

Feedback Form

Resource Adequacy – November 23, 2021

Feedback Provided by:

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Date: December 14, 2021

To promote transparency, feedback submitted will be posted on the Resource Adequacy webpage unless otherwise requested by the sender.

Following the November 23, 2021 Resource Adequacy webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the following items: the ***Annual Acquisition Report (AAR), enhancements to the Capacity Auction, the Long-Term RFP and IESO Procurement Fees.***

Background information related to these feedback requests can be found in the presentation, which can be accessed from the [engagement web page](#).

Please submit feedback to engagement@ieso.ca by December 14, 2021. If you wish to provide confidential feedback, please mark the document “Confidential”. Otherwise, to promote transparency, feedback that is not marked “Confidential” will be posted on the engagement webpage.

Annual Acquisition Report

Topic	Feedback
How can the IESO evolve the Resource Adequacy Framework to enhance it?	<p>Capital Power has provided extensive comments to the IESO with respect to its Resource Adequacy Framework. Many of Capital Power's concerns remains outstanding. Capital Power remains available to discuss all feedback previously provided. A useful discussion and consideration of how the Resource Adequacy Framework should be evolved also requires significantly more time and detail than was offered on November 23rd, 2021.</p> <p>Capital Power notes that other markets, such as ISO New England, have since 2020 been undertaking studies to evaluate their market design and related implications for both reliability and market design stemming from future decarbonization. The IESO's expected response to direction from the Minister of Energy to study pathways to decarbonization will be a critical guide for the evolution of the IAM and procurement mechanisms, as well as the AAR. Accordingly, this work expected in 2022, should directly inform the evolution of the Resource Adequacy Framework. In addition to the considerations identified by the Ministry of Energy, further engagement should broadly and transparently consider the reliability of the grid under changing weather patterns, the considered moratorium on natural gas-fired generation, significant and material outstanding questions with respect to the future performance and economic function of the IESO-Administered Market, and the state of revenue sufficiency concerns in Ontario.</p> <p>Future AARs should identify the criteria the IESO will use for determining which resources are permitted to participate in the various procurement processes (e.g., bilateral contract negotiations, RFPs, Capacity Auctions, Unsolicited Proposal Process).</p>
What sections of the 2021 AAR were most helpful?	Broadly speaking, the AAR was directionally helpful.

Topic	Feedback
Are there specific topic areas the IESO should focus on in upcoming AARs?	Future AARs should consider (i) risks of revenue insufficiency for existing and future needed resources, and (ii) implications of contract design/term for the cost of capital and financing availability. Any impacts to the cost of capital and availability of financing arising from the IESO's choice of procurement mechanism should inform an analysis of ultimate costs borne by the ratepayer, as well as any risks to reliability arising from insufficient investment.
What additional data would be most helpful to be included as supplemental information in future AARs?	Conclusions with respect to the state of competition in Ontario should be supported by analysis that conforms with leading practices for identifying and measuring conditions to support competition.
General comments and feedback	<p>On slide 8 of the IESO's presentation, the IESO states that the RA Framework is intended to complement the IAM, which provides the incentives for the services (energy, operating reserve) purchased in these markets. Capital Power would like to understand whether a revenue sufficiency analysis has been undertaken to assess whether the current and post-MRP IAM does provide the sufficient economic incentives for the provision of products and services identified by the IESO.</p> <p>Could the IESO provide further explanation as to why it cannot predict price formation, when such work is undertaken by other ISOs? (See CAISO Energy Markets Price Performance Report, September 23, 2019 available at http://www.caiso.com/documents/finalreport-priceperformanceanalysis.pdf) Capital Power also notes that price formation issues and fixes have been the focus of a number of FERC dockets. See FERC Order No. 825, Order No. 831, and Order No. 844.</p>

Capacity Auction

Topic	Feedback
Proposed changes for the December 2022 Capacity Enhancements	No further comments at this time.

Topic	Feedback
Input on how the point in time rule could be enhanced	No further comments at this time.
General comments and feedback	No further comments at this time.

Long-Term RFP

Topic	Feedback
Proposed LT RFQ process and high level considerations	Capital Power supports the IESO's proposal to run both an RFQ and an RFP in 2022.
LT RFP design considerations	<p>Capital Power has submitted comments on the design of LTRFP, the MTRFP, and the MTC. For the reasons articulated in these previous comments, Capital Power is also of the view that the MTRFP does not provide a suitable foundation for the LTRFP and the IESO should not be bound by any decisions made with respect to MTRFP.</p> <p>With respect to the interdependency between the IESO's LTRFP and related IESO initiative, the IESO has stated that <i>"given the urgency of emerging system needs and necessity for expedience on the LT RFP, the IESO will need to manage these initiatives in parallel and ensure information is being actively shared"</i>. Capital Power appreciates the significant urgency of the emerging system needs and suggests that the IESO may need to adapt the design of the LTRFP to compensate for immature, but developing, aspects of the IAM.</p>
LT RFP engagement considerations	No comment at this time other than what has already been provided here and in previous comments.
General comments and feedback	No further comments at this time.

Procurement Fees

Topic	Feedback
Does the proposed framework assist the IESO in running effective procurements with serious proponents?	Yes. Capital Power would like to registration fees further stakeholdered, as indicated by the IESO.
Does the proposed approach and then stakeholdering the exact fees under each procurement provide appropriate opportunities for feedback?	Yes.
General comments and feedback	No further comments at this time.

General Resource Adequacy Comments/Feedback

No additional comments at this time.