

# Memorandum



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**To:** **MARKETS COMMITTEE**

**From:** Michael Lyle, Vice President, Legal Resources and Corporate Governance, Chair of Technical Panel

**Date:** August 23, 2022

**Re:** Capacity Auction Market Rule Amendments (MR-00469-R00)

**Purpose of Item:** Recommendation to the Board

## **Executive Summary:**

The IESO is seeking a decision from the IESO Board on a proposed market rule amendment that will provide a series of enhancements to improve and modify the 2022 Capacity Auction (MR-00469-R00). The proposed market rule amendments were recommended by the Technical Panel at its July 12 meeting.

## **Background:**

Within the Resource Adequacy framework, the Capacity Auction plays the role of a short-term balancing mechanism. The IESO has committed to annually reviewing the auction to understand any areas of improvement and further enhancements for future capacity auctions. In order to achieve greater competition and cost effectiveness the IESO proposed to expand participation to Generator-Backed Capacity Imports as well as implementing administrative changes to the point-in-time rules and add zonal groupings. At the June 23, 2022 Markets Committee discussion of proposed Capacity Auction market rule amendments, the Markets Committee asked IESO staff to return to the Technical Panel to seek a recommendation on the portions of the proposed market rules that were supported by Technical Panel members and stakeholders, including enabling participation by generator-backed capacity import

resources and two minor administrative updates. Additional design enhancements proposed as part of the June 23, 2022 market rule amendments are not included in this proposal and will be further discussed with stakeholders.

Additional information, including the Capacity Auction design document and all stakeholder feedback submissions can be found on the stakeholder engagement [webpage](#).

### **Proposal and Analysis**

At the July 12 Technical Panel meeting, the Technical Panel members voted unanimously to recommend the proposed market rules for adoption by the IESO Board. All Technical Panel materials including stakeholder feedback submissions and meeting minutes are available on the TP [webpage](#).

### **Next Steps / Implementation:**

I recommend that the Markets Committee recommend that the Board accept the unanimous vote and recommendation of the Technical Panel to approve market rule amendment MR-00469-R00: 2022 Capacity Auction Enhancements with an effective date of September 19, 2022.

### **Requested Committee Resolution:**

The Committee is asked to pass the following resolution:

**CONCERNING** MR-00469-R00: 2022 Capacity Auction Enhancements, which is a market rule amendment to expand participation to Generator-Backed Capacity Imports as well as implementing administrative changes to the sections of the market rules related to the Capacity Auction.

**WHEREAS** the IESO is proposing to amend the market rules to expand participation in the Capacity Auction to Generator-Backed Capacity Imports.

**WHEREAS** the IESO engaged with the Technical Panel and incorporated their suggestions into the proposed market rule amendment.

**WHEREAS** the Technical Panel members voted unanimously to recommend MR-00469-R00 for approval by the IESO Board.

**NOW THEREFORE** the Markets Committee of the IESO Board recommends MR-00469-R00: 2022 Capacity Auction Enhancements for approval by the IESO Board, to come into effect on September 19, 2022.

Michael Lyle

Cc: IESO Records

Encls.

- a. Market Rule Amendment Proposal form
- b. Technical Panel Materials
  - i. Memo to Technical Panel from IESO staff
  - ii. TP member Rationale
- c. Stakeholder feedback summary, stakeholder engagement and Technical Panel
- d. Consumer Impact Assessment