

Memorandum

To: Technical Panel
From: Josh Duru
Date: February 25, 2020
Re: MR-00441-R00-R03: Capacity Auction – June 2020

At the February 4th Technical Panel meeting, the Technical Panel voted to post the proposed market rule amendments for additional stakeholder comment. The proposed market rule amendments were posted on the Proposed Market Rule Amendments [web page](#) for two weeks; no stakeholder feedback was received during this period.

Compared to the version last reviewed by the Technical Panel, the IESO has proposed one additional change in R02, Chapter 7, section 19.1.2.3, to correct a typo to “capacity generation resource”.

Background

The four market rule amendment proposals support the next phase of the IESO’s staged approach to develop a Capacity Auction. Each new Capacity Auction will enable additional resource types and add new design features. The June 2020 Capacity Auction design focuses on the following design features:

- Broadening participation: enable energy storage and system-backed imports to participate
- Resource-level obligations: require capacity auction participants to offer into the auction using specific individual resources, rather than offer by organization. This is a foundational shift towards improving the qualification of capacity resources.
- Testing: Developed uniform testing obligations (i.e., 4 hours) for all resource types
- Versioning strategy: provide certainty for the IESO and market participants on the applicable market rules and processes for each Capacity Auction through to the end of each relevant commitment period.
- Auction clearing price: change the clearing price mechanism to better represent the true cost of acquiring additional capacity
- Revisions to obligation transfer requirements: increase flexibility for capacity auction participants to transfer their capacity obligations
- Connection assessment and approval: reduce administrative burden for hourly demand response resources

The June 2020 Capacity Auction design approach was first shared with stakeholders in August 2019. Multiple engagement meetings were held to share the draft and final design document for stakeholder review and comment. Information on these meetings, including presentation materials and stakeholder feedback can be found on the Capacity Auction stakeholder engagement [web page](#).

Recommendation

The IESO recommends that the Technical Panel vote to recommend MR-00441-R00-03 to the IESO Board for consideration at its March 23, 2020 meeting.

The IESO is proposing that this market rule amendment have an effective date of May 4, 2020, to enable the scheduled June 24, 2020 Capacity Auction.

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