

Stakeholder Comment Request – Draft Market Rules and Market Manuals

MR-00439-R00-05 – Transitional Capacity Auction

<p>Date Submitted: <i>June 4, 2019</i></p> <p>Feedback Due: June 5, 2019</p>	<p>Feedback provided by:</p> <p>Company Name: Ontario Power Generation</p> <p>Contact Name: Jin Kim</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	
2 (app)	Appendices	
3	Administration, Supervision, Enforcement	
7	System Operations and Physical Markets	<p>MR-00439-R02:</p> <p>Section 18.6.3.2 says “the capacity auction offer price in any price-quantity pair shall: increase as the associated capacity auction offer quantity</p>

increases.” This issue of increasing auction offer price quantity pair was raised in OPG’s TCA Phase 1 Design feedback form dated May 2, 2019 and has yet to be raised addressed by the IESO. For example, if a capacity supplier has a 2 unit plant and offering only 1 unit is not as economical when compared to offering 2 units (due to economies of scale). How can this be reflected in the auction offer price quantity pairs?

Section 18.8.1.3: capacity auction participants, capacity obligation should be italicized as they are defined terms.

MR-00439-R03:

Section number 19.4.10 has been crossed out for deletion. This deletion should be reviewed.

Section 19.4.10: obligation period should be “italicized”, since this is defined under the Market Rule Definitions.

Section 19.7 was introduced for Market Rule Chapter 7. It appears that Section 19.7 should be re-labelled as section 19.6 as there is no section 19.6 in the current version of Chapter 7.

- Between Section 19.7.4 and 19.7.5: “Outage Notification Requirements for Capacity Generation Resource with a Capacity Obligation” should be bolded to indicate a sub-heading.
- Section 19.7.8: “If a capacity market participant fails an activation test performed pursuant to section 19.6.7”. Section 19.6.7 does not exist in the proposed changes. All the sections related to 19.7 should be changed to 19.6.
- Section 19.7.8: Please specify the Market Manual number and section when referring to non-performance charges. Currently, it only says “in accordance with the applicable market manual.”
- Section 19.7.10 says “The test activation shall occur in accordance with

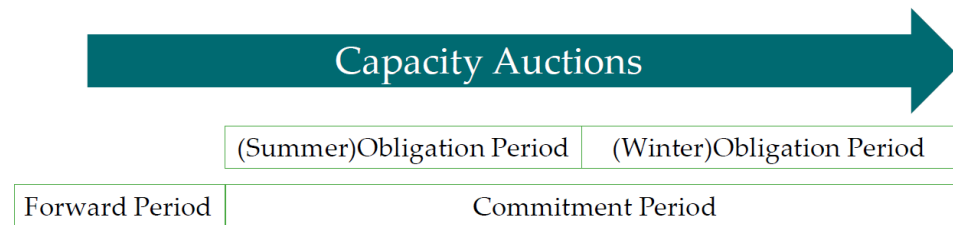
		the dispatch instructions specified in this section 19.6.”. Section 19.6 does not exist in the proposed changes. All the sections related to 19.7 should be changed to 19.6.
9	Settlements and Billing	
11	Definitions	MR-00439-R00 Under <i>demand response capacity, demand response contributor, demand response energy bid, demand response market participant</i> definitions, “hourly demand response resource” is italicized. However, “hourly demand response resource” is not a defined term in Chapter 11. The word “resource” within “hourly demand response resource” should be un-italicized.

MM	Design Element (MM section)	Stakeholder Comments
1.1	Participant Authorization	
1.2	Facility Registration	
1.3	Identity Management	
2.10	Connection Assessment	
4.3	Real-time Scheduling of the Physical Market	
5.4	Prudential Support	
5.5	Physical Market Settlement Statements	<p>Section 1.6.26.3.2: Under Assessment for Capacity Generation Resources section (page 53), the terms “availability window”, “pre-dispatch”, and “capacity obligation” should be italicized. The term “generator characteristics” is not a defined term in Chapter 11 and should be un-italicized.</p> <p>Section 1.6.26.3.2: Under Assessment for Capacity Generation Resources section, it says “The assessment timeframe will be based on the generator characteristics and will reflect the greater of 1) the generator’s registered elapsed time to dispatch, 2) the generator’s minimum generation block down time, and 3) 2-hour mandatory window”. This statement does not</p>

