

# 2022 Capacity Auction Information Update –

## July 21, 2022

### 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 July 21, 2022 Resource Adequacy webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the following items: **Revised Forward Capacity Auction (FCA) proposal, Timing of Annual Capacity Auction (ACA), and 2023 Auction - engagement priorities.**
- 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 August 5, 2022.** 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.

## Revised Forward Capacity Auction Proposal

Topic	Feedback
<p data-bbox="190 243 748 380">Please provide any feedback on the revised Forward Capacity Auction (FCA) proposal. <i>(slides 15/16 of the July 21 presentation)</i></p>	<p data-bbox="781 243 1500 758">Voltus did not submit comments for the June Resource Adequacy engagement session as we were awaiting additional information on the FCA and how it would tie into existing mechanisms. Based on the current proposal, Voltus does not support the addition of a new capacity procurement mechanism detached from the current Annual Capacity Auction (ACA). We believe that it is pivotal for the IESO to link any Forward Capacity Auction (FCA) with the current Capacity Auction to encourage long-term stability of each mechanism and foster liquidity in both markets. This approach is well tested in NYISO, PJM, and ISO-NE.</p> <p data-bbox="781 814 1511 978">Voltus is concerned with the current proposal to hold 3 separate FCAs in 2023 for 3 separate forward periods. Is the IESO intending to hold an FCA at a regular cadence going forward or is this a one-time mechanism?</p> <p data-bbox="781 1035 1487 1157">Can the IESO speak to what tools will be available to companies who successfully clear the FCA to right-size their obligation during the forward period?</p> <p data-bbox="781 1213 1511 1633">As noted in the past, Voltus echoes the AEMA's questions on why all resource types who can participate in the Long-Term suite of procurements, get a long-term commitment, but Demand Response and behind-the-meter DERs, are only offered the option of a 6-month seasonal commitment. Voltus recommends that the proposed FCA return to a 3-year commitment period to satisfy investment certainty for capital intensive resources including DERs that are located behind the meter.</p>

## Timing of Annual Capacity Auction (ACA)

Topic	Feedback
<p>Please provide any feedback on the proposed timing of the Annual Capacity Auction (ACA).</p> <p>Is there support for shifting the ACA earlier in the year? Are there any concerns? <i>(slide 17 of the July 21 presentation)</i></p>	<p>Voltus does not support moving the ACA earlier in the year. Whether or not the ACA is to act as a 'balancing auction,' it makes sense to hold the auction after the other procurement mechanisms have taken place. Having a delay between the FCA and ACA gives participants greater clarity on what is needed for the ACA and allows participants time to prepare by pursuing other options to obtain capacity and customers.</p>

## 2023 Auction: Engagement Priorities

Topic	Feedback
<p>Please provide any feedback on priorities and areas of focus that will contribute to the engagement plan for future CA enhancements. <i>(slides 22-23 of the July 21 presentation)</i></p>	<p>Voltus supports reviewing the ACA's current performance assessment framework and exploring alternative assessment mechanisms that will drive expected and needed performance that meets the objectives of the IESO, the Market Participant and the Ratepayer.</p> <p>Voltus supports the establishment of processes to ensure qualified capacity better reflects the performance capability of each resource type.</p> <p>As noted in the July 21<sup>st</sup> engagement session, Voltus is willing and ready to discuss topics that were brought up during the Implementation discussions of the 2022 Enhanced Capacity Auction (and well before). These topics include outage management for demand side resources, impact of line losses, audit processes, and measurement and verification.</p>

## General Comments/Feedback