



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	NRGCS supports 3 to 3 ½ years forward period.
	(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>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 details related to Seasonal Obligations as part	NRGCS supports added flexibility of seasonal obligations for resources that able to contribute to meeting the systems needs to different degree depending on time of the year. This would include Demand Response and resources that are either weather dependant or have load that vary due to business cycle, for example.

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	(2) Timing of the Commitment Period	of the Detailed Design  <b>PRELIMINARY DECISION:</b> The Commitment Period will start during the summer period to align with neighbouring jurisdictions  <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))	
<b>Multi-year Commitments</b>	(1) Eligibility  <i>Slide 21 (also see Dec 4<sup>th</sup> SE deck)</i>	<b>NEXT STEPS:</b> Specific criteria will be established during Detailed Design  <i>Please provide any additional comments or feedback you may have related to this feature.</i>	If multi-year commitment period (“MYC”) is part of the ICA market design, then <i>all new resources</i> should qualify to select the multi-year option to address system needs.
	(2) Length of the Multi-year Commitment  <i>Slide 21 (also see Dec 4<sup>th</sup> SE deck)</i>	<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  <i>Please provide any additional comments or feedback you may have related to this feature.</i>	If a MYC is part of the ICA design, then qualified resources should have the option to choose the length of their commitment that is shorter (say, 1 year up to 7 years) than the length of the MYC period (say, 7 years).  Alternatively, MYC duration may vary depending on circumstances under which the need for MYC is triggered.

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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>	
	(4) Availability  <i>Slides 19-20</i>	<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>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>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>New (planned) resources should have an established security credit that is based on percentage of auction clearing price and not on \$/MW-yr due to high variability of different technologies costs.</b>  <b>Alternatively, security may be established as a percentage of price cap (Net CONE) to mitigate an adverse impact of not delivering capacity to meet reliability needs of the system .</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>	
	<p>(2) Project Milestones  <i>Slides 40-51</i></p>	<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> <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>	<p>DR should be eligible to follow simplified process for project milestones since they are not a truly “new steel in the ground” projects.</p> <ul style="list-style-type: none"> <li>complete a Certificate Form demonstrating that DR provider has intention and ability to deliver the MWs;</li> <li>provide the project’s commercial operation date</li> <li>satisfy financial obligations to participate in auctions (e.g. security credit collateral)</li> </ul>

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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	Planned DR resources should follow registration requirements as any existing DR and be tested during delivery period to demonstrate their ability to address system needs and meet their (seasonal) capacity obligations. For instance, testing in winter to establish summer season obligation may result in erroneous results and therefore in inefficient utilization of DR resources.
<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	NRGCS recommends establishing up to three rebalancing auctions. More rebalancing auction impose additional administrative burden while not necessarily providing additional opportunities (thin market). However, rebalancing auctions are important tools to adjust to changing load requirements and supply availability to deliver. Therefore, rebalancing auctions provide opportunity to balance risk of over and under procurement while allowing suppliers to manage their portfolios adjusting to conditions.
		<b>RECOMMENDATION:</b> The IESO proposes to establish rebalancing auctions during the	

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		Forward Period (up to a maximum of three)  <b>NEXT STEPS:</b> Based on stakeholder feedback 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>	NRGCS recommends that a rebalancing auction should take place 3-6 months before the delivery period starts.
	(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	

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	(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	
	(5) Obligation Transfers between Participants  <i>Slides 89-93</i>	<b>OPTIONS:</b> <b>(1)</b> In addition to holding rebalancing auctions, allow for the transferring of obligations within defined windows <b>(2)</b> Allow for the trading of obligations only through the rebalancing auction mechanism	Due to voluntary nature of rebalancing auctions and potential of illiquidity situation, NRGCS would recommend an option of transferring obligations
	<i>Slides 89-93</i>	<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	

General Comments/Feedback:



Incremental Capacity Auction – Stakeholder Feedback Form  
Stakeholder Meeting: March 7, 2018