

# Feedback Form

## Resource Adequacy webinar – January 26, 2021

### Feedback Provided by:

Name: Emma Coyle

Title: Director, Regulatory & Environmental Policy

Organization: Capital Power Corporation (“Capital Power”)

Email: [REDACTED]

Date: February 17, 2021

Following the January 26, 2021 engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the following items discussed during the webinar. Background information related to these feedback requests can be found in the presentation, which can be accessed from the [engagement web page](#).

**Please submit feedback to [engagement@ieso.ca](mailto:engagement@ieso.ca) by February 17, 2021.** If you wish to provide confidential feedback, please submit as a separate document, marked “Confidential”. Otherwise, to promote transparency, feedback that is not marked “Confidential” will be posted on the engagement webpage.

## Feedback Requested

Top	Feedback
<p>Does the proposed process to set acquisition targets and select competitive mechanisms align with stakeholder needs?</p>	<p>Capital Power supports the development of the proposed Annual Acquisition Report ("AAR") which is to include (i) the articulation of needs based on planning activities with specific detail related to timing and locational considerations, (ii) the integration of needs identified through the bulk and regional planning processes and the translation of identified needs into acquisition targets, and (iii) the identification of acquisition mechanisms for capacity and product/attribute targets.</p> <p>Capital Power believes that the overall timing of the Resource Adequacy Framework needs to be accelerated so that the Framework is finalized by the end of 2021. In accordance with the APO, system needs have been identified as emerging before 2028 and without a Resource Adequacy Framework in place by the end of 2021 market participants may not have the necessary information required to make critical asset investments in time to supply emerging needs. Relying on sole source procurements and non-competitive mechanisms during the transition period will directly impact the success of future competitive processes. Accordingly, any decisions made in this respect must be carefully considered.</p> <p>With respect to the process for setting acquisition targets and selecting competitive mechanisms, Capital Power offers the following comments.</p> <ul style="list-style-type: none"><li>• Where supported by an adequate framework, competitive investment processes can drive the greatest value for Ontario ratepayers. Accordingly, any potential non-competitive processes should be communicated far in advance so that interested developers have an opportunity to present competing proposals or other information that may demonstrate the suitability of a competitive process. The "Sector Scan" described by the IESO appears to be an attempt to independently assess whether the broader market may be able to provide a solution to the IESO's need, and therefore seeks to identify competitive alternatives without actually running a competitive process. Capital Power has concerns with this approach and would like further details from the IESO regarding how participants can be</li></ul>

	<p>assured that the Sector Scan will be undertaken in a manner that seeks to <u>facilitate and not limit</u> competition.</p> <ul style="list-style-type: none"> <li>• The Resource Adequacy Framework and the AAR itself should be technology agnostic, leaving any policy determinations regarding a preferred resource type to the government. The IESO's process for determining which resources will be required to compete must be transparent and made public so that stakeholders can understand how the IESO is demarcating competitive and non-competitive processes. Stakeholders should also be given the opportunity to test any assumptions made by the IESO in this respect.</li> </ul>
<p>Is there any additional information that the IESO should consider including in the Annual Acquisition Report (AAR) to help participants make investment decisions?</p>	<p>The IESO has identified that the AAR will seek to drive cost-effective outcomes that support reliability needs, yet there is not yet a process through which the IESO is required to make its cost/benefit analyses public. Capital Power would like to understand if the IESO plans to make public its cost/benefit assessments, and if stakeholders will have an opportunity to provide feedback. Capital Power believes that any cost/benefit analysis should also make explicit how transmission investment decisions are being considered in the overall economics of any procurement decision, including procurement targets and mechanisms.</p> <p>Capital Power supports the key considerations identified by the IESO, but again notes the IESO has yet to identify how it will balance and incorporate these key considerations into procurement decisions. This additional detail regarding how the IESO will balance these key considerations must be provided in order for stakeholders to assess whether the AAR will consider the correct information necessary to help participants make investment decisions.</p>
<p>What are the timing considerations from a stakeholder perspective with respect to the AAR?</p>	<p>The AAR should be directly informed by the APO, be released following the APO, and be updated as required.</p>

Are there any concerns with the proposed Capacity Auction enhancements?

We note that the IESO is planning to evolve the Capacity Auction and look forward to providing comments on its design and usefulness in the Ontario context. On previous occasions Capital Power has expressed its view that commercial contracts are necessary to incentivize efficient investment in Ontario and Capital Power continues to hold this view. The most recent sole source negotiation with Lennox suggests that capacity auctions are not suitable procurement mechanisms for system-critical gas-fired generators.

---

## General Comments/Feedback

Capital Power appreciates the opportunity to provide ongoing feedback to the IESO regarding its Resource Adequacy Framework. The IESO's consideration of appropriate procurement mechanisms is a critically important aspect of ensuring adequate future supply is procured at competitive costs for Ontario ratepayers. As noted in Capital Power's comments submitted in response to the APO, without transparent, effective, and timely communication of system needs to all market participants, competitive processes (regardless of design) are at risk of not delivering their full potential value to the ratepayer. Accordingly, future engagement sessions focused on the Resource Adequacy Framework should be timed so that they can incorporate necessary aspects of the planning process (including planning processes related to transmission) required to inform the broader Framework and the AAR.