

Memorandum

To: Technical Panel
From: Robert Doyle
Date: June 18, 2019
Re: MR-00439-R00-R05: Transitional Capacity Auction

Attached for Technical Panel review and consideration are six market rule amendment proposals to implement a Transitional Capacity Auction (TCA). The TCA represents an evolution of the demand response auction (DRA) into a more competitive capacity acquisition mechanism.

The six market rule amendment proposals represent Phase I of the TCA design, which enables non-committed dispatchable generators to participate in the TCA alongside dispatchable loads and hourly demand response resources. There will be future phases of the TCA, with stakeholder engagement design work to commence in the summer months of 2019. Stakeholders are encouraged to participate in those engagement meetings.

At the May 21 Technical Panel meeting, the IESO provided an informational presentation on the TCA that covered the mechanics of the DRA, the changes contemplated in Phase I and II of the TCA, and a proposed schedule that would meet the target of the first TCA occurring in December 2019. Since the May 21 meeting, participants of the Transitional Capacity Auction stakeholder engagement have reviewed the draft market rules and provided comments. The IESO has reviewed and incorporated the feedback into packages R00 and R03 of the attached market rule amendment proposals. The eight stakeholder feedback submissions received are available on the engagement [webpage](#).

Recommendation - Priority

The IESO recommends that the Technical Panel assign a regular priority to the development of the suggested changes.

Panel Action and Next Steps

The IESO recommends that the Technical Panel vote to post MR-00439-R00-R05 for stakeholder review and comment for a period of two weeks, ending on July 9, 2019. The target for IESO Board consideration of the amendment proposal is August 28, 2019.

Accompanying Materials

The following materials are available on the Technical Panel [webpage](#) and listed below for reference.

- Overview Presentation, dated June 18, 2019
- Market Rule Amendment Proposals:
 - MR-00438-R00: Definitions
 - MR-00438-R01: Participant Registration and Facility Authorization
 - MR-00438-R02: Auction Parameters
 - MR-00438-R03: Energy Market Participation
 - MR-00438-R04: Settlement and Non-Performance Charges
 - MR-00438-R05: Clean-up
- Draft Market Manuals
 - Market Manual 1.1: Participant Authorization, Maintenance and Exit
 - Market Manual 1.2: Facility Registration, Maintenance and Deregistration
 - Market Manual 1.3: Identity Management Operations Guide
 - Market Manual 2.10: Connection Assessment and Approval
 - Market Manual 4.2: Submission of Dispatch Data in the Real Time Energy and Operating Reserve Markets
 - Market Manual 4.3: Real Time Scheduling of the Physical Markets
 - Market Manual 5.4: Prudential Support
 - Market Manual 5.5: Physical Market Settlement Statements
 - Market Manual 6: Participant Technical Reference Material
 - Market Manual 7.3: Outage Management
 - Market Manual 12: Capacity Auctions

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