

# Stakeholder Comment Request – Draft Market Rules and Market Manuals

## MR-00439-R00-05 – Transitional Capacity Auction

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| <p><b>Date Submitted:</b> 2019/06/05</p> <p><b>Feedback Due:</b> 2019/06/05</p> | <p><b>Feedback provided by:</b></p> <p>Company Name: Advanced Energy Management Alliance</p> <p>Contact Name: Katherine Hamilton</p> <p>Phone: [REDACTED]</p> <p>Email: [REDACTED]</p> |
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Please provide comments relating to the section of the draft amendment proposal in the corresponding box. Please include any views on whether the draft language clearly articulates the requirements for either the IESO or market participants. Please provide any alternative language by inserting the draft language below and red-lining the suggested changes.

| MR Chapter | Design Element (MR section)              | Stakeholder Comments   |
|------------|--|--|
| 2          | Participation                            | <i>Stakeholder comments to be included here.</i>   |
| 2 (app)    | Appendices                               |  |
| 3          | Administration, Supervision, Enforcement |  |
| 7          | System Operations and Physical Markets   | 18.9 – Obligation Transfers – support transfers in similar priced zones<br>AEMA supports the new section 18.9.1.5B that allows the transfer of a capacity supply obligation between zones when the TCA clearing price in |

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|    |                         | the two respective zones are equal to the Ontario TCA clearing price. This will enable the market to ensure that the capacity supply procured by the IESO remains, and the IESO can meet its resource adequacy needs without procuring new MWs.  |
| 9  | Settlements and Billing | <p>4.7J Capacity Obligations – this section clearly lays out the charges that each type of resource is exposed to, however now that all types of resources are competing to deliver the same capacity product, all resources should be exposed to similar charges. This topic should be reviewed during the TCA consultation as well as in the ICA consultation.</p> <p>For example, section 4.7J.2.2 the language could be changed to:</p> <p>4.7J.2.2 – A capacity market participant participating <del>with an hourly demand response resource</del> shall be subject to a dispatch charge for failure to comply with an activation notice....</p> |
| 11 | Definitions             |  |

| MM  | Design Element (MM section) | Stakeholder Comments                             |
|-----|-----------------------------|--|
| 1.1 | Participant Authorization   | <i>Stakeholder comments to be included here.</i> |
| 1.2 | Facility Registration       |  |
| 1.3 | Identity Management         |  |

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| 2.10 | Connection Assessment                       |   |
| 4.3  | Real-time Scheduling of the Physical Market |   |
| 5.4  | Prudential Support                          |   |
| 5.5  | Physical Market Settlement Statements       | As requested in the TCA and ICA consultation sessions, a review of the charges/penalties/payments needs to occur to ensure that all resources are being treated in a comparable manner. The treatment of resources meeting their capacity supply obligations, and their energy market obligations (via following dispatch instructions) should be similar as the IESO moves toward the technology agnostic procurement of capacity resources. |
| 6    | Participant Technical Reference Manual      |   |
| 7.3  | Outage Management                           |   |
| 12   | Definitions                                 |   |

Stakeholder comment is requested on the following IESO directed questions that will be forwarded to Technical Panel for their consideration in the recommendation of market rules to the IESO Board of Directors:

| Question   | Stakeholder Comment   |
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| Do you believe there is a clear and common understanding of the intent and purpose of the draft market rule amendment? | Yes. AEMA supports moving towards a technology agnostic auction mechanism and supports the intent of the Transition Capacity Auction and then the implementation of the Incremental Capacity Auction. By enabling more resources to compete in the TCA (in Phase 1 and then Phase 2), competition will drive a more efficient suite of supply resources to meet the IESO's resource adequacy needs. |
| In your view, is this market rule amendment in the interest of consumers with respect to prices?                       | 1. Procurement of Competitive Resources<br>Although the TCA will move the procurement of capacity resources to a more competitive model (via an Auction) and therefore a more cost effective price will be procured for capacity resources, further market rule amendments will need to   |

be made to ensure that equal revenue streams exist in all electricity markets including Energy and Ancillary Services. Currently, load resources are not paid for participation in the energy market (they do not receive HOEP for following an energy market dispatch similar to generators, even though they all have a 'Must Offer' in the energy market), and load resources are unable to participate in most of the Ancillary Service markets or programs. For example, aggregated load is unable to participate in the Operating Reserve market, even though in other jurisdictions the aggregated load resources lowers the price of OR (see Alberta – AESO OR participation for further information). When resources are exposed to the same revenue streams, competition will enable all available resources to compete therefore providing a competitive energy price for ratepayers. These issues should be part of the Phase 2 TCA market rule amendment package, and they are listed priorities in the IESO DRWG.

### 2. Comparable Treatment

To ensure comparable treatment of resources in the TCA, all resources should be exposed to the same or similar payments and penalties. In addition to load resources not being paid HOEP for following dispatch instructions, aggregated load resources face additional penalties than the other resources receiving a capacity supply obligation from the TCA. AEMA members have asked for the IESO to review and compare the charges/penalties/payments that all resources with capacity supply obligations are exposed to, to ensure there is comparable treatment – which will drive competitive prices.

### 3. Bringing Forward Operational Efficiencies

DRWG participants have long advocated for Market Rule Amendments and changes to the Market Manuals that would drive operational efficiencies for both the DR providers and the IESO. These identified efficiencies will drive savings which have the potential to lower the cost of the DR resources in the TCA.

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|   | <p>Identified efficiencies include data access, data submissions, DR testing and DR audits.</p> <p>All 3 of these topics have been identified as priorities in the 2019 DRWG workplan and AEMA members will work with IESO and other stakeholders to ensure these topics are resolved for Phase 2 of the TCA.</p> |
| <p>In your view, is this market rule amendment in the interest of consumers with respect to the reliability of electricity service?</p>   | <p>Yes, the market rule amendments are moving the procurement of capacity supply resources in the right direction, through competitive auctions, which will continue to enable a reliable system.</p>   |
| <p>In your view, is this market rule amendment in the interest of consumers with respect to the quality of electricity service?</p>   | <p>Yes, the market amendments moving the procurement of a capacity supply resources in the right direction, through competitive auctions, which will continue to enable quality electricity service in the province.</p>  |
| <p>In your view, are there any adverse effects (not identified in a previous answer) that may be caused by implementing these proposed changes, either to consumers or market participants.</p>   |   |
| <p>General Comments:</p> <p><b>Presentation of MRA and MM Changes:</b></p> <p>Although AEMA members appreciate the effort that IESO staff made in presenting the market rule amendments and changes to the Market Manuals at the TCA consultation, the mapping of the presentation to the MRA and to the feedback form did not lend it self to efficiency and was quite confusing. Although the majority of the MRAs were administrative in nature, as the IESO moves forward with Phase 2 of the TCA, and the ICA, a more streamlined way to present, discuss and comment on Market Rule Amendments should take place.</p> |   |

**AEMA:**

AEMA is an alliance of providers and supporters of distributed energy resources, including demand response (“DR”) and distributed generation, united to advocate for policies that empower and compensate customers appropriately in a manner which contributes to a more efficient, cost effective, resilient, reliable, and environmentally sustainable grid. The views expressed in this submission represent those of the organization as a whole, not of any individual companies.

AEMA’s members have been active participants in the IESO’s DR programs, market mechanisms and the stakeholder engagement activities for many years, including the evolution of the DR auction via the Demand Response Working Group, the current Market Renewal Program engagements, and the recent stakeholder session on the TCA.