



MAY 25, 2023

2023 Capacity Auction Enhancements

Dale Fitzgerald, Supervisor
Kim Krieber, Senior Advisor
Bryan Timm, Advisor
Laura Zubyck, Senior Advisor

Today's Discussion

- Review proposed amendments to the Market Rules and Market Manuals, reflecting the Stream 2 enhancements
- Discuss IESO responses to stakeholder feedback related to:
 - Limiting the Performance Adjustment Factor (PAF)
 - Contributor Outage Solution Proposal

Agenda

- Stream 1 and 2 Capacity Auction Enhancements
- Engagement Journey of 2023 Enhancements
- Stakeholder Feedback and IESO Responses
 - Stream 1 Contributor Outage Solution
 - Stream 2 Performance Adjustment Factor
- Stream 2 Market Rules and Manuals Overview
- Wrap-Up and Next Steps

Enhancement Objectives

- Enhancements are needed to drive competition, improve resource performance, maintain a reliable electricity system, and contribute to ratepayer value as auction targets increase
- Working with stakeholders better positions the capacity auction for success
- Evolving the capacity auction includes attracting a variety of resources and increasing competition



Recap: 2023 Stream 1 and 2 Design Enhancements

2023 Capacity Auction enhancements were divided into two streams. This enabled continued engagement on the Performance Adjustment Factor.

Stream 1

- Capacity Qualification Framework
- Performance Assessment Framework
- Demand Curve Updates
- Contributor Outage Management

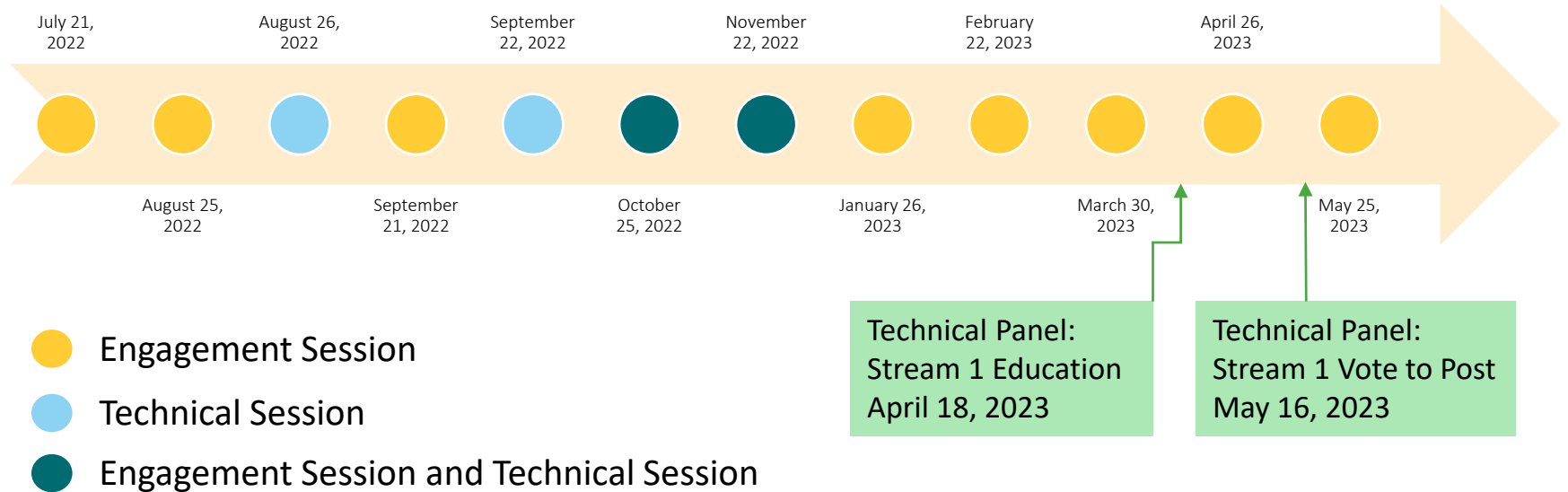
Stream 2

- Performance Adjustment Factor
- Administrative updates to Ch. 9
- Generator-Backed Import updates (updates only affect Market Manuals)



Although the design elements are complementary, the implementation of Stream 1 is not dependent on Stream 2

2023 Enhancements: Engagement Journey To Date





Stakeholder Feedback Updates

Key Stakeholder Feedback and IESO Response

In April, [the IESO presented](#) the final PAF design and provided status updates for proposed amendments to the Market Rules and Market Manuals reflecting the Stream 1 enhancements.

