Feedback Form

Resource Adequacy webinar – May 28, 2021

Feedback Provided by:

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Following the May 28, 2021 Resource Adequacy engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed during the webinar. The webinar presentation and recording can be accessed from the engagement web page.

Please submit feedback to engagement@ieso.ca **by June 18, 2021**. If you wish to provide confidential feedback, please submit as a separate document, marked "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

Resource Adequacy Information Guide

Topic	Feedback
Is there any important Resource Adequacy-related information not already considered in this guide?	

Capacity Auction: Forward Guidance and Minimum Target Threshold

Topic	Feedback
Stakeholders are invited to provide general feedback on the proposed approach for forward guidance and minimum target threshold	The proposed forward guidance will not have a real impact on decisions from resources if the firm targets are only set for the upcoming year. At best, the proposed approach would provide information for existing resources to maintain the status quo, but it will not encourage new builds or innovative solutions (e.g. hybrid integration). Firm targets should be set for a much longer duration to provide certainty to market participants.

Transition to Qualified Capacity/UCAP

Topic	Feedback
Will the initial qualified capacity proposals presented result in a UCAP value that is consistent with the qualified capacity design principles for the resource types considered? If not, what changes would you suggest? Please offer alternatives.	
Are the sources of data suggested as inputs into each UCAP formula appropriate? If not, please explain why and suggest alternatives.	Evolugen is strongly opposed to having Dispatchable Hydro's UCAP QC based on historical generation coincident with the four hours of highest demand within the qualification window. This type of resource did not operate in the past under the proposed mechanism, and was not incentivized to maximise generation during highest demand hours. The proposed UCAP formula is therefore inconsistent with operators' actual dispatch behaviour as incentivized by market rules and contracts. Hydro resources will not contribute to a well functioning market and lower rates by maximizing generation during highest demand hours. Instead, these resources optimized their

Topic	Feedback
	generation behaviour based on real-time market signals for energy and OR. The IESO should determine the QC of Dispatchable Hydro by having them perform a capacity demonstration audit once per season.
Are there any incorrect assumptions the IESO has included that may not be appropriate?	We disagree with the proposition of using theoretical specifications of Dispatchable Storage Generation to set their QC, while other resources types are evaluated on actual historical generation data (e.g. Dispatchable Load, Hydro). The QC formula should be consistent across technology types and remain neutral.
Is there anything the IESO may not have considered that may contribute to the development of an accurate UCAP methodology?	
General Comments/Feedback	Please clarify when the IESO would propose methodology for determining QC for other resources types such as Nuclear, Gas, Wind, Biomass, Solar, and run-of-river hydros?

UCAP Resource-Specific Meetings

Topic	Feedback
Please indicate your interest in participating in these meetings sooner than June 18, if possible. Are bi-weekly meetings appropriate? What should the format be? How should attendance be managed?	Bi-weekly meetings would be welcome.

General Comments / Feedback

In relation to the mid-term RFP:

- The IESO's proposed mid-term RFP to award three-year contracts would serve to maintain the current power mix and prevent some resources from retiring. However, three-year contracts will not contribute to new builds or the transition of the supply mix via innovative solutions (e.g. hybrid integration).
- The IESO should consider awarding longer-term contracts to incentivize new builds and investment in new and innovative solutions. The promise of a second RFP in 2029 is not enough assurance for investors.
- The same could be said about the current capacity auction design: markets such as ISO-NE and PJM allow new entrants to lock in capacity sales and revenues for as long as seven years to incentivize new builds. The capacity auction's seasonal commitment period and the mid-term RFP's three-year contracts are simply not enough to invite new entrants.
- The IESO should renew contracts through competitive processes that bundle energy, capacity and RECs. The unbundling of the three components will result in RECs exiting the ON jurisdiction, to the detriment of ON environmental targets. Again, an unbundled three-year contract will not invite new entrants.
- Finally, the IESO should improve market confidence by committing to its own timelines and rules. For example, delaying resource-backed capacity's participation in the capacity auction and cancelling the upcoming winter capacity auction commitment period both undermine investor confidence.