		appear to be consistent compared to the statement found on the revised TCA Phase 1 design document Section 6.1.1.2, which says the following: "IESO will check for the offer submission at or above the capacity obligation for each hour of availability from the first run of Pre-Dispatch (PD) until their PD-X where X will be the larger of 1) Generator's Elapsed Time to Dispatch 2) Minimum Generation Block Down Time and 3) 2-hour Mandatory Window". For clarity purposes, please consider providing an example in Section 1.6.26.3.2 to illustrate how this assessment timeframe would be implemented for Capacity Generation Resources.
6	Participant Technical Reference Manual	
7.3	Outage Management	Section 4.2.1 has a typo: "submit4 ted"
12	Capacity Auctions	<p>Section 2.2 (page 4): The second paragraph says, "<i>The</i> manual is based on obligations expressed ..." The term "<i>The</i>" should be un-italicized.</p> <p>Section 3.1 (page 6): The figure is labelled as "Figure 3-2: Transitional Capacity Auction Process". Figure 3-2 already exists on page 7. The label should be corrected to Figure 3-1.</p> <p>Section 3.2 (page 7):</p> <ul style="list-style-type: none"> • On Figure 3-2, the terms "auction window" and "coverage period" are used. The term "auction window" and "coverage period" are not defined in Market Rules Chapter 11 and they do not appear anywhere else on Market Manual 12. Please consider using already defined terms such as "Auction Period" and "Commitment Period". • On Figure 3-2, the terms "pre-auction", "(confidential and public)" are all italicized, yet they are not defined terms under Market Rules Chapter 11. These terms should be un-italicized. <p>Section 3.3 (page 8):</p> <ul style="list-style-type: none"> • The last sentence of Section 3.3 says "<i>Capacity auction participants</i> who

clear a ...". The entire "*Capacity auction participant*" phrase should be italicized as this is a defined term in Market Rules Chapter 11 (MR-00439-R00).

- It appears that Figure 3-3, which illustrates the commitment and forward period, has been removed. To make things clear for Market Participants, please consider using the Capacity Auction timeline figure from Page 22 of the "Transitional Capacity Auction Draft Phase 1 Design" presentation dated May 22, 2019 (see image below)



Section 4.1 (page 12): The term "*transitional capacity auction capacity limits*" is not a defined term in Market Rules Chapter 11. The term should either be un-italicized or the definition of the term should be included in Market Rules Chapter 11 (MR-00439-R00).

Section 4.3:

- Page 13, 5th bullet: The term "*capacity auction eligible generation resource*" is not a defined in defined term in Market Rules Chapter 11. The term should either be changed or the definition of the term should be included in Market Rules Chapter 11 (MR-00439-R00).
- Page 14: The last bullet of Section 4.3 (just before Section 4.3.1) is blank. The bullet should be removed.

Section 5.3 (page 20):

The following highlighted text body should be **deleted**, instead of being added as demand response auction was replaced with transitional capacity

		<p>auction and a similar paragraph with the context of capacity auction is repeated right below this highlighted text body:</p> <p><i>"The IESO shall publish public reports containing the following information for each commitment period (Ch.7, S. 18.8 of the market rules):</i></p> <ul style="list-style-type: none"> <i>• The demand response auction clearing price;</i> <i>• The amount of demand response capacity procured through the auction for each electrical zone;</i> <i>• The successful demand response auction participants that received a demand response capacity obligation and their respective demand response capacity obligations; and</i> <i>• The qualified demand response capacity of each demand response auction participant.</i> <p><i>The IESO will also issue confidential post-auction reports to each demand response auction participant with the demand response capacity obligations for each electrical zone and commitment period (Ch.7, S. 18.8.2 of the market rules)."</i></p>
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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
Do you believe there is a clear and common understanding of the intent and purpose of the draft market rule amendment?	Yes, there is a clear intent and purpose for amending the market rules and market manuals to prepare for the upcoming TCA.
In your view, is this market rule amendment in the interest of consumers with respect to prices?	Yes, allowing more competition within the TCA will lower the price of the capacity product, which benefits consumers.
In your view, is this market rule	Having diverse sources of capacity products may improve the reliability of

amendment in the interest of consumers with respect to the reliability of electricity service?	electricity services and benefit consumers.
In your view, is this market rule amendment in the interest of consumers with respect to the quality of electricity service?	Having diverse sources of capacity products may improve the quality of electricity services and benefit consumers.
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.	
General Comments:	