

Engagement Plan

Capacity Auction Enhancements

Introduction

The IESO is continuing to investigate enhancements to the Capacity Auction that will improve its effectiveness as the short-term procurement mechanism within the Resource Adequacy framework. Discussions with and input from stakeholders through this engagement will ensure enhancements to the auction consider the perspectives of participants, electricity ratepayers, and the IESO as the electricity system operator. Evolving the Capacity Auction could include changes aimed at enhancing competition, reliability, transparency, accessibility, administrative efficiency, resource performance, resource diversity, accuracy and more. The IESO is committed to considering previous stakeholder suggestions for improvement and implementing lessons learned as part of this continuous improvement journey.

The IESO encourages all those interested in the Capacity Auction to remain informed and active on this engagement. To be added to the distribution list for communications related to this engagement, or to submit comments and enquiries, please email engagement@ieso.ca.

Background

The IESO's annual Capacity Auction is one of the competitive procurement mechanisms included in the IESO's Resource Adequacy Framework. The Capacity Auction serves as the short-term balancing mechanism in the Framework, securing the capacity needed to meet Ontario's short-term resource adequacy needs. The Capacity Auction enables participation from a diverse range of resources that compete to be available for defined obligation periods. As enhancements are introduced over time, the Capacity Auction is expected to attract a broader mix of resources, enabling the IESO to further increase competition, and incent greater resource reliability and market performance.

Information on the 2023 Capacity Auction Enhancements can be found under the activities section of the [Capacity Auction Engagement webpage](#).

Stakeholders and Communities

The IESO encourages all interested parties to participate and anticipates that this initiative will be of particular interest to current active participants in the Capacity Auction as well as others who support or might be considering a more active role in the future, including, but not limited to, consumers and consumer groups, generators, industry associations, energy technology companies and other energy solution providers and demand response providers

Engagement Objectives

The IESO Engagement principles that guide this engagement include inclusivity, transparency, efficiency, and innovation. The IESO aims to work with industry stakeholders on focus areas that drive enhancements to the IESO Capacity Auction in an effort to meet the goals of the enhancements in ensuring system adequacy and reliability needs of Ontario. The expected outcomes and results of this engagement include:

- Enhancement opportunities are clearly scoped and prioritized
- IESO resource constraints, procedural approval steps and timelines to design, stakeholder and implement enhancements are communicated and understood by all stakeholders
- Near and longer-Term opportunities are identified and associated timelines for addressing potential future enhancements is shared with all stakeholders
- All relevant stakeholders are involved in the discussion resulting in diverse perspectives for inclusivity
- Stakeholder's are informed of decisions and processes and feedback is adequately addressed

Approach

This is a public engagement process and all materials will be posted on the dedicated IESO engagement webpage, and, feedback provided by stakeholders will be posted (with their consent). The Engagement Plan will be implemented in accordance with the IESO's approved engagement principles. The IESO will use the following tactics for engagement:

- Engagement Sessions (Public Meetings): Utilize Engagement sessions to introduce topic areas and high-level details of enhancements. In addition to presentations, Design Memo's will be provided to inform on technical details and interdependencies to better prepare stakeholders in review and drafting of rules required for implementation.
- Technical Sessions (Focused Technical Discussions): Utilize Technical Sessions with invited stakeholders to provide background on technical details. Technical Sessions will ensure the appropriate audience is present and allow stakeholders to select the level of engagement of interest to them. Discussion Brief's will be provided in advance and will be taken as read during the session to ensure a detailed discussion can take place.

The IESO also continues to conduct outreach with certain resource groups and sectors on how they participate in the Capacity Auction, and other areas of the IESO-Administered Markets. This outreach and dialogue is important for both the IESO and participants to exchange information on priorities

and feedback to help inform both enhancements to the IESO Capacity Auction, and other areas of the market. Information on this outreach and discussion of topics not in scope for the 2023 Capacity Auction Enhancements will be conducted outside of this engagement.

Proposed Engagement Schedule

In order to ensure progress can be made on enhancement topics, the period for feedback after engagement sessions may be revised to one week to allow time for the IESO to incorporate input into subsequent materials at the next touchpoint. In addition, as progress is made during the engagement, any enhancement that requires market rule amendments may be presented in batches to ensure participants active in this engagement are aware of how the design will be captured in the draft Market Rules for the IESO Technical Panel's review.

Anticipated timing for this engagement is presented below and subject to change:

Timing	Engagement Activity
September 2023	Public engagement to introduce the objectives for engaging on future Capacity Auction Enhancements; discuss lessons learned from the 2023 CA Enhancements; opportunity to provide feedback on initial list of enhancements
November 2023	Public engagement to review feedback and discuss prioritization of potential enhancements
January 2024	Public engagement to review prioritized list and begin process of developing business case for enhancements
2024-onward	Continue ongoing engagements and outreach as required

Additional Background and Resources

IESO Capacity Auction: <https://ieso.ca/en/Sector-Participants/Market-Operations/Markets-and-Related-Programs/Capacity-Auction>

Related Engagements

[Resource Adequacy](#)

[Demand-Side Vision](#)