

Incremental Capacity Auction (ICA) Update

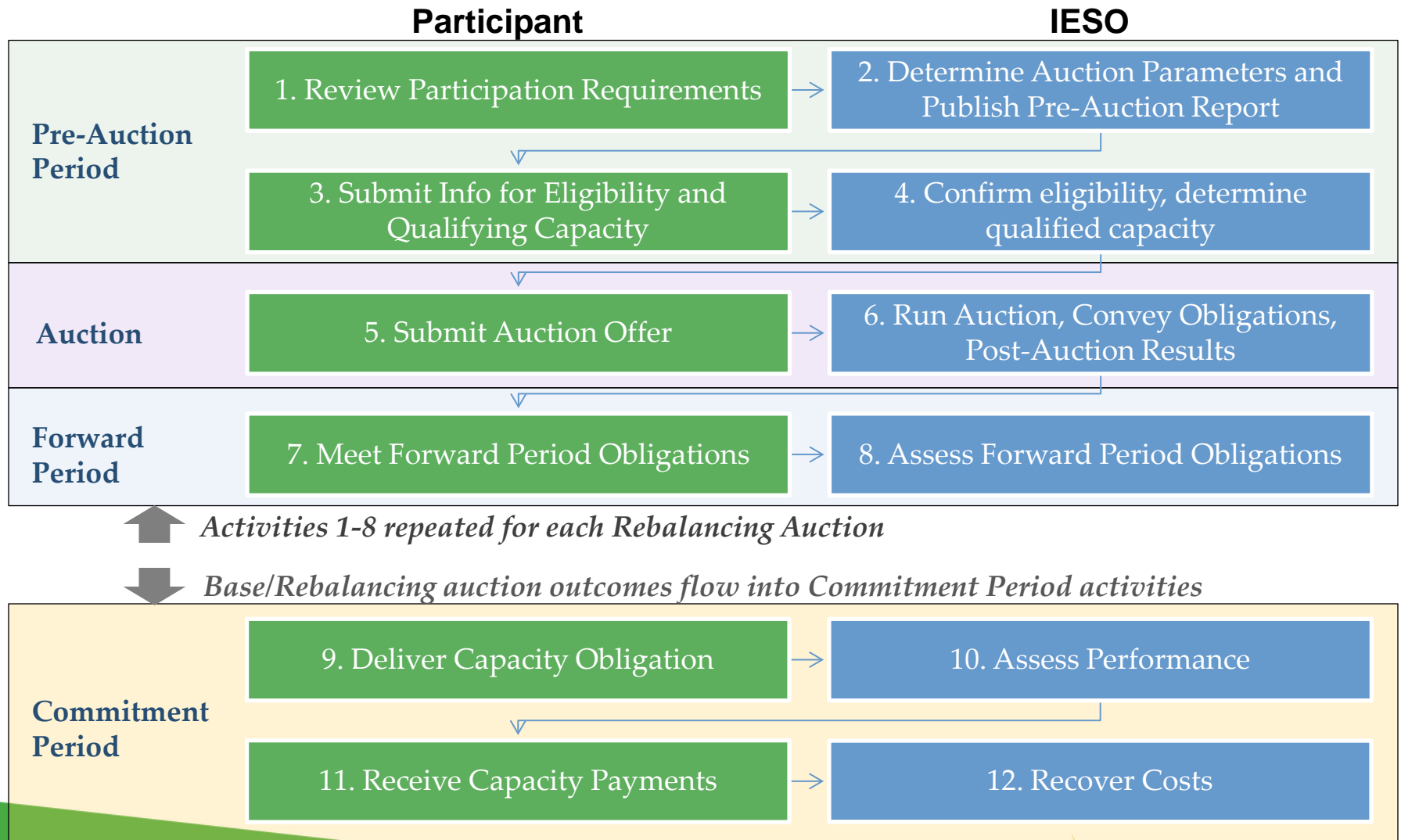
Stakeholder Advisory Committee

October 17, 2018

ICA Engagement Update

- Preliminary decisions for majority of design elements will be presented at October engagement meeting for feedback
- Engagement meeting in September brought together all *Participation Model* design elements together for the first time
- Draft High Level Design to be released in early spring 2019 for feedback

