

Design Element ID	Design Element	Design Element Feature	Status	Preliminary design decision	Rationale for preliminary decision	Next steps
ICA 1	Participation Requirements	F1. Organization Participation & Facility Registration	Feedback Received and Responded To	These features will be included as part of the auction design	These features need to be integrated with the IESO's current processes to ensure efficient outcomes in the ICA	The specifics of each feature will be determined in the detailed design phase
		F2. Fees and Deposits	Feedback Received and Responded To			
		F3. Performance Security	Feedback Received and Responded To			
ICA 2	Resource Eligibility	F1. Ineligible Resource Types	Feedback Received and Responded To	<p>1) The following resources will be <u>ineligible</u> for the first auction:</p> <ul style="list-style-type: none"> - Coal-fired generation - Capacity under an IESO/OEFC generation contract - Facilities under rate regulation - Energy Efficiency <p>2) A resource must be eligible for the duration of an Obligation Period to be allowed to participate in the auction (i.e. no partial clearing), however IESO may explore ways to facilitate efficient participation from resources whose contracts expire during an Obligation Period.</p>	<p>1) Stakeholders did not identify any concerns with the list of ineligible resource types provided by the IESO</p> <p>2) Stakeholders requested clarification regarding resources with contracts expiring mid-commitment period</p>	IESO will consider potential approaches to facilitate an efficient transition to the ICA upon contract expiry and will engage stakeholders to solicit feedback and input.
		F2. General Requirements	Feedback Received and Responded To	The IESO requires reasonable assurance that prospective ICA projects will be available during the Commitment Period; and agrees with stakeholders that financial incentives can be the key driver for delivering this assurance rather than relying on an extensive review of various potential eligibility criteria.	Stakeholders expressed a preference to minimize administrative burden and let project development risk reside with proponents	IESO will explore what types of projects and types of additional information may be appropriate to strike the optimal balance between level of "performance security" and administrative burden.
		F3. Resource specific requirements	Feedback Received and Responded To	All participants will be required to meet certain base requirements, but there will also be some resource specific eligibility checks.	Stakeholders supported participation from the specific resources meeting appropriate eligibility requirements	Eligibility requirements and Performance Obligations will continue to be explored through the ICA
ICA 3	Qualified Capacity	F1. Planned / Maintenance Outages	Feedback Received and Responded To	Approved planned outages will not impact qualified capacity for thermal resources, approach for intermittent and energy limited resources not yet established.	General support from stakeholders that planned outages should not factor into qualified capacity	IESO will further explore whether to extend this to intermittent and energy limited resources
		F2. Forced Outages	Feedback Received and Responded To	<p>1) Forced outages will impact resource's Qualified Capacity rating</p> <p>2) There are certain OMC events that will be eligible to be excluded from the EFORD calculation</p>	Some stakeholders highlighted that transmission or distribution outages are outside the participant's control and should not be part of EFORD	Which events will be classified as OMC will be determined in the detailed design phase
		F3. Seasonal Capability	Feedback Received and Responded To	Resources' Qualified Capacities will be assessed on a seasonal basis	Stakeholders supported seasonal assessment and provided some insight on testing	The role of seasonal capacity tests will be considered in discussions on the Commitment Period design element
		F4. Locational constraints	Feedback Received and Responded To	TBD	TBD	Locational Considerations will be considered at the January 2018 session
		F5. New Resources	Feedback Received and Responded To	All three options presented (NERC GADS or CEA, simulated data from a provider, similar Ontario units) are appropriate to use under specific scenarios.	The IESO believes it may be necessary to employ each option depending on the specifics of the resource type/technology being proposed	<ul style="list-style-type: none"> • More details regarding the selection of the most appropriate option will be provided in the detailed design phase • Determining the qualified capacity amount from uprated facilities will be explored further
		F6. Methodology	Feedback Received and Responded To	TBD	TBD	IESO will conduct further analysis to determine appropriate aggregation levels and the corresponding calculation methodology considering seasonal aspects and frequency of revisions to calculation methodologies.
ICA 4	Market Power Mitigation	TBC (24-Jan)	To be presented			
ICA 5	Length of Forward Period	F1. Length of Forward Period	Awaiting/Considering Feedback	The length of the forward period will be between three to four and a half years (exact length TBD)	IESO believes this is the best trade-off between increasing competition and minimizing price volatility and forecasting error	The exact length of the forward period will be determined taking into account stakeholder feedback and linkages to other design elements
		F2. Timing of Base Auction	Awaiting/Considering Feedback	TBD	TBD	<ul style="list-style-type: none"> • Decisions around timing of the base auction will be determined as part of the detailed design, once decisions have been made with respect to related design elements • Implications of the timing of the base auction on capacity trade opportunities will be explored further
ICA 6	Commitment Periods	General	Awaiting/Considering Feedback	Recommendation: A one year Commitment Period, with seasonal or annual Obligation Periods, is the preferred option moving forward and the base auctions will occur annually	A one year commitment period captures annual cycles of load and resources, reflects the experience in other jurisdictions, and is the best trade-off between flexibility and complexity	
		F1. Seasonal vs. Annual Obligations	Awaiting/Considering Feedback	TBD	TBD	Based on stakeholder feedback, further review of other jurisdictions, and considerations in the Ontario context, the IESO will determine whether a seasonal or annual design should be recommended
		F2. Timing of Commitment Period	Awaiting/Considering Feedback	TBD - the IESO anticipates the annual Commitment Period will start in the summer (not winter) time frame to align with neighbouring jurisdictions and facilitate capacity trade	Aligns with neighbouring jurisdictions and facilitates capacity trade	Decisions around the specific month in which the Commitment Period will start will be determined as part of the detailed design

