Incremental Capacity Auction (ICA) – *Stakeholder Feedback Form*

Stakeholder Meeting: October 18/19, 2018

Date Submitted: *2018/11/16*	**Feedback provided by:** Company Name: Amp Contact Name: Paul Luukkonen Phone: 905 271 7800 Email: _____pluukkonen@amp.energy_____

The IESO held the second meeting of the 'Decisions Phase' of the Market Renewal – Incremental Capacity Auction engagement on October 18/19, 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 feedback in relation to topics, themes, preliminary findings, and/or next steps discussed, 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 **November 16, 2018** to **engagement@ieso.ca.** Feedback received will be summarized and will help inform further discussions at future stakeholder engagement meetings.

September 12 Themes and Responses & ICA Foundational Decisions *(slides 5-45)*

Section	Theme/Topic	Stakeholder Feedback
September 12 – Themes & Responses *Slides 5-35*	1. Desire for More Detail	
	2. Transparency of System Needs	What is the reliability problem (system need) that the capacity product will resolve? Which are the seasonal/temporal parameters where capacity is required? Can IESO identify a more specifc capcity requirement on this basis and provide guidelines it is trying to solve for with respect to the Must Offer Hours and the Minimum Consecutive Hours of Delivery (MCHD) in advance of the Detailed Design Phase?
	3. Understand Opportunities for running auction earlier	
	4. Clarity on 2023 needs and IESO view on need for new build capacity	
	5. Multi-Year Commitments	
	6. Details related to governance	

Section	Theme/Topic	Stakeholder Feedback
	7. Risk Mitigation	
	8. Locational Details	
ICA Foundational Decisions *Slides 36-45*	Length of Forward Period	
	Commitment Period	

Preliminary Decisions – Auction Activities *(Slides 46-187)*

Process	Topic	Stakeholder Feedback
1. Review Participation Requirements *Slides 46-72*	Organization and Resource Registration Requirements	
	Ineligible Resources Types	
	Minimum Project Size	As this is a Market "Renewal" project minimum project size should be brought in line with other US jurisdictions required to comply with FERC order 845 to allow storage to participate with a minimum project size of 100 kW. Minimum project size for the ICA should be 100 kW. Market rules should be amended to permit this concurrently with the new market design. If this is an intiative currently under consideration by the IESO but out of scope of the MRP, could the IESO identify the department and the individual lead responsible for this intitiative. Is there a public document that can be shared to indicate status, progress and considerations pertaining to this intitiative? If this initiative supports a threshold below 1 MW can/will the reduced threshold be implemented into the the new market design and in time for participation in the ICA?
	Resource Aggregation	Resource aggregation should be permitted for generation resources for the purpose of meeting minimum project size requirements as in other jurisdictions. There should also be consideration for larger resource aggregation to permit the operation of Virtual Power Plants and provide project owners the opportunity to

Process	Topic	Stakeholder Feedback
		manage a larger CSO subject to appropriate locational and technical considerations (as currently with DR aggregation). Conceptually it does not make sense to modernize an electricity market without modernizing market rules (to permit aggregation and/or min project size) There has been and will continue to be a proliferation of new, smaller distributed energy resources that can have significant locational and system value. The Demand Response model that permits aggregated resource participation with LDC revenue meters should be a base model for consideration of aggregated generation resources on the Distribution System
	Minimum Consecutive Hours of Delivery (MCHD)	
	Requirements for new vs. existing resources	
	Project Awareness Requirements	
	Participation of Regulated Entities	
	Requirements related to the participation of contracted resources	
	Requirements related to the participation of imports	

Process	Topic	Stakeholder Feedback
	Connection Assessment Timelines	The decision to not permit CIAs for Dx connected projects in advance of auction should not be implemented until IESO is able to determine a process with LDCs to substantially mitigate the risk of a new resource clearing the auction and not being able to obtain interconnection capcity
	Site Access Requirements	
2. Determine Auction Parameters and Publish Pre-Auction Report *Slides 73-88*	Auction Parameters	
	Pre-Auction Report	
	Target Capacity	
	Pre-Auction Deliverability Indication	
	Capacity Zones	
	Zonal Maximum Capacity	
	Zonal Minimum Capacity	
3. Submit Info for Eligibility	Assessment Deposit	

Process	Topic	Stakeholder Feedback
and Qualifying Capacity *Slides 89-95*	Demand Response	
	Hydro Resources	
4. Confirm Eligibility, Determine Qualified Capacity *Slides 96-117*	Confirm Eligibility	
	Defining the Capacity Product	
	Capacity Qualification Process	
5. Submit Auction Offer *Slides 118-130*	Submit Auction Offer	
	Inefficient Supression of Capacity Auction Prices	
6. Run Auction, Convey	Run Auction	

Process	Topic	Stakeholder Feedback
Obligations, Post Auction Results *Slides 131-135*	Location Considerations	
	Post-Auction Communications	
7. Meet Forward Period Obligations; **8.** Assess Forward Period Obligations *Slides 136-148*	Completion Security	
	Capacity Check Test	
	Project Milestones	
	Project Progress Reports	
	Performance Security	
Rebalancing Auctions *Slides 149-158*	Frequency of Auctions	
	Timing of Auctions	
	Participation Requirements	
	Obligation Transfers	

Process	Topic	Stakeholder Feedback
9. Deliver Capacity Obligations **10.** Assess Performance *Slides 159-170*	General Principles	
	Must Offer	
	Deliver Capacity Obligations	
	Outage Planning and Reporting	
	Capacity Check Test	
11. Receive Capacity Payments *Slides 171-182*	Overview	
	Availability Payments for Base Auction	
	Availability Payments for Rebalancing Auction	

Process	Topic	Stakeholder Feedback
	Check Test Failure Charge	
	Delayed Commercial Operation Charge	
	Under-Availability Charge	
	Dispatch non-performance charge	
	Administrative charges	
12. Recover Costs *Slides 183-186*	Customer Base	
	Allocation Methodology	
	Zonal vs. System-wide	

ICA Demand Curve Analysis *(presented by Brattle - the presentation can be found here)*

Design Element	Preliminary Findings/Areas to Explore	Stakeholder Feedback
Target Capacity (& LOLE Allocation)	**Preliminary Findings:** • Recommend allocating more LOLE risk to summer than winter, possibly 90/10 • Winter curve is likely to exceed reliability target unless winter becomes tighter	
	Post HLD Questions to Explore: • Are there options for updating LOLE allocation between auctions, or within each auction?	
Price Cap (& Minimum Price Cap)	**Preliminary Findings:** • Annual cap may be 1.5-2x Net CONE • Seasonal caps in the range of 1.5-2x expected seasonal price (results in a summer cap in the range of 2.5-3.5x Net CONE) • Winter price cap may be at imposed min	
	Post HLD Questions to Explore: • Can the price cap be updated after each auction to adapt to emerging market conditions? • What is an appropriate minimum to impose on the price cap?	
Maximum Capacity Limit	**Preliminary Findings:** • "Foot point" is a less important driver of curve performance, and can be adjusted to align with other chosen parameters	
Slope and Shape	**Preliminary Findings:** • Wider/flatter curve reduces price volatility but increases procured quantities and cost	

Design Element	Preliminary Findings/Areas to Explore	Stakeholder Feedback
	Post HLD Questions to Explore: • Might kinked curves offer opportunities to winter overprocurement while keeping higher price caps to protect against collapse of the winter price cap?	

General Comments/Feedback: