

# Incremental Capacity Auction (ICA) – Stakeholder Feedback Form

Stakeholder Meeting: March 7<sup>th</sup>, 2018

<b>Date Submitted:</b> <i>2018/04/04</i>	<b>Feedback provided by:</b> Company Name: AMPCO Contact Name: Colin Anderson [Redacted] [Redacted]
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The IESO held the sixth meeting of the ‘Options Phase’ of the Market Renewal – Incremental Capacity Auction engagement on March 7<sup>th</sup>, 2018.

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

Please provide feedback by **April 13, 2018** to [engagement@ieso.ca](mailto:engagement@ieso.ca). Feedback received will be summarized and will help inform further discussions at future stakeholder engagement meetings.

Design Element	Features	Questions/Next Steps/Recommendations	Stakeholder Feedback
<b>STAKEHOLDER FEEDBACK – DECEMBER 4 DESIGN ELEMENTS</b>			
<b>Length of Forward Period</b>	(1) Length of the Forward Period	Decisions made need to consider holistic risk allocation (e.g. Rebalancing Auctions, forecasting uncertainty, obligations, etc.)  <b>PRELIMINARY DECISION:</b> The length of the forward period should be three and a half years  <b>NEXT STEPS:</b> The IESO will establish the exact months in which the forward period will start and end as part of the Detailed Design considering the decisions made related to Commitment Periods	<b>AMPCO can support the 3.5 year forward period.</b>  <b>AMPCO understands the trade-offs between increasing competition and minimizing price uncertainty and places more emphasis on price certainty. For this reason, AMPCO does not support longer than 3.5 years.</b>  <b>Again, AMPCO reiterates its position that the IESO should not be seeking out additional risk.</b>
	(2) Timing of the Base Auction	<b>NEXT STEPS:</b> The IESO will take this feedback into consideration when establishing the timing of the base auction as part of Detailed Design	<b>N/A</b>
<b>Commitment Period</b>	(1) Seasonal vs. Annual Obligations	Other jurisdictions originally started with an annual design, however have since been trying to reflect evolving seasonality aspects using “bolt-on” solutions • A switch to ‘Seasonal’ construct would be more challenging in the future  <b>PRELIMINARY DECISION:</b> Implement seasonal Obligation Periods (i.e. seasonal offers cooptimized across a one year period),  <b>NEXT STEPS:</b> The IESO will determine the	<b>AMPCO can support a seasonal commitment period.</b>

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		details related to Seasonal Obligations as part of the Detailed Design	
	(2) Timing of the Commitment Period	<p><b>PRELIMINARY DECISION:</b> The Commitment Period will start during the summer period to align with neighbouring jurisdictions</p> <p><b>NEXT STEPS:</b> IESO will determine the exact months that fall into each season as part of the Detailed Design (in alignment with the Obligation Period(s))</p>	N/A
Multi-year Commitments	(1) Eligibility  <i>Slide 21 (also see Dec 4<sup>th</sup> SE deck)</i>	<p><b>NEXT STEPS:</b> Specific criteria will be established during Detailed Design</p> <p><i>Please provide any additional comments or feedback you may have related to this feature.</i></p>	<b>AMPCO believes that multi-year commitments (MYC) should be used sparingly.</b>
	(2) Length of the Multi-year Commitment  <i>Slide 21 (also see Dec 4<sup>th</sup> SE deck)</i>	<p><b>NEXT STEPS:</b> The maximum length of the MYC will be determined as part of the Detailed Design, taking into account other considerations including the approach taken on when and how MYCs would be available</p> <p><i>Please provide any additional comments or feedback you may have related to this feature.</i></p>	<b>AMPCO believes that the longer the MYC, the more it starts to resemble a long-term contract – which is not the intent.</b>

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	(3) Price Formation  <i>Slide 22(also see Dec 4<sup>th</sup> SE deck)</i>	<b>NEXT STEPS:</b> Details around price formation will be determined as part of the Detailed Design  <i>Please provide any additional comments or feedback you may have related to this feature.</i>	<b>N/A</b>
	(4) Availability	<b>QUESTION:</b> Under what circumstances should Multi-year Commitments be available?  <b>QUESTION:</b> How should resources seeking multi-year commitments compete against those seeking an annual commitment?	<b>See Above.</b>
	<i>Slides 19-20</i>	<b>NEXT STEPS:</b> The IESO will consider stakeholder feedback and availability considerations in other jurisdictions and will propose an approach to availability for MYCs as part of the HLD	<b>N/A</b>
<b>MARCH 7 DESIGN ELEMENTS</b>			
<b>Forward Period Obligations &amp; Implications</b>	(1) Completion Security  <i>Slides 32-39</i>	<b>NEXT STEPS:</b> The IESO will consider stakeholder feedback, and as part of the HLD will communicate the approach for determining the amount of, and the general timelines for providing, Completion Security  <ul style="list-style-type: none"> <li>• Detailed timelines, format for providing Completion Security, and related</li> </ul>	<b>In general, AMPCO has already indicated that the IESO should not be taking on additional risk – this should be borne by the project proponent.</b>  <b>Further, in a number of categories we may need to avoid the “one size fits all” approach – demand response from an existing load may not be identical in terms of risk to a new generation source.</b>