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ICA 7	Multi-Year Commitments	General	Awaiting/Considering Feedback	Recommendation: A Multi-year Commitment mechanism should be available as part of the first auction	While not expected to be necessary to facilitate sufficient resources in the first auction, the IESO believes it is appropriate to have the design of a multi-year commitment mechanism fully integrated as part of the initial design so it is available and provides forward visibility for new build	
		F1. Eligibility	Awaiting/Considering Feedback	TBD	TBD	Based on stakeholder feedback and further review of other jurisdictions, the IESO will recommend eligible project types
		F2. Length of Multi-Year Commitment	Awaiting/Considering Feedback	TBD	TBD	The IESO will consider stakeholder feedback and perform necessary analysis to recommend the maximum length of the Multi-year Commitment
		F3. Price Formation	Awaiting/Considering Feedback	TBD	TBD	The IESO will review price formation details in other jurisdictions and perform necessary analysis as part of the detailed design
ICA 8	Locational Considerations	TBC (24-Jan)	To be presented	TBD	TBD	
ICA 9	Slope of Demand Curve	F1. Shape of Demand Curve	Feedback Received and Responded To	TBD	TBD	Brattle is currently performing modelling analysis to identify optimal parameters and shape of the demand curve, further engagement on this modelling will occur in early 2018
ICA 10	Target Capacity	F1. Hold-Back	Feedback Received and Responded To	TBD	TBD	Hold-back will remain an option for future consideration. Further discussions will take place after presenting the Rebalancing Auctions Design Element due to its strong linkage to the Target Capacity Hold-Back feature
		F2. Transparency and Certainty	Feedback Received and Responded To	The appropriate process and assumptions used in establishing Target Capacity will be transparently communicated to stakeholders.	IESO agrees with stakeholders that it will be important to provide a similar level of transparency and documentation of processes as other jurisdictions	Need to establish both the appropriate level of details and assumptions that will be provided and the mechanism for making that information public.
		F3. Timelines	Feedback Received and Responded To	TBD - exact timing of when Target Capacity will be published will be explored further during the HLD phase. The IESO commits to publishing forward looking estimates of capacity needs beyond the Commitment Period related to the current base auction	TBD	The IESO will establish a holistic ICA timeline that will highlight what information would be published and at what time The IESO is exploring publishing Target Capacity Outlooks with forecasts looking out 5-10 years
ICA 11	Min/Max Capacity Limits	F1. Method of Determining Limits	Feedback Received and Responded To	TBD	TBD	The IESO and Brattle are examining the sensitivity of the shape of the Demand Curve on the outcome of the auction, to the Demand Curve Design Elements including Min and Max Capacity Limits and Net CONE
ICA 12	Net Cost of New Entry	F1. Basis for Reference Price	Feedback Received and Responded To	The basis for establishing the reference price will be determined as part of the stakeholder engagement performed by the 3rd party that will be tasked with establishing Net CONE. Will reflect the broader policy framework and market conditions at the time the analysis is undertaken	Would be premature to establish the basis for reference price at this stage	
		F2. Gross CONE	Feedback Received and Responded To	A third party will establish a process to determine all Net CONE features/parameters including Gross CONE. Input from stakeholders, together with the experience of other jurisdictions, will be key considerations in this work.	Would be premature to attempt to establish a Gross CONE estimate at this stage	Locational Gross CONE estimates will be considered under Locational Considerations
		F3. Energy and AS Offset	Feedback Received and Responded To	TBD	TBD	Methodologies to establish estimates of the E&AS offset will be part of the third party process of determining Net CONE
		F4. Stakeholder Involvement	Feedback Received and Responded To	TBD - Mechanism for engaging stakeholders in this process has not yet been established. The preliminary decision has been made to retain a third party to establish Net CONE	IESO agrees with the feedback received that Net CONE estimate process should be independent (i.e., third-party consultant performs study)	The IESO is currently in the process of discussing the role of stakeholders in this process with the MRWG
		F5. Frequency of Revision	Feedback Received and Responded To	Net CONE will be revised every three years, with formulaic updates on an annual basis	Provides a balance of price stability and administrative complexity vs. ensuring that market and technology changes are accurately reflected	Methodology for performing annual updates will be established
		F6. Zonal Net CONE	Feedback Received and Responded To	TBD	TBD	This will be explored further as part of the Locational Considerations design element
ICA 13	Max Auction Clearing Price	F1. Method of calculating MACP	Feedback Received and Responded To	MACP set as a function of Net CONE	There was stakeholder support for establishing the MACP as a function of Net CONE, also aligned with experience in other jurisdictions	The value of MACP will be considered in light of the outcome of Brattle's analytical work on the shape of the Demand Curve, which examines the sensitivity to the value of MACP
		F2. Price Floor for MACP	Feedback Received and Responded To	Assuming that MACP is a function of Net CONE, then the Price Floor for MACP would be a function of Gross CONE	Not all stakeholders were clear on the pros and cons of setting a MACP floor price vs. no floor price	The basis for establishing the price floor will be considered in light of the outcome of Brattle's analytical work on the shape of the Demand Curve

