

# Incremental Capacity Auction (ICA) – Stakeholder Feedback Form

Stakeholder Meeting: April 19, 2018

<b>Date Submitted:</b> <i>2017/05/14</i>	<b>Feedback provided by:</b> Company Name: <u>City of Toronto</u> Contact Name: <u>Chaim Koff</u> Phone: <u>[REDACTED]</u> Email: <u>[REDACTED]</u>
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The IESO held the seventh meeting of the ‘Options Phase’ of the Market Renewal – Incremental Capacity Auction engagement on April 19, 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 **May 17, 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.

Topic/Design Element	Features	Questions/Next Steps/Recommendations	Stakeholder Feedback
<b>Decision Phase Work Plan</b>	<i>Slides 25-36</i>	<p><b>NEXT STEPS:</b>                      The next stakeholder session will be held on <b>June 14, 2018</b> and will include: – Presentation on the results of the Demand Curve modelling – Summary of the SE feedback from March 7/April 19</p> <p>Sessions following this will be held on <b>September 12, 2018</b> (Participation Model: Vision) and <b>October 16, 2018</b> (Participation Model: Preliminary Decisions)</p> <p>Stakeholders interested in attending these sessions are encouraged to block off these dates in their calendars</p>	
<b>ICA Schedule Checkpoint</b>	<i>Slides 38-43</i>	<i>Please provide any comments you may have on this section of the presentation.</i>	
<b>APRIL 19 DESIGN ELEMENTS</b>			
<b>Locational Considerations</b>	(1a) Capacity Zones – Transmission Limitations  <i>Slides 53-57</i>	<p><b>NEXT STEPS:</b> As part of the detailed design, IESO will establish necessary processes to incorporate transmission limitations in the formation of Capacity Zones for the ICA</p>	

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		<p><b>OPTIONS:</b>                      (1) A fixed periodicity                      (2) A material change to the system                      (3) Combination of 1&amp;2</p> <p><b>RECOMMENDATION:</b> Pursue Option 3 and establish criteria for when a review would be triggered</p>	
	<p>(1b) Capacity Zones – Reasonably Stable and Predictable</p> <p><i>Slides 58-62</i></p>	<p><b>QUESTION:</b> How often should the IESO review the Capacity Zones?</p> <p><b>QUESTION:</b> Should this review be aligned with other relevant activities (e.g., Planning, ICA or others)?</p>	<p><b>Comment:</b> The City of Toronto has introduced Transform TO; a comprehensive set of GHG reduction strategies including adoption of electric vehicles as well as retrofitting all existing buildings to improve energy performance by an average of 40 per cent.</p> <p>The success of the Tranform TO strategy is expected to result in increased demand for electricity, and should be considered in electricity planning exercises.</p> <p><b>Recommendation:</b> The City recommends that the IESO include local municipalities in any review of new capacity zones.</p>

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	(1c) Capacity Zones – Reasonable Size  <i>Slides 63-66</i>	<b>NEXT STEPS:</b> During detailed design, and as part of developing the required processes to establish ICA zones and the associated zonal maximum and minimum capacity, the IESO will further explore the need for identifying a minimum size threshold	<b>Question:</b> Will the IESO be working with the LDC to incorporate distribution limits when defining Nodal zones?
	(2) Zonal Maximum Capacity  <i>Slides 67-72</i>	<b>NEXT STEPS:</b> The IESO will review the two approaches to determine which option is better suited for the purpose of establishing the maximum capacity that can be acquired in an export-constrained Capacity Zone	
	(3) Zonal Minimum Capacity  <i>Slides 73-77</i>	<b>NEXT STEPS:</b> The IESO will establish, as part of the detailed design, a process to determine Zonal Minimum Capacity for import constrained zones, if required	
	(4) Deliverability  <i>Slides 80-93</i>	<b>NEXT STEPS:</b> IESO will further explore the presented preliminary IESO vision taking into consideration the feedback provided by stakeholders  The IESO will also review the current CAA process while developing the deliverability assessment to determine whether the deliverability assessment should be an independent process or should it be part of the CAA process	<b>Question:</b> Has the IESO evaluated the effect on electricity costs if resources are required to incorporate the risk of nodal transmission constraints before bidding?  <b>Recommendation:</b> The City recommends that the Incremental Capacity Auction stakeholder team review findings from the DR Auction to implement a similar process for quantifying capacity.

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	(4) Deliverability – Pre Auction Deliverability Indication  <i>Slides 94-98</i>	<b>NEXT STEPS:</b> IESO will examine how to create a simple method that could provide an indicative estimate of available transmission capability prior to resource qualification	<b>Comment:</b> The City looks forward to reviewing the "simple method"
		<b>QUESTION:</b> What type of information do stakeholders feel is important to be made available before, during and following each auction?	<b>Comment:</b> The City supports transparency in the auction process and recommends that the IESO include: <ul style="list-style-type: none"> <li>• Details of technology type</li> <li>• Details that are identified in the DR post Auction report</li> </ul> <a href="http://reports.ieso.ca/public/DR-PostAuctionSummary/PUB_DR-PostAuctionSummary.xml">http://reports.ieso.ca/public/DR-PostAuctionSummary/PUB_DR-PostAuctionSummary.xml</a>
	(5) Locational Clearing  <i>Slides 99-100</i>	Following completion of the demand curve modelling analysis currently underway, the IESO plans to further model the potential market outcomes of the two clearing approaches discussed on slide 99  Regardless of the approach used, the clearing mechanism will aim to result in transparent auction clearing prices that signal the value of capacity within a defined zone in Ontario	

**General Comments/Feedback:**

**Slide 18 - Must Offer Requirements:** IESO *"Stakeholder acknowledgement that more comprehensive feedback related to the must-offer obligation will need to be provided once decisions for other linked design elements are established"*

**Question:** Has the IESO considered the challenges for Demand side resources to meet must offer requirements?

**Slide 19 –IESO** *"There was a recommendation that the IESO establish a separate stakeholding process dealing with decision making, market rule amendment and dispute resolution processes related to ICA "*

**Comment:** The City supports introducing a defined dispute resolution process.

**Slide 20- Allocation Methodology** IESO *"The IESO will work with relevant parties to determine the appropriate capacity cost allocation methodology as part of the detailed design"*

**Recommendation** – The City recommends that the IESO include an equity context in order to maintain fair pricing for Ontario residents.