As a result, the IESO received additional feedback:

- 1) Stakeholders suggested that the PAF be limited to 0.75
- 2) Stakeholders provided suggestions related to the Contributor Outage Solution

The IESO's response is summarized in the following slides.

Performance Adjustment Factor (PAF)

Feedback: Stakeholders suggested that the PAF be limited to 0.75

IESO Response: IESO will limit PAF to 0.75 in the following situations:

- 1) If the [PAF calculation](#) would result in a PAF of less than 0.75
- 2) If a capacity market participant fails to notify the IESO of the specific day, hours and dispatch intervals for which performance will be assessed
- 3) If a resource fails to submit the measurement data for a self-scheduled capacity test

Contributor Outage Solution (1 of 2)

Feedback: Stakeholders suggested removing outage verification from the audit process, and using an alternative method to validate use of the contributor outage solution

Stakeholder Proposal:

- Participant submits contributor-level interval data for any site on an outage as part of the measurement data submission
- IESO reviews the data to determine if the outage meets the requirements
- If the outage is invalid, participant has two days to resubmit the resource data including data previously excluded due to outage request
- The IESO calculates performance based on the new data submission

Contributor Outage Solution (2 of 2)

IESO Response: IESO's position, as stated in its [April 25 Feedback Response document](#), is that any change or impact to HDR measurement data submissions will inherently need to be considered in the audit, since the purpose of the audit is to validate the integrity of HDR measurement data submissions.

In order to verify that the contributor outage solution was used appropriately, the IESO must evaluate the contributor's interval data, which is only available at the time of an audit.



Stream 2 – Market Rules & Market Manual Updates

Stream 2 – Market Rules & Market Manual Updates

1. Proposed amendments to the [Market Rules and Manuals](#) for Stream 2 are posted
2. Stakeholders have an opportunity to provide feedback on whether Stream 2 enhancements are accurately reflected in the proposed amendments
 - Feedback is due by **June 8**, and comments will be discussed at the June engagement meeting
3. If revisions to the Market Rules and Market Manuals are required, they will be incorporated prior to the Technical Panel Vote to Post in July

Market Rule and Market Manual Amendments

- Stream 1 proposed amendments are going through the Technical Panel process and are posted for broader stakeholder engagement
- Stream 2 amendments posted for review include the Stream 1 amendments, with only Stream 2 amendments shown as red-lined changes

Proposed Amendment Reference Guide

Enhancement	Sub-Topic	Design Memo	Market Rule	Market Manual
Capacity Qualification	Performance Adjustment Factor	10.1: Performance Adjustment Factor	Ch. 7, s. 18.2A Ch. 11	12: Capacity Auctions, s. 3.3.2
Settlements Update	-	-	Ch. 9, s. 4.7J (All)	5.5: Physical Markets Settlement Statements, s. 1.6.26 (All) 12: Capacity Auctions, s. 6.1
Generator-Backed Imports	-	-	-	12: Capacity Auctions, Appendix G 7.3: Outage Management, s. 3.4
Other	Buy-out Automation	-	-	12: Capacity Auctions, s. 7

Please note that this chart is provided for informational purposes only to assist in the review of the draft market rules and market manuals and should not be relied upon as all relevant design enhancements and corresponding references to the market rules and the market manuals may not be captured.

Market Settlements Administrative Clean-up

- As indicated in February, the IESO is moving Capacity Auction-related settlement equations and the definitions of their variables from their current location in Market Manual 5.5 and Charge Types and Equations to Market Rule Chapter 9, to be consistent with other sections of that rule chapter
- These updates do not change anything in the settlement system, nor do they change any market participant settlement activities
- Due to the extensive red-lined changes associated with this administrative clean-up, a reference guide has been posted to assist in understanding these changes specifically