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		<p>implications will be determined as part of the detailed design</p> <ul style="list-style-type: none"> <li>The requirements will likely be aligned with existing related processes and policies currently outlined in the Market Rules</li> </ul>	
	(2) Project Milestones	<p><b>RECOMMENDATION:</b> The IESO proposes that project milestones should be established as part of the requirements during the forward period</p> <p><b>NEXT STEPS:</b> The IESO will consider stakeholder feedback and will determine which project milestones will be mandatory during the forward period, how milestones will be assessed/monitored, and the implications that will apply for failure to meet defined milestones</p>	
	<i>Slides 40-51</i>	<p><b>QUESTION:</b> What milestones do stakeholders feel are important for the IESO to track to ensure projects reach commercial operation by the Commitment Period?</p> <p><b>QUESTION:</b> What type of assessment should be used to determine whether milestones are being met (e.g., reports, IE certificates, etc.)</p> <ul style="list-style-type: none"> <li>How often should reports be required and what information should these contain?</li> </ul> <p><b>QUESTION:</b> What type of implications (e.g.,</p>	

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		termination, financial implications, etc.) should apply if participants fail to meet key project milestones?	
	(3) Capacity Check Test  <i>Slides 52-56</i>	<b>NEXT STEPS:</b> The IESO will consider assessments performed as part of the capacity qualification process and those available during the Commitment Period, the applicability of testing procedures used in other jurisdictions, as well as stakeholder feedback to determine whether a capacity check test will be required during the forward period	<b>Again, AMPCO suspects that there are already capacity check tests that are carried out for Market Entry for new generation. Let’s not duplicate processes and increase costs if it already exists.</b>
<b>Rebalancing Auctions</b>	(1) Frequency of Auctions  <i>Slides 67-72</i>	<b>OPTIONS:</b> The IESO could hold one, two, or three rebalancing auctions ahead of the Commitment Period	<b>AMPCO agrees with the need for rebalancing auctions.</b>  <b>Further, the IESO needs to carefully consider what percentage of the Capacity Requirement it tries to procure in the Base auction, in order to guard against general overprocurement after the base and rebalancing auctions due to changes in forecast requirement.</b>
		<b>RECOMMENDATION:</b> The IESO proposes to establish rebalancing auctions during the Forward Period (up to a maximum of three)  <b>NEXT STEPS:</b> Based on stakeholder feedback	

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		and linkages to other rebalancing auction features, the number of rebalancing auctions will be determined (i.e., one, two or three auctions)	
	(2) Timing of Auctions Relative to the Commitment Period  <i>Slides 73-77</i>	<b>NEXT STEPS:</b> The timing of rebalancing auctions will be determined taking into account stakeholder feedback and informed by: <ul style="list-style-type: none"> <li>• The length of the forward period</li> <li>• The number of rebalancing auctions established</li> <li>• Obligations/implications within the forward period</li> <li>• Opportunities for out-of-market actions if the final rebalancing auction clears below the Minimum Capacity Limit</li> </ul>	
	(3) Rebalancing Auction Clearing  <i>Slides 78-83</i>	<b>NEXT STEPS:</b> As part of the detailed design, the IESO will develop the methodology for establishing the demand curve used in rebalancing auctions	
	(4) Participation Requirements  <i>Slides 84-88</i>	<b>NEXT STEPS:</b> Eligibility criteria and the Qualified Capacity process will be established for the base and rebalancing auctions	

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	(5) Obligation Transfers between Participants	<p><b>OPTIONS:</b></p> <p><b>(1)</b> In addition to holding rebalancing auctions, allow for the transferring of obligations within defined windows</p> <p><b>(2)</b> Allow for the trading of obligations only through the rebalancing auction mechanism</p>	
	<i>Slides 89-93</i>	<p><b>NEXT STEPS:</b> The IESO, considering stakeholder feedback, will weigh the potential benefits that transfers between participants can provide against the complexity of administering this functionality in order to make a determination on this feature</p>	

**General Comments/Feedback:**