

Stakeholder Feedback and IESO Response

Overview of 2020 Capacity Auction Results – February 23, 2021 Webinar

Following the February 23, 2021 Overview of 2020 Capacity Auction Results engagement webinar, the Independent Electricity System Operator (IESO) invited stakeholders to provide feedback on the materials presented.

The IESO received feedback from:

HQ Energy Marketing

Workbench Energy

This feedback has been posted on the [engagement webpage](#).

Note on Feedback Summary and IESO Response

The IESO appreciates the feedback received from stakeholders. The table below outlines a summary of the feedback received and an IESO response in relation to that feedback.

Potential Administrative Improvements to Capacity Auction

Stakeholders indicated areas where administrative improvements could be made to Capacity Auction documentation and processes, outlined below:

Feedback	IESO Response
<p>Greater clarity in communication of changes to IESO market rules and manuals, particularly regarding point-in-time rules.</p>	<p>All changes to Market Rules and Market Manuals are communicated to stakeholders through the baseline plan and review process, and posted to the Pending Changes page prior to implementation. While the changes anticipated for the 2021 Capacity Auction will be minor and clarification items only, the IESO recognizes that participants would like more certainty and clarity earlier in the auction process through an amendment to the point-in-time rules. Making this type of change to the point-in-time rule will require more stakeholder engagement and consideration than is available for the 2021 auction, and for this reason will be considered for future Capacity Auction enhancements.</p>
<p>Greater clarity around Capacity Auction and Market Participant roles and their obligations in the pre-auction and post-auction registration processes</p>	<p>We understand participants have had some confusion regarding contact roles in Online IESO, and are taking steps to provide further clarity. We are currently working on publishing a guidance document that will include a summary of all IESO contact roles in Online IESO and their associated responsibilities. We will also be reviewing the sections in the Capacity Auction Training Workbook pertaining to participant contact roles and adding more information and references to this new guidance document.</p>
<p>Prudential obligations can be too onerous for some capacity market participants (CMPs), particularly, the requirement to obtain a letter of credit. IESO is encouraged to establish a prudential obligation minimum threshold below which cash can be used as collateral for CMPs, and above which Letter of Credit is required.</p>	<p>The current prudentials requirements in the Capacity Auction is consistent with the broader prudentials framework within the IESO-administered markets. Any change to the prudential requirements in the Market Rules would have implications to market participants beyond those participating in the Capacity Auction. As a result, such a change is not being considered at this time.</p>
<p>To assist CMPs in preparing for participation in the real-time market, IESO is encouraged to enhance sandbox</p>	<p>Ahead of the December 2021 Capacity Auction, the IESO will be undertaking administrative changes only. Improving the sandbox testing environments for users</p>

Feedback	IESO Response
<p>capability, particularly to allow CMPs to test communications with IESO systems and configure systems prior to the start of the obligation period.</p>	<p>will require extensive internal consultation and as such it will not be part of this year’s auction preparations.</p>
<p>Generally, more clarity should be provided to prepare CMPs for upcoming obligation periods in the post-auction period.</p>	<p>The IESO will be undertaking a review of the Capacity Auction guidance documents, including the training guide, to provide more information regarding forward period and obligation period activities. Additionally, in recognition of the need for more training for new and returning participants, the IESO held two training webinars in early April 2021 for Capacity Market Participants (CMPs), which focused on energy market participation and settlements for the upcoming obligation period. We will be reviewing any feedback received from this training to continue to ensure such training is helpful to participants.</p>
<p>Ask to release the details around offered MWs into the auction in the post-auction reporting, and pointed to other jurisdictions following this practice.</p>	<p>The public post-auction reporting currently released by the IESO is meant to give stakeholders a transparent view of the results of the auction without providing the opportunity for any participant or prospective participant to gain market power. Due to the modest size of Ontario’s Capacity Auction, releasing the details of the amount of MWs offered could open up this risk of participants gaining knowledge to exercise market power or influence the outcome of subsequent auctions. While we recognize that other jurisdictions, such as PJM, release this information, their capacity markets are much larger than Ontario’s, with different targets and requirements, and there is less of an opportunity to disaggregate the data. As Ontario’s Capacity Auction continues to grow, the IESO will revisit our reporting requirements and consider releasing additional information.</p>