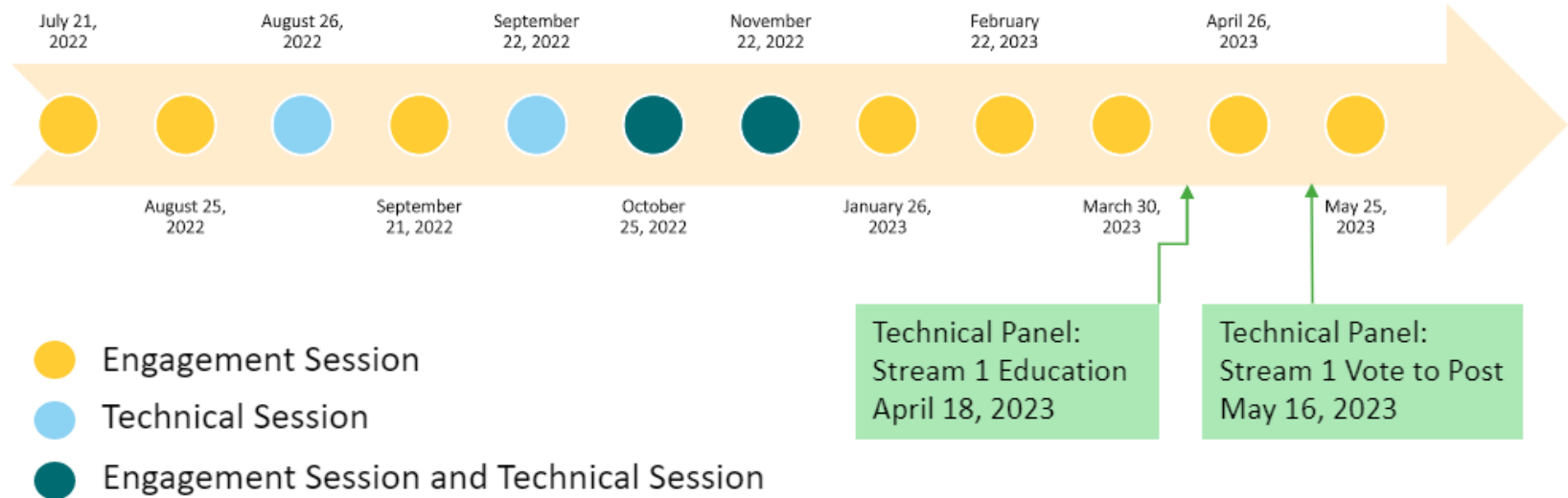
Buy-Out Automation

- A minor update has been made to the buy-out section of Market Manual 12 to reflect the automation of the buy-out process
 - The buy-out process is moving to submission via Online IESO, similar to the capacity obligation transfer process
 - Training on the new process to be provided

