

# Feedback Form

## Resource Adequacy – November 23, 2021

### Feedback Provided by:

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To promote transparency, feedback submitted will be posted on the Resource Adequacy webpage unless otherwise requested by the sender.

Following the November 23, 2021 Resource Adequacy webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the following items: the *Annual Acquisition Report (AAR)*, *enhancements to the Capacity Auction*, *the Long-Term RFP* and *IESO Procurement Fees*.

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 December 14, 2021.** If you wish to provide confidential feedback, please mark the document "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

## Annual Acquisition Report

Topic	Feedback
How can the IESO evolve the Resource Adequacy Framework to enhance it?	The AAR is very useful as it establishes in a single document Ontario's resource adequacy needs, its planned procurement mechanisms, and various frameworks. We thank the IESO for producing this Report and look forward to its regular publication in the future. While the ARR provides significant coverage on capacity requirements, we note that Ontario's energy and operating reserves requirements are equally important, especially given that the IESO's existing procurement processes to-date do not price in energy and ancillary products. Additional analysis on the IAM's energy and ancillary needs and their procurement mechanisms would be helpful. In the same vein, as the LMP's go-live date draws near, the IESO should begin including more granular (i.e. zonal/LMP) information on its capacity, energy, and ancillary markets and RFPs. High-level analysis of this nature can be included in future AARs, while the actual data and information should be made available for download to market participants in parallel.
What sections of the 2021 AAR were most helpful?	Click or tap here to enter text.
Are there specific topic areas the IESO should focus on in upcoming AARs?	
What additional data would be most helpful to be included as supplemental information in future AARs?	As mentioned previously, the IESO should continue its coverage on capacity requirements, but begin to include analysis on its energy and ancillary needs and their procurement mechanisms, as well as more granular (i.e. zonal/LMP) information and data.

Topic	Feedback
General comments and feedback	<p>The IESO should ensure that the Resource Adequacy Framework and the AARs would not only minimize costs to ratepayers, but also materially support the development of incremental emissions-free resources. In other words, the IESO should price in environmental attributes. A framework that does not account for this second requirement would fail to meet governments' environmental targets. In time, building new renewable capacity may require bilateral contracts between the IESO and project developers: the development of wind, solar, and other emissions-free hybrid projects might not be possible if the Ontario relied solely on UCAP-based RFPs -even if contract terms of 10 years were offered.</p>

## Capacity Auction

Topic	Feedback
Proposed changes for the December 2022 Capacity Enhancements	<p>We wish to reiterate our recommendation that the IESO should implement a maximum penalty cap to limit the total penalty a capacity obligation holder could be exposed to in a worst-case scenario. Without such a cap, the obligation holder would effectively need to price in an unpredictable downside exposure, which would increase their capacity offer price. Alternatively, obligation holders could be too eager to shed their obligations in the face of uncertainty, which could result in an unexpected capacity shortfall for the IESO (e.g. extreme weather event that affects multiple obligation holders).</p>
Input on how the point in time rule could be enhanced	<p>Click or tap here to enter text.</p>

Topic	Feedback
General comments and feedback	We encourage the IESO to implement market-based mechanisms to divest capacity obligations as a way to mitigate commercial and operational risks for the participants. For example, reconfiguration auctions or resale options (monthly, quarterly) would help participants adjust their obligations on a shorter-term basis without having to relinquish the entire commitment period. Such mechanisms would rely on market competition and bilateral negotiations between participants, and thus reduce the administration burden for the IESO.

## Long-Term RFP

Topic	Feedback
Proposed LT RFQ process and high level considerations	We wish to reiterate our recommendation that the IESO should reward longer term contracts to not only minimize overall procurement costs, but also to enable cost-effective, versatile, and emissions-free products such as hydro that might require longer development time. In addition to longer contract lengths, investors and developers concerned with revenue uncertainty would benefit from: a) ICAP as the capacity procurement mechanism, and b) bundling procurement products that include energy, ancillary, and environmental attributes.
LT RFP design considerations	Click or tap here to enter text.
LT RFP engagement considerations	Click or tap here to enter text.
General comments and feedback	Please refer to the Renewable Consortium's comments for more information.

## Procurement Fees

Topic	Feedback
Does the proposed framework assist the IESO in running effective procurements with serious proponents?	Click or tap here to enter text.
Does the proposed approach and then stakeholdering the exact fees under each procurement provide appropriate opportunities for feedback?	Click or tap here to enter text.
General comments and feedback	Click or tap here to enter text.

## General Resource Adequacy Comments/Feedback

Click or tap here to enter text.