

# Incremental Capacity Auction (ICA) – Stakeholder Feedback Form

Stakeholder Meeting: September 28<sup>th</sup>, 2017

<b>Feedback request by:</b> 2017/10/26 <b>Date Submitted:</b> 2017/10/25	<b>Feedback provided by:</b> Company Name: _____NRGCS_____ Contact Name: _____Marie Pieniazek and Julia Popova_____ Phone: _____ Email: _____
---	---

The IESO held the first meeting of the ‘Options Phase’ of the Market Renewal – Incremental Capacity Auction engagement on September 28<sup>th</sup>, 2017.

The presentation can be [found here](#).

In order to maximize the effectiveness of this stakeholder engagement process, the IESO requests that stakeholders use the template below to provide feedback on content presented as follows:

- Provide responses to the questions posed
- For options presented, indicate your preference along with applicable rationale/supporting arguments (reference slide numbers where applicable)
- Identify any aspects that you believe require further elaboration or discussion

Feedback received will be summarized and will help inform further discussions at future stakeholder engagement meetings.

Incremental Capacity Auction – Stakeholder Feedback Form  
 Stakeholder Meeting: September 28th, 2017

Design Element	Features	Questions for Stakeholders	Stakeholder Feedback
<b>Participation Requirements</b>	(1) Organization Participation and Facility Registration (2) Fees & Deposits (3) Performance Security <i>Slides 15-26</i>	<p><b>QUESTION:</b> Are there any aspects of the proposed Participation Requirements that would pose an unreasonable barrier to entry for potential participants?</p> <p><b>QUESTION:</b> What considerations should be taken into account when establishing deposit/security amounts?</p>	N/A
<b>Resource Eligibility</b>	(1) Ineligible Resource Types <i>Slides 34-39</i>	<p><b>QUESTION:</b> Are there any concerns with the resource types that have been identified as ineligible?</p> <p><b>QUESTION:</b> Are there any other resource types that should be ineligible?</p>	N/A
	(2) General Requirements:  - New vs Existing Resources <i>Slides 42-43</i>	<p><b>QUESTION:</b> How should new vs. existing resources be defined under the capacity auction?</p> <p><b>QUESTION:</b> In addition to facilities that are still to be built, should new resources include:</p> <ul style="list-style-type: none"> <li>-Existing facilities that have never provided energy to the grid (e.g., previously Behind-the-Meter Generation/off-grid)?</li> <li>-Upgrades to existing facilities that have uprated by some minimum percentage of their existing capacity or that include capital expenditures of a minimum \$/MW amount?</li> <li>-Existing facilities that have not operated for a number of years and are brought back into operation?</li> </ul>	N/A

Design Element	Features	Questions for Stakeholders	Stakeholder Feedback
	(2b) Permits and Licensing <i>Slides 46-49</i>	<p><b>QUESTION:</b> What permits should participants be required to provide to the IESO in advance of the auction?</p> <p><b>QUESTION:</b> If permits are not required prior to the auction, where should participants be in the permitting process prior to applying?                      Should the IESO:</p> <ul style="list-style-type: none"> <li>(a) Establish a specific milestone in the permitting process that projects should have reached prior to the auction, or</li> <li>(b) Require that projects have commenced any required permitting process with the onus on the participant to have this completed prior to the commitment period?</li> </ul> <p><b>QUESTION:</b> How should delays related to project permitting be addressed?</p>	<p>Though permitting and licencing requirements may be applied to DR to some extent (i.e. BMG); however, giving the 4-5 years forward-looking nature of the ICA, it could be too strict set of requirements for DR, especially for those that are to come to the market (that is new DR).</p> <p>DR aggregators should be required to commit to reducing load at the direction of IESO during the entire (deliverability) year; and provide all necessary permits/licenses as applicable, contracts, customer plan, and M&amp;V at or after 6 months before the deliverability year start ( Nov 1 of prior calendar year)</p>
	(2c) Project Milestones <i>Slides 50-52</i>	<p><b>QUESTION:</b> What type of information should the IESO require related to project milestones?</p>	<p>Requirements like “project permitting, project financial closing, major equipment orders/delivery/testing, site construction, commissioning, commercial operation, and transmission upgrades” are not generally applicable to DR due to the nature of resources, so they would not be a good measure of readiness</p>
	(2d) Connection Assessment <i>Slides 53-56</i>	<p><b>QUESTION:</b> What other considerations should the IESO take into account related to connection of new projects?</p> <p><b>QUESTION:</b> What information, if any, do participants require from the IESO related to connection availability prior to offering into the</p>	<p>The requirements as outlined in this section of the presentation may not be applicable to the resources like DR</p>

Incremental Capacity Auction – Stakeholder Feedback Form  
 Stakeholder Meeting: September 28th, 2017

