



FEBRUARY 24, 2022

Resource Adequacy Engagement

Capacity Auction

2022 Capacity Auction Enhancements Design Document

Purpose

The purpose of this presentation is to:

- Inform participants of the updated “2022 Capacity Auction Enhancements” design document and the accompanying “Guidance Document”
- Highlight revisions to the draft document and rationale

Agenda

- Recap: Enhancements, Engagement and Timeline
- Design Document
- Guidance Document
- Key Updates
- Summary

Recap: December 2022 Auction Enhancements

Enhancement #1: Capacity Qualification

- Adopt transparent process methodologies to derive an Unforced Capacity (UCAP) value for all resources while accounting for unique resource participation frameworks

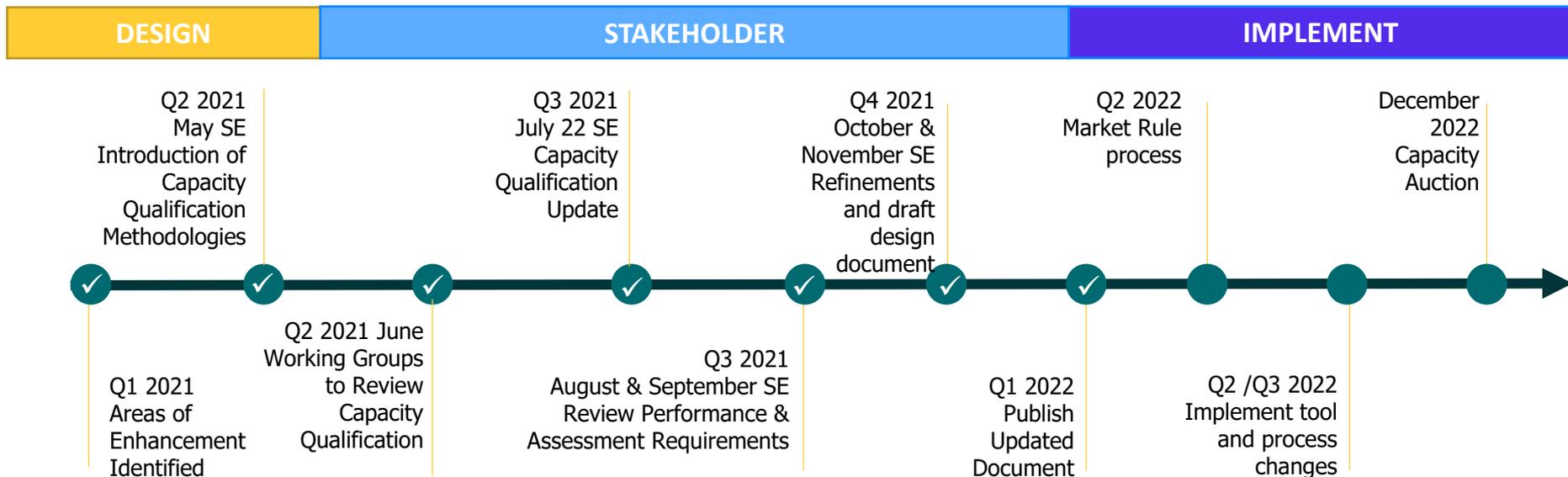
Enhancement #2: Performance Assessment Modifications

- Changes to performance assessment obligation and assessment framework to incent improved performance from acquired capacity resources

Enhancement #3: Expand Participation

- Increase competition and cost effectiveness through enabling participation from generator-backed capacity imports

Recap: Capacity Auction Enhancements - Timeline



Design Document

The draft version of the “2022 Capacity Auction Enhancements” design document was posted on the Resource Adequacy Engagement site on October 21, 2021.

Since then, IESO has presented modifications to the design, driven by:

- Addressing, clarifying and responding to stakeholder feedback
- Identified opportunities to enhance current practices (e.g. testing)
- Ensuring holistic alignment and fairness from qualification to assessment

Guidance Document

To assist readers in understanding the changes between the original design document and the updated version, a guidance document has also been posted.

The guidance document highlights the specific change, where in the document the update has been made, and the rationale for the change.



Key Updates

Several updates were presented and reviewed with stakeholders during the November and December engagements.

Some of the key updates are outlined in the next slide and are also explained in the Guidance Document.

Key Updates

Application of Performance Adjustment Factor

- PAFs will be based on the assessed performance starting with the 2022 auction associated obligation periods (e.g. Summer 2023 and Winter 2023/24) for application in future Auctions
- This ensures that the PAF assessments are within the new performance assessment framework

Capacity Testing Procedures

- Participants will be required to get scheduled to their cleared ICAP during a 5-day testing window once per obligation period
- Demand Response bid threshold will be disabled for the 5-day window to allow resources to bid to help ensure a successful activation schedule is received

Augmented Availability Charge Assessment

- To incent resource availability at times of system need, an augmented availability charge assessment (x10) will apply in instances where the IESO has issued a system emergency advisory
- In lieu of an availability de-rate during qualification, the augmented availability charge assessment will also apply to HDR resources when placed on standby

Summary

An updated Design Document has been posted to the Resource Adequacy engagement page that outlines the enhancements discussed with stakeholders in 2021 and planned for implementation for the 2022 Auction.

An accompanying Guidance Document has also been posted to assist readers in understanding the changes from the initial draft design, with rationale for the change.

The design document is meant to serve as the blueprint for continued engagement on implementation activities and the Market Rule and Market Manual development process.