Comprehensive Market Design Stakeholder Comment Matrix
Design Working Group *FINAL*

The AESO is requesting written feedback from the Capacity Market Design Working Group (DWG) members about the content of the first draft Comprehensive Market Design (CMD 1) and about the working group session in which CMD 1 was discussed. This draft comment matrix is provided in advance to help working group members prepare for their upcoming session. Following the working group session, the AESO will post a **final comment matrix** one (1) day after the session. This final comment matrix should be completed by working group members within four (4) business days. The final feedback matrix is intended for working group members to provide written feedback about CMD 1 or the content of their working group session that is within the scope of their working group.

The AESO will post all comment matrices and any other feedback received from working group members on www.aeso.ca and on the Capacity Market SharePoint site. **Please note that the names of the parties submitting each completed comment matrix will be included in this posting.** The AESO does not intend to respond to individual submissions.

If you have any questions about this comment matrix, please email capacitymarket@aeso.ca

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CMD Key Design Questions	Comments and / or Recommendations
1. UCAP: Can you support using Availability factor for dispatchable resources? Does the approach meet the intent of a resource neutral approach to capacity volume that reflects the deliverability of energy during periods of tight system conditions?	Capacity demand response in aggregation will be a new product for the AESO market in 2021. Potential customers of aggregators have not been signed at this time nor have they maintained their loads based on participation in an aggregated portfolio in a capacity market. Therefore it is difficult to establish a UCAP based on past performance, during last year's 100 hours or at anytime. For the first year of qualification, EnerNOC recommends that UCAP be based on a pledged and qualified MW amount by the aggregator. As noted below, in other markets, aggregators use a Sales Plan methodology to bring in contributors/customers to their portfolios to meet their capacity supply obligations. Financial assurances can be tied to MW numbers to ensure that aggregators do not over inflate their potential and released upon proving performance as mentioned in the CMD. For new demand response resources in ISO-NE, a sales plan methodology was used to determine their MW qualification as was the newly introduced Demand Response Auction in Ontario. The first year's UCAP for demand response should be based on the MWs cleared in the capacity market by the aggregator. Once an aggregated demand response resource is established in the AESO capacity market, EnerNOC recommends UCAP % be based on historic aggregate performance and availability percentages for demand response portfolios in the first year. This UCAP calculation should be based on the aggregate performance of the demand response portfolio to accurately reflect the value of demand response aggregation. After the first year, add in a 2 yr look back, after 3 yrs of participation, a 3 yr lookback etc. until 5 yrs historical data is obtained for demand response in the capacity market. EnerNOC does not feel that demand response should be subject to an additional load de-rating factor similar to Thermal plants as mentioned in the CMD. The availability and performance measure during UCAP hours should sufficiently reflect a loads capability to respond during periods of tight supply. In PJM, demand response resources are instead given a UCAP gross-up by the Forecast Pool Requirement as opposed to a de-rate. This gross-up is given because PJM is able to reduce the peak load they are able to supply for by procuring a demand response commitment instead. EnerNOC would advocate for this approach given demand response's value to the system.
2. Payment Adjustment Mechanism: Can you support using a 60/40 performance/ availability framework? Does the approach achieve the intent of higher adjustments to performance periods?	EnerNOC supports a 60/40 performance/availability framework. To ensure participants have the right incentives, the right signals need to be sent to meet the capacity supply obligation. Having a higher adjustment for performance will drive the right behaviour to be available for EEA events.
3. Payment Adjustment Mecham: Can you support a monthly cap at 300%? Does the approach achieve the intent of reasonably limiting adjustment payments?	The payment adjustment mechanism proposed in the draft Comprehensive Market Design should drive the right incentive to ensure performance and proper market behavior for capacity market participants. The proposed approach achieves the intent of

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	reasonably limiting adjustment payments.
4. Payment Adjustment Mechanism: Can you support a 1.3x annual revenue/ rebalancing assessment limit? Does the approach achieve the intent of ensuring capacity resources are available for the obligation period?	EnerNOC supports a 1.3x annual revenue/rebalancing assessment limit as proposed in the CDM. The approach will achieve the intent of ensuring capacity resources are available for the obligation period.
5. Market Power Mitigation: Can you support setting a market power screen as a fixed percentage of aggregate UCAP requirement for the auction? Does the approach meet the needs of mitigating supplier market power?	
6. Market Power Mitigation: Is a price cap of 50% of net CONE appropriate to mitigate the offers of suppliers with market power?	
7. Market Power Mitigation: Do you think there is sufficient support that mitigation of buyer side market power is not initially required in the capacity market?	
8. Delisting: Are there some circumstances where the delist bid of an asset does not clear but the asset continues to participate in the energy market?	All resources without market power should have the option to delist. This includes the demand response resource. The delist list should be made public so other market participants/potential market participants have an understanding of the market place, similar to ISO-NE.
9. Delisting: Should a resource be able to delist from the capacity market but be eligible to participate in the energy and ancillary services market? For example: a. An asset of a non-mitigated supplier fails to clear, should it be allowed to continue energy	For demand response assets, the responsibility for delisting lies with the aggregator and not the customers. Therefore, the customer asset is not impacted by a delist bid/decision and could move to another aggregator to participate in the next auction. A demand response asset should be able to continue to participate in the ancillary services market, for example, Operating Reserves, if it does not clear the FCA.

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market participation? b. For long outage requirements that are for a substantial portion of the year?	
10. Transition to Capacity Market: Is a rebalancing auction for first obligation period 2021/22 required and practical?	For the first obligation period, 2021/22, a rebalancing auction should be required. The rebalancing auctions exist to meet changing supply and demand conditions, but also as a mechanism for participants to use if they have changing conditions, are unable to meet their obligation for delivery or they are unable to manage their risk between the first auction and the delivery year. EnerNOC recommends a rebalancing auction takes place 4-6 months before the delivery period.

General Comments

Prequalification for Demand Response Participants:

EnerNOC recommends that the AESO adopt a Sales Plan approach for prequalification of Aggregated Demand Response Resources.

Critical to the participation of demand response (DR) in a Forward Capacity Market (FCM), an aggregator must be able to qualify capacity based on a marketing and sales plan, rather than a requirement to have customers already under contract as a precondition of qualification. The premise of the qualification procedure is that subsequent to securing an obligation in the auction, the aggregator will activate their sales plan to ensure they reach their obligations from the auction, taking into account the potential yearly and monthly auctions leading up to the delivery date. This is analogous to a build plan for a new generator that has yet broken ground

It is important to understand the short-term planning horizon for contributors between contract execution and revenue expectation. It is impractical for an aggregator to sign up a contributor years in advance of the start of the delivery and revenue. As a result, the aggregator business model does not typically seek to execute bilateral contracts with contributors prior to the one year period before the date of delivery/ability to earn revenue. The ability of an aggregator to qualify DR capacity on the basis of a marketing and sales plan accommodates this business model, and EnerNOC recommends that this be a feature of the AESO Comprehensive Market Design for the capacity market.

The criteria by which a marketing and sales plan will be deemed acceptable for qualification will need to be established. This includes the delineation of market segmentation in terms of the target type of customers, the potential regional market for those customers, and a ramp up to the contracting process.

The amount of MW prequalified and cleared in the auction is the responsibility of the participant, and their ability to deliver should be based on their own risk profile.

EnerNOC recommends that AESO follow similar marketing and sales plan approach for qualification of DR MW to PJM.

Example of Information Required to Qualify (in addition to the financial assurance and technical capabilities):

- Amount of DR capacity per zone

- Sales Plan milestones
- Load Reduction Plans for potential customers