Design Element	Features	Questions for Stakeholders	Stakeholder Feedback
		auction?	
	(2e) Project Financing <i>Slides 57-59</i>	<p><b>QUESTION:</b> To minimize risk of the project not being developed, should the IESO require participants to provide project financing information, or rely on prudentials and/or other deposits?</p> <p><b>QUESTION:</b> If required, what type of information should participants be required to provide?</p>	The requirements as outlined in this section of the presentation should not be applicable to the resources like DR; credit collateral to bid into the ICAs should be sufficient.
	(2f) Project Development Experience <i>Slides 60-61</i>	<p><b>QUESTION:</b> Should the IESO require participants to demonstrate project development experience? For all projects or only projects over a certain size?</p> <p><b>QUESTION:</b> How should this experience be demonstrated?</p>	N/A
	(2g) Site Access <i>Slides 62-63</i>	<p><b>QUESTION:</b> To minimize risk of the project not being developed, should the IESO:</p> <ul style="list-style-type: none"> <li>(a) Require participants provide information regarding site access, or</li> <li>(b) Rely on non-performance implications to provide the necessary incentives (e.g. loss of deposit, damage charges, etc.) for developers to ensure they only offer in projects that can be developed on time?</li> </ul>	N/A
	(2h) Project Support <i>Slides 64-65</i>	<p><b>QUESTION:</b> Should project support be a mandatory (i.e., pass/fail) requirement?</p> <p><b>QUESTION:</b> If an optional requirement, how should it factor into resource selection?</p>	The requirements as outlined in this section of the presentation should not be applicable to the resources like DR

Incremental Capacity Auction – Stakeholder Feedback Form  
 Stakeholder Meeting: September 28th, 2017

Design Element	Features	Questions for Stakeholders	Stakeholder Feedback
		<p><i>(noting that resource selection would otherwise be based solely on offer price and system constraints)</i></p> <p><b>QUESTION:</b> If so, what should participants be required to provide to demonstrate project support (e.g., council resolution)?</p>	
	<p>(2) General Requirements:</p> <p>- Questions for Discussion  <i>Slide 66</i></p>	<p><b>QUESTION:</b> Are there any other general requirements that stakeholders believe participants should be required to meet?</p> <p><b>QUESTION:</b> Any foreseeable issues as a result of requiring all participants (i.e., various technology types, new vs. existing) to meet the requirements outlined in this feature?</p>	N/A
	<p>(3) Resource Specific Requirements:</p> <p>(3a) Energy Storage  <i>Slides 68-70</i></p>	<p><b>QUESTION:</b> What factors should be considered related to the treatment of energy storage resources in the ICA?</p>	N/A
	<p>(3b) Demand Response  <i>Slides 71-72</i></p>	<p><b>QUESTION:</b> How does eligibility need to evolve as resources are transitioned from the DR Auction to the ICA?  <i>(recognizing that the ICA will likely procure a different product than the DR Auction)</i></p> <p><b>QUESTION:</b> Is there anything else the IESO should consider related to the transition of DR resources from the DR Auction to the ICA?</p>	We support the IESO proposal for DR to be procured through the ICA

Design Element	Features	Questions for Stakeholders	Stakeholder Feedback
	(3c) Aggregated Resources <i>Slides 73-77</i>	<p><b>QUESTION:</b> Are existing obligations in the Market Rules regarding aggregation sufficient to facilitate desired participation in the ICA?</p> <p><b>QUESTION:</b> If the IESO was able to upgrade the necessary tools and processes to be able to accommodate smaller resources, what would be a reasonable threshold? (e.g., 100 kW?)</p> <p><b>QUESTION:</b> Are there any other resource aggregation issues stakeholders would like the IESO to consider?</p>	<p>It is important to enables participation of smaller resources (&lt;1MW) in order to increase participation rate, utilization, and competition.</p> <p>Based on current trends in the industry, 100kW is a reasonable minimum threshold.</p> <p>It was mentioned during the discussion that currently the aggregation of DR resources is permitted provided that resources are located in single electrical zone and comply with limits and limitations as provided in the DR pre-auction report. This model is proposed to be extended for DR aggregations participation in ICAs. While it would be beneficial to have aggregation permitted across several connection points, it is paramount to address the planning of virtual limitations 4-5 yrs. in advance. What would happen to capacity obligation of DR aggregation, if the system changes drastically between auction time and delivery period so such aggregation can no longer be “behind” single point due to virtual limits?</p>
	(3d) Contracted Resources  Issue #1 (Uprates) <i>Slides 80-82</i>	<b>QUESTION:</b> What are potential options for dealing with this issue while ensuring no additional costs to ratepayers under the PPA?	N/A
	(3d) Contracted Resources  Issue #2 (Determining Incremental	<p>Please identify preferred option and provide supporting rationale.</p> <p><b>OPTIONS:</b></p> <ol style="list-style-type: none"> <li>1. <math>IC = QC - CC</math></li> <li>2. <math>IC = QF * (NC - CC) = QF * MC</math></li> </ol>	N/A

Incremental Capacity Auction – Stakeholder Feedback Form  
 Stakeholder Meeting: September 28th, 2017

