

Resource Adequacy Framework Information Guide

The following table is provided for informational purposes only and outlines concepts, principles and other information on major Resource Adequacy-related topics and is intended to give greater clarity to stakeholders on where information on these topics can be found. Much of this information was developed through feedback and discussions with stakeholders in the Resource Adequacy stakeholder engagement and is not expected to change significantly in the near-term. Although the IESO may update this table if there are any fundamental changes to this information, it does not undertake to do so.

Topic	Framework	Annual Acquisition Report (AAR)	Mechanisms
Timeframe	The framework is an enduring approach to identifying the type of acquisition activity to use to resolve system needs.	Translates needs identified in the first ten years of the Annual Planning Outlook (APO) and other inputs, such as regional plans, into targets for each mechanism.	Capacity Auction: Held annually for the two six-month obligation periods Procurements: Established for each RFP Bilateral Negotiations: Established for each contract
Procurement Mechanisms	The framework contemplates a multi-pronged approach to secure resources, generally based on the length of the contract term, including:	Identifies the mechanism to address identified reliability needs and specifies a target for the mechanism(s).	Capacity Auction: Stakeholders will have an opportunity to comment on draft mechanism documents such as market rules.

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	<ul style="list-style-type: none"> • Annual capacity auction • Medium-term Commitments: RFP or enhanced capacity auction • Long-term Commitments: RFP • Bilateral negotiation in some circumstances 		<p>Procurements: Procurement mechanisms are intended to be initiated according to the timelines proposed in each AAR. Stakeholders will have an opportunity to comment on draft RFP and contract documents before they are finalized.</p>
Commitment Details	<ul style="list-style-type: none"> • Capacity Auction: annual auction establishing seasonal commitments and relatively short forward period • Medium-term Commitments: multi-year commitment (up to 3-5 years) with longer forward period • Long-term Commitments (7-10 years): longer term commitments and forward period aligned with financing needs for new facilities • Bilateral negotiations: expected to be similar to medium-term commitment lengths with the aim of alignment with future competitions 	<p>Identifies and provides rationale for commitment lengths for medium and long term commitments, as well as bilateral contracts.</p> <p>Establishes timelines for when procurement activities are to be initiated.</p>	<p>Capacity Auction: Detailed commitment and forward period details outlined in market rules and manuals.</p> <p>Procurements: Detailed commitment and forward period details outlined in procurement documents for competitive procurements.</p>
Products and Services Procured	<ul style="list-style-type: none"> • Capacity Auction: capacity • Medium-term Commitments: potential to acquire multiple 	<p>Translates reliability needs identified in APO and other inputs into products and services that can be procured and allocates the</p>	<p>Capacity Auction: The product and its performance assessment is described in the market rules and manuals.</p>

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	<p>electricity products, including capacity, as necessary to meet system reliability needs</p> <ul style="list-style-type: none"> • Long-term Commitments: potential to acquire multiple electricity products, including capacity, as necessary to meet system reliability needs • Bilateral negotiations: products and services may be procured in alignment with medium and long term products and services <p>IESO will engage with stakeholders through the Resource Adequacy engagement to develop a capacity qualification methodology for various resource types. The intent is that this methodology will apply to assessing resource adequacy attributes for each of the framework mechanisms with the exception of bilateral negotiations.</p>	<p>services to a procurement mechanism.</p> <p>The AAR identifies facilities that have been/will be secured through bilateral negotiations and the rationale, to the extent permitted by confidentiality limitations.</p>	<p>Procurements: Products and services described in procurement and contracting documents for competitive procurements.</p>
Eligibility	Competitions open to as many resource types as possible that can satisfy the identified needs with eligibility aligned	Describes minimum eligibility requirements to address needs identified in APO and other inputs.	Capacity Auction: Detailed eligibility requirements outlined in market rules and manuals.

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	<p>with the specific context of each mechanism.</p> <p>Bilateral negotiations: when an existing and available resource can meet a specified need that cannot be effectively met through a competition.</p>	<p>Note: Barriers to participation in energy markets will be addressed through the Enabling Resources stakeholder engagement.</p>	<p>Procurements: Detailed eligibility requirements outlined in procurement documents for competitive procurements. Types of requirements that will be specified in mechanism-specific documents may include energy production requirements, telemetry requirements, capability to be dispatched by the IESO, ramping characteristics, etc.</p>
Transition / Bridging Mechanisms	<p>Resources with expiring or expired contracts are expected to compete in annual Capacity Auctions and upcoming medium-term RFPs.</p> <p>IESO will work with individual suppliers to address any short-term misalignments between contract end dates and when commitment periods for the mechanisms are scheduled to begin.</p>	n/a	n/a
Governance and Decision-Making	<p>IESO is participating in discussions to inform the government’s Long-Term Energy Planning (LTEP) consultation. In addition, the IESO is considering any short-term considerations for each of</p>	n/a	<p>The authority under which the IESO is undertaking an acquisition will be clearly outlined in the mechanism-specific documents</p>

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	the mechanisms that may necessitate discussions with stakeholders.		
Target-Setting Methodology	n/a	<p>The AAR will apply and explain the principles used for decision-making on target allocation for the mechanisms.</p> <p>Global and local needs and where applicable targets are identified in the AAR. Where the AAR sets a target allocation for a future acquisition, the method used and its alignment to the principles will be discussed.</p>	n/a
Government Policy and Programs	The framework is operationalized while incorporating government policy, including government programs. The IESO will continue to consider the role of programs in meeting Ontario’s Resource Adequacy needs in the APO and other system planning documents.	n/a	n/a
Planning Considerations	Planning activities, including bulk system planning and local/regional planning, are articulated in the APO, the Reliability Outlook and Transmission Plans. Planning activities	<p>The AAR uses the IESO’s various planning processes and products as its starting point.</p> <p>The same three time frames to assess and report needs listed</p>	n/a

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	assess and report on needs across three time frames: <ul style="list-style-type: none"> <li data-bbox="344 302 800 367">• Operations Planning – less than one-year out <li data-bbox="344 399 842 464">• Near Term Planning – between 1 – 5 years ahead <li data-bbox="344 496 848 561">• Long-Term Planning – 6 – 10 years out 	under 'Framework' apply to the AAR.	