

Capacity Auction Engagement Meeting

Topics: June 2020 and December 2020 Capacity Auctions

Minutes of Meeting

Date held: January 23, 2020	Time held: 10:00 am – 12:00 pm
Invited/Attended	Company Name
Anderson, Colin	AMPCO
Butters, David	APPrO
Zhang, Alvin	Bruce Power
Churphongphun, Santi	Capital Power
Ferdinand, Shannon	Capital Power
Oosterman, Derek	Convergent Energy + Power
Withrow, David	Customized Energy Solutions
Dubois Lalanne, Alexis	CWP energy
Zebrowski, Steve	Elexicon Energy
Griffiths, Sarah	Enel X
Calibani, Marco	Essex Energy
Casey, Patrick	Essex Energy
Wu, Julien	Evolugen
Lin, Jane	GTAA
Belanger, Frederic	HQEM
Chung, Victor	Hydromega
Rawji, Altaf	Just Energy
Ewald, Peter	Lakeland Holding
Montpetit, Jennifer	Lakeland Holding
Villeneuve, Alexandre	MAG Energy Solutions
Bertholet, Kelly	Manitoba Hydro
Adi, Sana	Ministry of Energy
Zerek, Peter	Ministry of Energy
Samant, Sushil	Northland Power Inc.
Zajmalowski, Mike	Northland Power Inc.
Briggs, Kara	NRG Energy
Lampe, Aaron	NRG Peaks
Coulbeck, Rob	Ontario Energy Association
Kim, Jin	Ontario Power Generation

Simmons, Sarah	Power Advisory LLC
McKenzie, Kim	Power Workers Union
Laflamme, Serge	Rayonier Advanced Materials
Bhuiyan, Faruk	Rodan Energy Solutions
Forsyth, Dave	Rodan Energy Solutions
Zurbuchen, Lukas	Stelco
Tzolov, Marty	Strategic Policy Economics
Hiltz, Bonnie	Sussex Strategy Group
Kuntz, Margaret	TC Energy
Marzoughi, Rei	Toronto Hydro
Grav, Jorgen	Voltus
Jayapalan, Jennifer	Workbench Corp
Sears, Heather	Workbench Corp
Scribe: Julie Switalski, IESO Please report any corrections, additions or deletions to engagement@ieso.ca	

Introduction – Jason Grbavac, IESO

The IESO welcomed the participants and provided an overview of the agenda and how participants are able to ask questions throughout the session.

Opening Remarks and June 2020 Capacity Auction– David Short, IESO

The IESO thanked participants for their feedback and continual interest in this engagement. David Short announced a change to the project team, Vipul Agrawal will be responsible for implementation of the capacity auction as Jessica Tang has moved to the Market Renewal energy project.

The IESO summarized the stakeholder feedback received from the December 6th meeting and the next steps for the Market Rules (MR) and Market Manuals (MM) for the June 2020 Auction. Also, a versioning strategy for the MR / MM was discussed. The MR and MM will be presented to the Technical Panel on February 4th.

A participant commented that while market participants appreciate the need for certainty, one concern is the need to ensure the changes initiated by the DRWG engagement will be enabled before the June 2020 auction.

Thank you. The energy payment engagement is active and ongoing. The Capacity Auction project will continue to work closely with the DRWG, including the incorporation of changes to DR participation into the applicable Market Manuals for future auctions.

The IESO also mentioned that the OEB decision on the AMPCO market rule challenge is still pending and should be published by the end of the week (January 24).

December 2020 Design Features – Dina Shoukri, Nino Vakhtangishvili, Ambrose Yung, IESO

The IESO presented on the following December 2020 design features: 1) Broadening Participation with Resource-backed Imports and Self-Schedulers, 2) Market Power Mitigation – Default Offer Cap, and 3) Auction Mechanics.

A participant asked whether resource-backed imports from all markets are eligible to participate?

All interconnected neighbours to Ontario are eligible to participate.

A participant asked the IESO to explain how the import allowance limit will be increasing from 80 MW to 200 MW for the December 2020 auction.

The import allowance limit will be increasing from 80 MW to 200 MW to account for new resources coming into the auction.

A participant, referencing slide 8's statement that resources have to provide injection equal or greater than their capacity obligation when given a two-hour notice, how would this apply to resources who need more than two hours?

The IESO encourages stakeholders to submit feedback about different types of resources and the types of notices which would be feasible.

A participant asked if there is an update on Michigan and New York agreement?

Discussions with jurisdictions on resource-backed imports are ongoing.

A participant asked if there is a signed Memo of Understanding (MOU) between New York and Ontario?

There is not a signed agreement at this time; however, discussions with New York continue.

A participant asked about the impact of not having a signed MOU in place.

There must be an agreement, though the nature of that agreement is not necessarily an MOU.

A participant asked about the default offer cap?

It is the maximum price you can offer into the auction, if you were deemed to have Market Power.

A participant asked if the default offer cap is only applicable to those who can exercise market power in the auction?

That is correct.

A participant asked if the IESO conducted analysis to compare its proposed default offer cap with what it expects to be the marginal offer price? The marginal offer price meaning the "competitive" offer price of the marginal asset class.

The default offer cap will be set for each auction at a level which corresponds to a minimum of the competitive auction offer from a likely marginal resource in the summer and winter obligation periods. In other words, the default offer cap is set based on the estimated competitive marginal price.

Given that the analysis did not look at new entry or uprates, a participant asked if any should decide to participate would the IESO proposed market power mitigation mechanism may be with respect to their offers?

The IESO is exempting new resources from market power mitigation. The IESO is still working on the definition of a new resource which will be included in the design document and will be discussed at the next engagement session on February 27.

A participant asked if partial standalone offers can clear the auction?

Yes, standalone offers will continue to be treated as they do now.

Next Steps

The IESO thanked participants for joining the webinar and noted that feedback was being requested by February 7, 2020. The next engagement meeting is on February 27, 2020 to review the December 2020 draft design document.