

Incremental Capacity Auction (ICA) – Stakeholder Feedback Form

Stakeholder Meeting: October 18/19, 2018

Date Submitted: <i>2018/11/19</i>	Feedback provided by: Company Name: Ontario Energy Association Contact Name: Rob Coulbeck Phone: 289-200-6927 Email: robcoulbeck@yahoo.ca
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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
<p>September 12 – Themes & Responses <i>Slides 5-35</i></p>	<p>1. Desire for More Detail</p>	<p>Stakeholder request for more details was appropriate and IESO response was adequate.</p>
	<p>2. Transparency of System Needs</p>	<p>The IESO response is the expected communication, agreement that the information is important. The communication needs to be backed up with action.</p>
	<p>3. Understand Opportunities for running auction earlier</p>	<p>The OEA understands the need to get the ICA process correct, as a result the timelines may not be able to be moved forward. With this in mind there must be transparency in how a capacity requirement will be met in a competitive manner prior to the implementation of the ICA.</p>
	<p>4. Clarity on 2023 needs and IESO view on need for new build capacity</p>	<p>See the previous answer.</p>
	<p>5. Multi-Year Commitments</p>	<p>The OEA agrees multi-year commitments should be further investigated as part of the detailed design.</p>
	<p>6. Details related to governance</p>	<p>The OEA believes governance is one of the most important concerns with regards to the Market Renewal Program and looks forward to the recommendations from the Advisory Group engagement.</p>

Section	Theme/Topic	Stakeholder Feedback
	7. Risk Mitigation	Without a force majeure clause it is imperative the regulatory/administrative risks are mitigated through improved communication and process management by the IESO and all Ministries.
	8. Locational Details	No Comment
ICA Foundational Decisions <i>Slides 36-45</i>	Length of Forward Period	The three and a half year Forward Period appears to be fairly long. It would be appreciated to get a better understanding how shortening the period would reduce competition.
	Commitment Period	The proposed one year Commitment Period with two Obligation Periods is a novel idea and should provide greater competition.

Preliminary Decisions – Auction Activities (Slides 46-187)

Process	Topic	Stakeholder Feedback
1. Review Participation Requirements <i>Slides 46-72</i>	Organization and Resource Registration Requirements	No comment
	Ineligible Resources Types	The ineligibility of Energy Efficiency should be reviewed as the programs are updated.
	Minimum Project Size	The Minimum Project Size and current Market Rules around participation should be reviewed. Permitting resources with smaller capacity will increase competition and provide greater opportunities for distributed energy resources.
	Resource Aggregation	Aggregation within the current 10 electrical zones for DR could restrict participation but reducing the Minimum Project Size may alleviate the concerns around restricted aggregation.
	Minimum Consecutive Hours of Delivery (MCHD)	No comment at this time but look forward to the detailed design discussion.
	Requirements for new vs. existing resources	No comment
	Project Awareness Requirements	No comment

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	Participation of Regulated Entities	No comment
	Requirements related to the participation of contracted resources	No comments at this time but look forward to more information and discussion in the detailed design.
	Requirements related to the participation of imports	No comments at this time but look forward to more information and discussion in the detailed design.
	Connection Assessment Timelines	No comment
	Site Access Requirements	No comment
2. Determine Auction Parameters and Publish Pre-Auction Report <i>Slides 73-88</i>	Auction Parameters	No comments at this time but look forward to more information and discussion in the detailed design.
	Pre-Auction Report	No comment
	Target Capacity	No comments at this time but look forward to more information and discussion in the detailed design.

Process	Topic	Stakeholder Feedback
	Pre-Auction Deliverability Indication	No comments at this time but look forward to more information and discussion in the detailed design.
	Capacity Zones	No comments at this time but look forward to more information and discussion in the detailed design.
	Zonal Maximum Capacity	No comments at this time but look forward to more information and discussion in the detailed design.
	Zonal Minimum Capacity	No comments at this time but look forward to more information and discussion in the detailed design.
3. Submit Info for Eligibility and Qualifying Capacity <i>Slides 89-95</i>	Assessment Deposit	No comment
	Demand Response	No comments at this time but look forward to more information and discussion in the detailed design.
	Hydro Resources	No comments at this time but look forward to more information and discussion in the detailed design.