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ICA 14	Rebalancing Auctions	TBC (7-Mar)	To be presented	TBD	TBD	
ICA 15	Resource Obligations within Forward Period	TBC (7-Mar)	To be presented	TBD	TBD	
ICA 16	Non-Performance Implications	TBC (7-Mar)	To be presented	TBD	TBD	
ICA 17 & 18	Resource Performance Obligations, Performance Assessment	F1. Availability Obligations	Awaiting/Considering Feedback	<p>1) Recommendation: Participants will have a 24 hour per day must-offer obligation in both the day-ahead market and real-time energy market</p> <p>2) Recommendation: Non-performance charges calculated should not be impacted by approved planned outages</p> <p>3) Recommendation: IESO should be able to conduct Capacity Check Tests during the Commitment Period</p>	<p>1) Provides greater visibility and assurance, but may need to exempt some resource types due to their operational characteristics</p> <p>2) Fair and consistent with the Qualified Capacity process and follows existing Outage Management processes</p> <p>3) Stakeholders have agreed with placing the risks on the proponents</p>	The IESO will work with Brattle to further explore whether a Pay-for-Availability and/or a Pay-for-Performance mechanism is appropriate for Ontario and present a recommendation at a future meeting
		F2. Emergency Event Obligations	Awaiting/Considering Feedback	TBD	TBD	The IESO will work with Brattle to further explore whether a Pay-for-Availability and/or a Pay-for-Performance mechanism is appropriate for Ontario and present a recommendation at a future meeting
		F3. Visibility and Control Obligations	Awaiting/Considering Feedback	<p>1) Recommendation: Participants will be required to be dispatchable (with potential for some resources to potentially qualify for self-scheduling)</p> <p>2) Recommendation: Move to a consistent percentage dead-band for compliance with dispatch instructions, and remove absolute quantity (MW) thresholds</p>	<p>1) Dispatchable resources generally provide greater visibility and control, which enhances the reliability of the grid</p> <p>2) Provides a uniform standard for all resources</p>	<p>1) Taking into account stakeholder feedback, the IESO will explore under what conditions it may be appropriate to allow certain resources below a certain size threshold be eligible to participate in the auction as self-scheduling resources</p> <p>2) An appropriate value of the % deadband will be explored further</p>
ICA 19	Cost Recovery	TBC (24-Jan)	To be presented	TBD	TBD	

The preliminary decisions and corresponding information and rationale set out herein are provided for informational purposes only and do not constitute a guarantee, representation or warranty on behalf of the IESO.

As development and implementation of the ICA continues, these preliminary decisions will continue to be reviewed and remain subject to change.