
<p>Will the initial qualified capacity proposals presented result in a UCAP value that is consistent with the qualified capacity design principles for the resource types considered? If not, what changes would you suggest? Please offer alternatives.</p>	<p>ESC asserts that the IESO should add “Accuracy” as a qualified capacity design principle, in addition to Simplicity, Fairness, Transparency and Alignment. Inaccurate UCAP definitions will lead to unintended market outcomes and market inefficiency that may have cost impacts for consumers (e.g., over/under procurement, increase/decrease of market clearing price).</p> <p>Energy storage may be behind-the-meter (BTM) as DR resource or may be directly connected as a “generation” resource.</p> <ul style="list-style-type: none"> Dispatchable Storage Generation – ESC acknowledges that other markets have established UCAPs for energy storage based on capacity that can be sustained for 4 hours (e.g., NYISO/MISO). However, IESO has not provided analysis to justify whether 4 hours is appropriate for the Ontario context. IESO should clarify timeframe for historical data. We also acknowledge that other jurisdictions have established standard EFORd of 5% where historical data is not available (e.g., MISO); that said, IESO has not provided justification for this factor in Ontario’s context. Without analysis to support IESO’s design proposal, ESC cannot confirm whether the proposal effectively balances simplicity and accuracy.

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	<ul style="list-style-type: none"> • Dispatchable Load Resource – ESC suggests that the IESO’s proposal should consider cases where a non-dispatchable load has added be BTM capabilities to alter its dispatchability and qualification Dispatchable Load. ESC finds details of the IESO proposal to be limited, in terms of “quantification window” and methodology to determine “class average factor”. Without further details, ESC cannot confirm whether the proposal effectively balances simplicity and accuracy. For example, IESO has not provided clarity on how a resource with less than 1 year of historical bids would be assessed. • Hourly Demand Response (HDR) – ESC cannot confirm that the design proposal is accurate, simple, or fair. It is unclear how the IESO will assess the “resource’s response to historic activations and/or bid data” given that the contributors from each HDR resource are apt to change from year-to-year or there may be upgrades at a contributors site to increase curtailment and response capabilities. Nor is it clear how a class average de-rating factor will be established (e.g., different sectors, different contributor make-up, etc.). We also question the need to de-rate HDR capacity since the performance capabilities are “as bid” and tested. Resources that do not meet their performance tests are subject to penalties. Given the current baseline methodology, many HDR resource already de-rate their bid to the Capacity Auction, so additional de-rating may be unnecessary/redundant. <p>For both HDR and DR, we suggest that the IESO consider loads that are supported by BTM storage could respond similarly to dispatchable storage generation (i.e., same hardware, similar treatment)</p>
<p>Are the sources of data suggested as inputs into each UCAP formula appropriate? If not, please explain why and suggest alternatives.</p>	<p>ESC has not identified challenges with the sources of data per se; however please refer to the responses above.</p>

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Are there any incorrect assumptions the IESO has included that may not be appropriate?	ESC has not identified challenges assumptions per se; however please refer to the responses above.
Is there anything the IESO may not have considered that may contribute to the development of an accurate UCAP methodology?	No comment.
General Comments/Feedback	ESC is cautious about the IESO's UCAP proposals as preliminary information does not provide sufficient details to assess market implications. Overall, we seek additional information that the IESO's proposal to de-rate qualified capacity will not lead to unnecessary increase in bid prices, over procurement or other market inefficiencies.

UCAP Resource-Specific Meetings

Topic	Feedback
<p>Please indicate your interest in participating in these meetings sooner than June 18, if possible.</p> <p>Are bi-weekly meetings appropriate? What should the format be? How should attendance be managed?</p>	<p>ESC is available and interested in in-person sessions.</p> <p>ESC can coordinate with members regarding attendance as required.</p>

General Comments / Feedback

No further comments.