



December 14, 2021

IESO Stakeholder Engagement  
Resource Adequacy Engagement

*Submitted via email*

**Re: AMPCO Submission - Resource Adequacy Engagement**

AMPCO is the voice of industrial power users in Ontario. Our mission is industrial electricity rates that are competitive and fair.

Attached are AMPCO's comments on the general subject of Resource Adequacy. AMPCO appreciates the opportunity to provide such feedback.

Best Regards,

A handwritten signature in blue ink, appearing to read "Colin Anderson".

Colin Anderson  
President

## Resource Adequacy Engagement

### Submission of the Association of Major Power Consumers in Ontario (AMPCO)

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#### INTRODUCTION

AMPCO provides Ontario industries with effective advocacy on critical electricity policies, timely market analysis and expertise on regulatory matters that affect their bottom line. We are the forum of choice for major power consumers who recognize that their business success depends on an affordable and reliable electricity system.

This submission is in relation to the general subject of Resource Adequacy. AMPCO's members are major power consumers, responsible for over 15 TWh of annual load in the province. A robust and affordable energy supply is critical to the success of their businesses, which is why AMPCO has an interest in this engagement.

AMPCO appreciates the opportunity to provide feedback.

#### AMPCO GENERAL POSITION

On May 23, 2019, AMPCO submitted comments to the IESO on the Incremental Capacity Auction (ICA) high level design document. The following excerpt appeared in those comments:

*In AMPCO's view, an approach that contemplates both auction and contract may be better than either approach exclusively.*

AMPCO supports the fact that this is now the very general approach that is being proposed. It is always of benefit to have more tools in the toolbox, not less.

Having said that, implementing such a system will face numerous challenges. Most of those challenges will be more easily overcome if the IESO maintains a high level of

optionality in its overall resource adequacy approach and provides adequate opportunities and time for stakeholder input.

#### ADDITIONAL DETAILED COMMENTS

1. Eligibility Criteria in Various Timelines - Eligibility criteria for some of the timeframes continues to appear overly restrictive. More participants in the process should generally be regarded as a better situation than fewer participants. AMPCO urges the IESO to broaden its eligibility criteria across the board.
2. General Contract Term Issues - The initial contract term for the Medium Term RFP has been established at three years. Many stakeholders still consider this period to be too short, stating that it is likely insufficient for any material investments to be made. There appears to be a general concern over lack of consultation on such key elements, such as contract terms and ability for generation proponents to attract capital. While AMPCO understands and supports the IESO's desire to maintain terms as short as possible, they cannot be so short as to exclude otherwise valuable participants due to the lack of ability to secure appropriate financing for projects.
3. Performance Assessment - The IESO's recently disclosed Performance Assessment change is overly punitive and will discourage participation in the Capacity Auction (*"In a circumstance where the IESO has issued a system emergency advisory, such as NERC Energy Emergency Alert (EEA-1) or when a resource has been put on stand-by, an hourly availability performance charge equal to 10x the availability payment will apply"*) [*emphasis added*]. Market Participants need to understand all the risks associated with their actions in a market so they can make informed decisions. The risks associated with the Capacity Auction are clearly identified as

“Penalties” in the Market Rules. Layering on additional “performance factor” penalties after the fact exposes participants to incremental, punitive penalty factors that will only serve to reduce participation in the capacity auction. Penalties should not be carried forward; they are already applied in the current year.

4. Stakeholder General Concerns Regarding Timing and Feedback - Given the forecasted capacity needs and timelines (as a result of contract expiries and Pickering GS planned removal from service), stakeholders appear concerned that the IESO approach is not doing enough to appropriately achieve new “steel in the ground” and that this could lead to more expensive options having to be pursued in the future. Since the days of the Incremental Capacity Auction, AMPCO has advocated that the IESO needs more tools in its toolbox to secure steel in the ground, not less. But those tools need to be adequately stakeholdered... AMPCO appreciates the opportunity to provide feedback but based on other stakeholder comments, it appears that the process is perceived as rushed. Further, the responses to feedback appear to be less than fully receptive. Often it appears as though the IESO has quickly dismissed stakeholder feedback because it doesn’t subscribe to some centrally held belief within the IESO. Stakeholders have repeatedly made arguments against the timing of changes, the exclusivity of the various timelines (i.e. short, medium, long) and more. These comments come from extensive experience in Ontario as well as in other markets that have implemented similar mechanisms. AMPCO encourages the IESO to continue to engage with stakeholders and to solve these problems before they cause major issues for demand response participants, generators, aggregators and (ultimately) the Ontario ratepayer.
5. It appears to AMPCO that the Minister’s Letter to the IESO dated November 10, 2021 will do little to soothe stakeholder concerns. Notwithstanding that the letter

appears to push the IESO forward in a number of areas (not necessarily a bad thing), it does so at the expense of meaningful stakeholder engagement, which appears to have been set aside in order to drive out results on a timeline established exclusively by the Ministry. Ontario needs to move promptly on Resource Adequacy, but it cannot do so without adequate stakeholdering and consideration of all views.