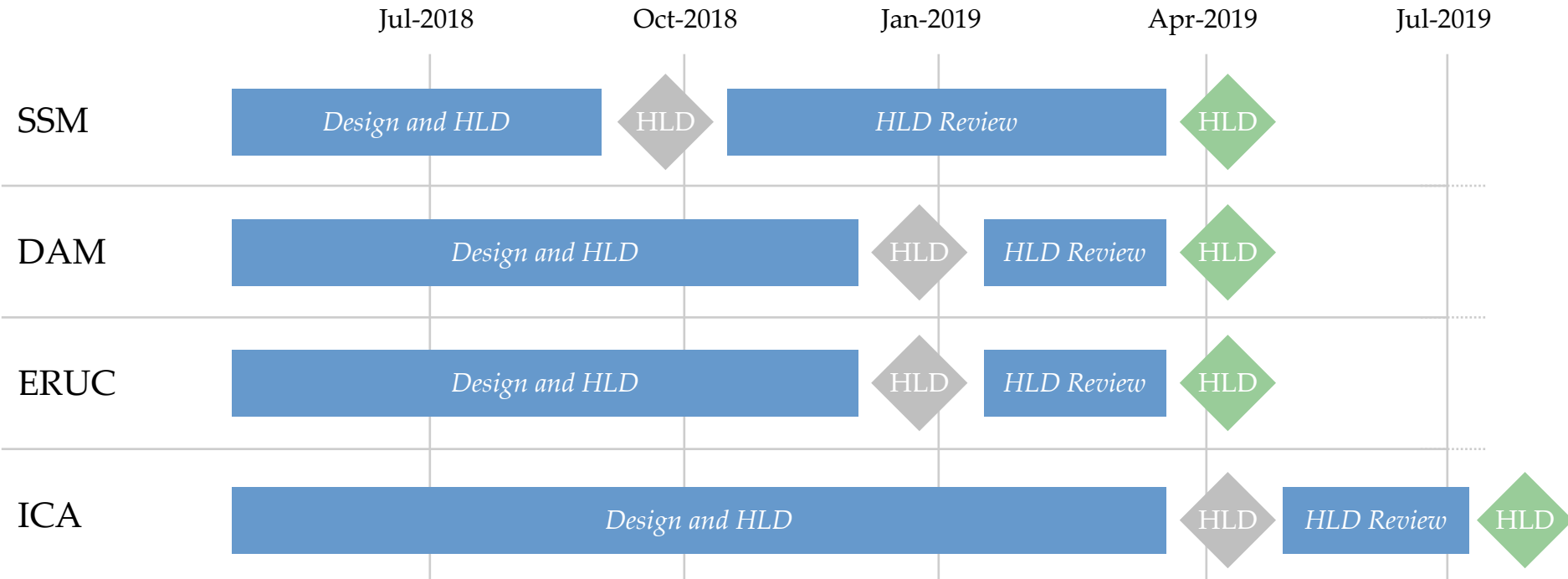
Key Steps in the ICA



Themes from Sept ICA Stakeholder Session

1. Desire for more detail
2. Stressed need for transparency on system needs
3. Want to understand opportunities for running auction earlier (i.e., understand why first auction will be in 2023)
4. Clarity on 2023 need and IESO view on need for new build capacity
5. Further info on availability of multi-year commitment
6. Details on “governance” - *decision making/dispute resolution*
7. Risk mitigation – *force majeure/permitting/government alignment*
8. Locational details – *zones/zonal price/deliverability/targets, etc.*

High Level Design Timelines



 = DRAFT HLD published
  = HLD final

Proposed Detailed Design Phase Approach

- The Detailed Design phase will provide additional details on how the ICA will work and will include specifics such as formulas, values, processes, requirements, etc.
- The objective is to continue the collaborative engagement format in developing these specific elements
- More details on the engagement approach to be provided in 2019

Capacity Needs Update

- Incremental capacity auction (ICA) timelines have been assessed in more detail and indicate that an initial auction can be ready in 2023 for delivery in 2024
- IESO's most recent planning forecast is showing the potential for a capacity need to emerge in 2023
 - Potential magnitude of the supply gap will be further refined by end of 2019 as greater clarity is achieved on key planning uncertainties
 - A plan will be put in place by the end of 2019 to execute in 2020 to acquire any necessary resources for 2023
 - There are a range of resources that can be developed to meet the need within a three year period, if required
 - Expectation that any capacity secured for 2023 will be aligned with MRP principles