

# Memorandum



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**To:** **MARKETS COMMITTEE**

**Presenter:** Michael Lyle, Vice President, Legal Resources and Corporate Governance  
Chair, IESO Technical Panel

**Date:** August 17, 2021

**Re:** Capacity Auction December 2021 – Administrative Market Rule Amendments (Market Rule Amendment MR-00466-R00)

**Purpose of Item:** Recommendation for Approval to the Board

## **Executive Summary:**

The IESO is seeking a decision from the IESO Board on a proposed market rule amendment that will add additional clarity and make minor clerical corrections to the sections of the market rules related to the Capacity Auction. (MR-00466-R00). The Technical Panel unanimously recommended this proposal to the IESO Board for consideration.

## **Significant Issues, Risks and Opportunities:**

Capacity auctions are an effective tool to help meet Ontario’s reliability needs and enable broader participation in the electricity market. Aligned with our commitment to increase competition, the IESO is taking a phased approach to evolve the Capacity Auction

(CA) while taking into consideration the unique nature of Ontario's electricity system. These amendments will help meet these goals by adding additional clarity and making minor clerical corrections to the market rules.

### **Background:**

The IESO's Capacity Auction has replaced the former Demand Response Auction to enable competition between additional resource types. Capacity auctions help meet Ontario's reliability needs in a cost effective manner while allowing the IESO to adjust to changing system needs.

Additional information on the Capacity Auction can be found on the IESO's Capacity Auction [webpage](#).

### **Proposal and Analysis**

The proposed changes will make a series of minor clerical corrections and add additional clarity to the market rules including italicization of defined terms, updating of defined terms from previous Demand Response Auction terminology to Capacity Auction terminology and adding appropriate references.

The defined term for *capacity auction eligible import resource* will be amended to ensure that the capacity associated with the resource is not otherwise obligated to the IESO, the OEFC, or another control area operator during the entire duration of a given obligation period.

### **Next Steps / Implementation:**

I recommend that the Markets Committee recommend that the Board accept the unanimous vote and recommendation of the Technical Panel to approve market rule amendment MR-00466-R0: December 2021 Capacity Auction with an effective date of September 15, 2021 in order to align with the IESO Market Rules baseline publication.

### **Requested Committee Resolution:**

The Committee is asked to pass the following resolution:

**CONCERNING** MR-00466-R00: December 2021 Capacity Auction, which is a market rule amendment to add additional clarity and make minor clerical corrections to the sections of the market rules related to the Capacity Auction.

**WHEREAS** the IESO is proposing to amend the market rules to add additional clarity and make minor clerical corrections to the sections of the market rules related to the Capacity Auction.

**WHEREAS** the IESO engaged with the Technical Panel and incorporated their suggestions into the proposed market rule amendment.

**WHEREAS** the Technical Panel voted unanimously to recommend MR-00466-R00 for approval by the IESO Board.

**NOW THEREFORE** the Markets Committee of the IESO Board recommends MR-00466-R00 for approval by the IESO Board, to come into effect on September 15, 2021.

Michael Lyle

Cc: IESO Records

Encls.

- a. Market Rule Amendment Proposal form
- b. Technical Panel Materials
  - i. Memo to Technical Panel from IESO staff
  - ii. TP member Rationale
- c. Stakeholder feedback summary, stakeholder engagement and Technical Panel
- d. Consumer Impact Assessment