

Assessment of Impact of Market Rule Amendment on Consumers Re: Price, Reliability, Quality of Electricity Service

This form is used to document the *IESO's* assessment of the impact of a proposed *market rule amendment* on the interests of consumers with respect to prices and the *reliability* and quality of electricity service.

Terms and acronyms used in this Form that are italicized have the meanings ascribed thereto in Chapter 11 of the *Market Rules*.

Part 1 – Market Rule Information

Identification No.: MR-00476-R00

Title: 2023 Capacity Auction Enhancements – Stream 1

Date of Assessment: June 16, 2023

Part 2 – Assessment

The following is the *IESO's* assessment of the impact of the proposed *market rule amendment* on the interests of consumers with respect to price and the *reliability* and quality of electricity service.

Impact on Price:

The proposed amendment will have no impact on energy market prices, however, the proposed changes may impact consumers as the Capacity Auction payments are recovered through the capacity auction uplift settlement amount. As part of the proposed Market Rule Amendments the capacity auction will change from acquiring capacity from participants based on their own stated abilities (Installed Capacity or ICAP) to a methodology that only acquires capacity that the IESO can depend on from each resource (Unforced Capacity or UCAP). Since the UCAP for each resource is either less than or equal to the ICAP this change may result in an increased clearing price in the capacity auction as more resources may be required to fulfill the target capacity. However, the auction clearing price should more accurately reflect the value the resources are actually providing. The associated changes to settlement charges will help to ensure that the compensation resources receive is more closely aligned with what they are capable of delivering.

Impact on Reliability of Electricity Service:

The proposed Market Rule Amendments will see the introduction of a capacity qualification process which will determine the unforced capacity (UCAP) of each resource that can be offered into the auction. A resource's UCAP represents the amount of capacity a resource is capable of contributing to the resource adequacy of the system on average throughout the obligation period. This process is intended to help ensure that resources only offer into the auction an amount of capacity they are capable of delivering. This will improve reliability, as the IESO will be able to rely more accurately on the capacity values associated with each capacity resource.

Impact on Quality of Electricity Service:

None