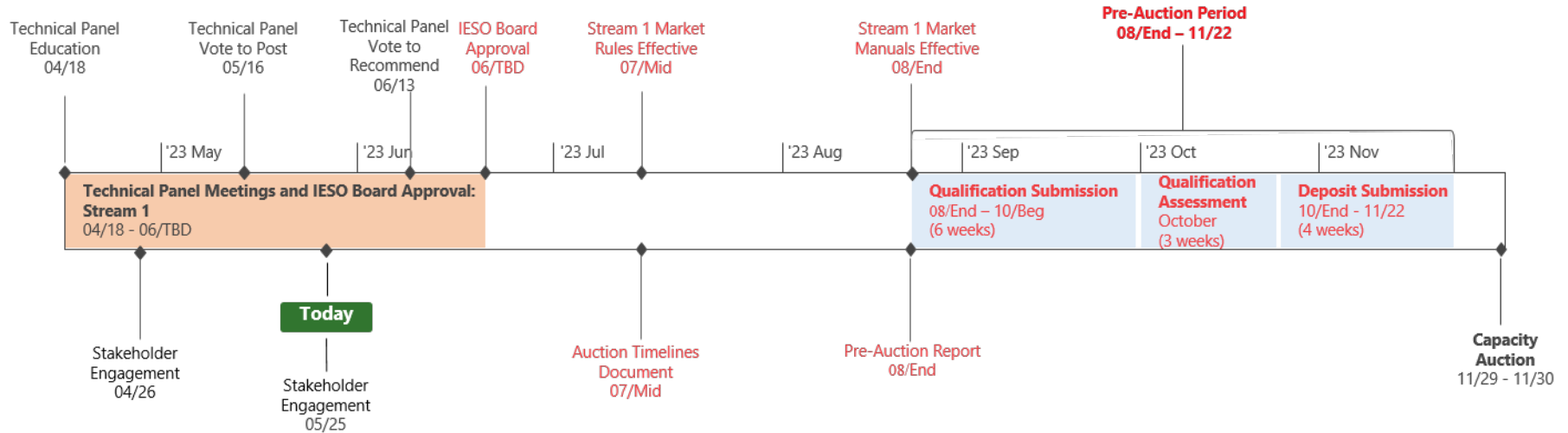


Wrap-up and Next Steps

2023 Enhancements: Engagements Complete

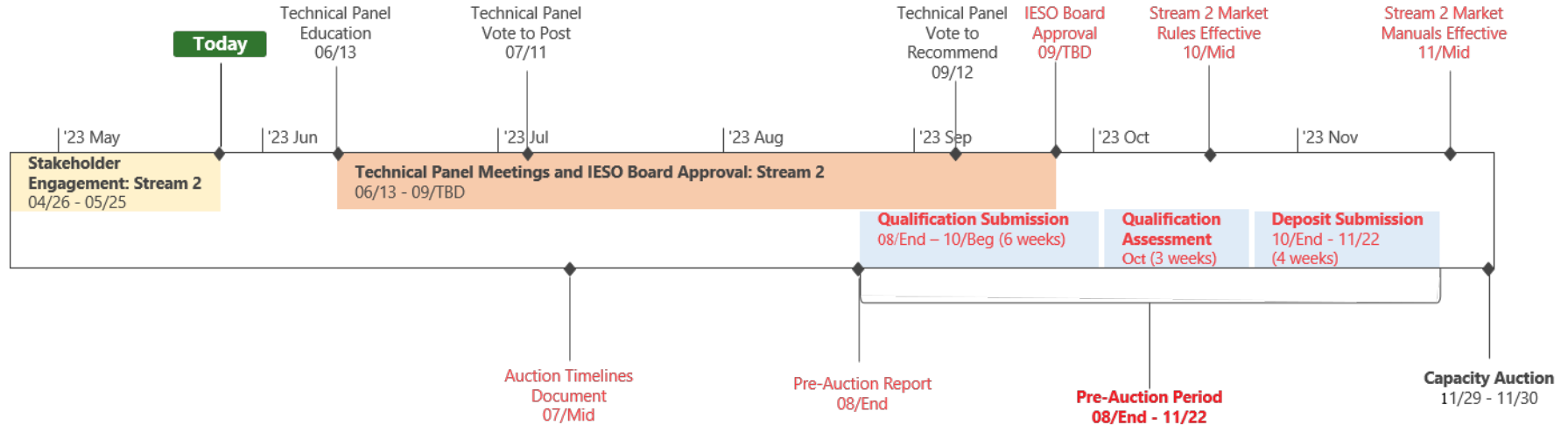


Timeline: Stream 1



*Activities shown in red are estimates and will be finalized in the Auction Timelines document.

Timeline: Stream 2



*Activities shown in red are estimates and will be finalized in the Auction Timelines document.

Summary

- Over the past year, several enhancements have been discussed and evaluated for incorporation into the 2023 Capacity Auction
 - Input from stakeholders better positions the capacity auction for success, contributing to maintaining a reliable electricity system
- Looking ahead:
 - Engagements for Stream 1 and 2 enhancements are complete
 - Visit the [Technical Panel Meeting page](#) to follow the implementation of Stream 1 and 2 enhancements
 - The IESO will begin engagement on future enhancements later this year



Next Steps

Item

Activity

Stream 1: Draft Market Rules and Market Manual Amendments

Presenting to Technical Panel on the following dates:

- April 18 – Education 
- May 16 – Vote to Post 
- June 13 – Vote to Recommend

Stream 2: Draft Market Rules and Market Manual Amendments

Presenting to Technical Panel on the following dates:

- June 13 – Education
- July 11 – Vote to Post
- September 12 – Vote to Recommend

Next Steps

Item

Activity

Feedback Due

Requesting stakeholder feedback by the following date:

- June 8 – Stream 2: Draft Market Rules and Market Manual Amendments

Next Engagement Session

June 2023 (TBC)

Thank You

ieso.ca

1.888.448.7777

customer.relations@ieso.ca

engagement@ieso.ca



[@IESO Tweets](https://twitter.com/IESO_Tweets)



linkedin.com/company/IESO