Design Element	Features	Questions for Stakeholders	Stakeholder Feedback
	Capacity) <i>Slides 83-88</i>	<p><b>QUESTION:</b> Which Option provides a solution that is fair to both participants and ratepayers and ensures resource adequacy needs are met?</p> <ul style="list-style-type: none"> <li>- Are there any additional options that should be considered?</li> <li>- How would this change if the uprated MW were separately metered?</li> </ul>	
	(3d) Contracted Resources:  Additional Questions for Discussion <i>Slide 90</i>	<p><b>QUESTION:</b> Are there any other items/issues that should be considered related to the participation of incremental capacity from contracted facilities?</p>	N/A
	(3e) Regulated Entities <i>Slides 91-92</i>	<p><b>QUESTION:</b> Are there any specific participation requirements or issues to be considered associated with the participation of Regulated Entities?</p>	N/A
	(3f) Imports <i>Slides 93-95</i>	<p><b>QUESTION:</b> Should the import of both new and existing resources be eligible?</p> <p><b>QUESTION:</b> Are there specific fuel types that should not be eligible to provide imported capacity?</p> <ul style="list-style-type: none"> <li>- Coal is not permitted to be used to generate electricity in Ontario, should this restriction be extended to importing generators/jurisdictions?</li> <li>- Can imports backed by intermittent generation be counted on to meet system adequacy needs?</li> </ul> <p><b>QUESTION:</b> Should system-backed imports be</p>	N/A

Design Element	Features	Questions for Stakeholders	Stakeholder Feedback
		eligible?  <b>QUESTION:</b> Should imports backed by a proponent’s portfolio of resources be eligible?  <b>QUESTION:</b> Are there any other considerations that should be considered in relation to the eligibility of imported resources for Ontario?	
<b>Qualified Capacity</b>	(1) Planned / Maintenance Outages <i>Slides 109-114</i>	Please identify preferred option and provide supporting rationale. <b>OPTIONS:</b> <ol style="list-style-type: none"> <li>1. Include planned/maintenance outages implicitly as part of the “Intermittent and Energy Limited” resource’s historical production data</li> <li>2. Exclude planned/maintenance outages implicitly as part of the “Intermittent and Energy Limited” resource’s historical production data</li> </ol> <b>QUESTION:</b> What other considerations should be taken into account for how planned & maintenance outages impact Qualified Capacity?	N/A
	(2) Forced Outages <i>Slides 116-122</i>	Please identify preferred option and provide supporting rationale. <b>OPTIONS:</b> <ol style="list-style-type: none"> <li>1. Exclude OMC outages from EFORD calculation for “Thermal Resources”</li> <li>2. Include OMC outages from EFORD calculation for “Thermal Resources”</li> </ol>	N/A



Incremental Capacity Auction – Stakeholder Feedback Form  
 Stakeholder Meeting: September 28th, 2017

Design Element	Features	Questions for Stakeholders	Stakeholder Feedback
		<p><b>QUESTION:</b> What type of forced outages should be excluded, if any, when determining EFORd for Qualified Capacity?</p>	
	<p>(3) Seasonal Capability  <i>Slides 124-130</i></p>	<p>Please identify preferred option and provide supporting rationale.</p> <p><b>OPTIONS:</b></p> <ol style="list-style-type: none"> <li>1. Annual test and/or historical production data for “Thermal Resources”</li> <li>2. Seasonal test and/or historical production data for “Thermal Resources”</li> </ol> <p><b>QUESTION:</b> What other considerations need to be taken into account related to Seasonal Capability when determining Qualified Capacity?</p>	<p>N/A</p>
	<p>(4) Locational Constraints  <i>Slides 132-135</i></p>	<p><b>QUESTION:</b> What other considerations should be taken into account with respect to Locational Constraints?</p>	<p>N/A</p>
	<p>(5) New Resources  <i>Slides 137-145</i></p>	<p>Please identify preferred option and provide supporting rationale.</p> <p><b>OPTIONS:</b></p> <ol style="list-style-type: none"> <li>1. Similar class average values (NERC GADS or CEA)</li> <li>2. Obtain simulated data from a provider</li> <li>3. Similar existing unit(s) in Ontario</li> </ol> <p><b>QUESTION:</b> What other considerations should be taken into accounting when establishing the Qualified Capacity of a new resource?</p>	<p>N/A</p>

Incremental Capacity Auction – Stakeholder Feedback Form  
 Stakeholder Meeting: September 28th, 2017

Design Element	Features	Questions for Stakeholders	Stakeholder Feedback
	(6) Methodology  (6a) Aggregation Level <i>Slides 148-149</i>	<b>QUESTION:</b> What other considerations for aggregation level should be taken into account when determining Qualified Capacity?	N/A
	(6b) Calculation Method <i>Slides 150-156</i>	Please identify preferred option and provide supporting rationale to calculate Qualified Capacity for “Intermittent and Energy Limited” Resources. <b>OPTIONS:</b> 1. Capacity Contribution 2. Effective Load Carrying Capability (ELCC)  <b>QUESTION:</b> What calculation method should the IESO adopt to qualify capacity from Thermal or Intermittent and Energy Limited resources?	N/A

**General Comments/Feedback:**