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4. Confirm Eligibility, Determine Qualified Capacity <i>Slides 96-117</i>	Confirm Eligibility	No comment
	Defining the Capacity Product	No comment
	Capacity Qualification Process	No comments at this time but look forward to more information and discussion in the detailed design.
5. Submit Auction Offer <i>Slides 118-130</i>	Submit Auction Offer	No comments at this time but look forward to more information and discussion in the detailed design especially for Multi-year Commitment.
	Inefficient Suppression of Capacity Auction Prices	No comments at this time but look forward to more information and discussion in the detailed design.
6. Run Auction, Convey Obligations, Post Auction Results	Run Auction	No comment
	Location Considerations	No comment

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Process	Topic	Stakeholder Feedback	
<i>Slides 131-135</i>	Post-Auction Communications	No comment	
7. Meet Forward Period Obligations; 8. Assess Forward Period Obligations	Completion Security	No comment	
	Capacity Check Test	No comment	
	Project Milestones	No comments at this time but look forward to more information and discussion in the detailed design.	
	<i>Slides 136-148</i>	Project Progress Reports	No comment
	Performance Security	No comment	
Rebalancing Auctions <i>Slides 149-158</i>	Frequency of Auctions	No comments at this time but look forward to more information and discussion in the detailed design.	
	Timing of Auctions	No comments at this time but look forward to more information and discussion in the detailed design.	
	Participation Requirements	No comments at this time but look forward to more information and discussion in the detailed design.	

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	Obligation Transfers	No comments at this time but as liquidity increases this topic should be reassessed.
9. Deliver Capacity Obligations 10. Assess Performance <i>Slides 159-170</i>	General Principles	No comment
	Must Offer	No comments at this time but look forward to more information and discussion in the detailed design.
	Deliver Capacity Obligations	No comments at this time but look forward to more information and discussion in the detailed design.
	Outage Planning and Reporting	No comment
	Capacity Check Test	No comment
11. Receive Capacity Payments	Overview	No Comment

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<i>Slides 171-182</i>	Availability Payments for Base Auction	No comment
	Availability Payments for Rebalancing Auction	No comment
	Check Test Failure Charge	No comments at this time but look forward to more information and discussion in the detailed design.
	Delayed Commercial Operation Charge	No comments at this time but look forward to more information and discussion in the detailed design.
	Under-Availability Charge	No comments at this time but look forward to more information and discussion in the detailed design.
	Dispatch non-performance charge	No comments at this time but look forward to more information and discussion in the detailed design.
	Administrative charges	No comments at this time but look forward to more information and discussion in the detailed design.

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12. Recover Costs <i>Slides 183-186</i>	Customer Base	No comment
	Allocation Methodology	No comments at this time but look forward to more information and discussion in the detailed design.
	Zonal vs. System-wide	No comment

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: <ul style="list-style-type: none"> Recommend allocating more LOLE risk to summer than winter, possibly 90/10 Winter curve is likely to exceed reliability target unless winter becomes tighter 	No comments at this time but look forward to more information and discussion in the detailed design.
	Post HLD Questions to Explore: <ul style="list-style-type: none"> Are there options for updating LOLE allocation between auctions, or within each auction? 	No comments at this time but look forward to more information and discussion in the detailed design.
Price Cap (& Minimum Price Cap)	Preliminary Findings: <ul style="list-style-type: none"> 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 	No comments at this time but look forward to more information and discussion in the detailed design.
	Post HLD Questions to Explore: <ul style="list-style-type: none"> 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? 	No comments at this time but look forward to more information and discussion in the detailed design.
Maximum Capacity Limit	Preliminary Findings: <ul style="list-style-type: none"> “Foot point” is a less important driver of curve performance, and can be adjusted to align with other chosen parameters 	No comments at this time but look forward to more information and discussion in the detailed design.
Slope and Shape	Preliminary Findings: <ul style="list-style-type: none"> Wider/flatter curve reduces price volatility but increases procured quantities and cost 	No comments at this time but look forward to more information and discussion in the detailed design.

Design Element	Preliminary Findings/Areas to Explore	Stakeholder Feedback
	<p>Post HLD Questions to Explore:</p> <ul style="list-style-type: none"> • Might kinked curves offer opportunities to winter overprocurement while keeping higher price caps to protect against collapse of the winter price cap? 	<p>No comments at this time but look forward to more information and discussion in the detailed design.</p>

General Comments/Feedback:

The OEA appreciates the opportunity to provide input into the ICA preliminary decisions and looks forward to reviewing the draft high-level design document.