



**FEBRUARY 23, 2021**

# Overview of 2020 Capacity Auction Results

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# Agenda

- Overview of 2020 Capacity Auction results
- Q & A and discussion with stakeholders regarding Capacity Auction participation



# Overview of 2020 Capacity Auction Results

# December 2020 Capacity Auction: Changes

- The first Capacity Auction was held December 2-3, 2020
- Introduced a number of changes from the previous Demand Response Auction. The significant changes were:
  - Enabled participation of additional resource types (dispatchable generation, storage and system-backed imports)
  - Move to resource-level obligations
    - Have participant identify the capacity auction resource that will fulfill the obligation at the time of enrollment

# December 2020 Capacity Auction: Results Summary

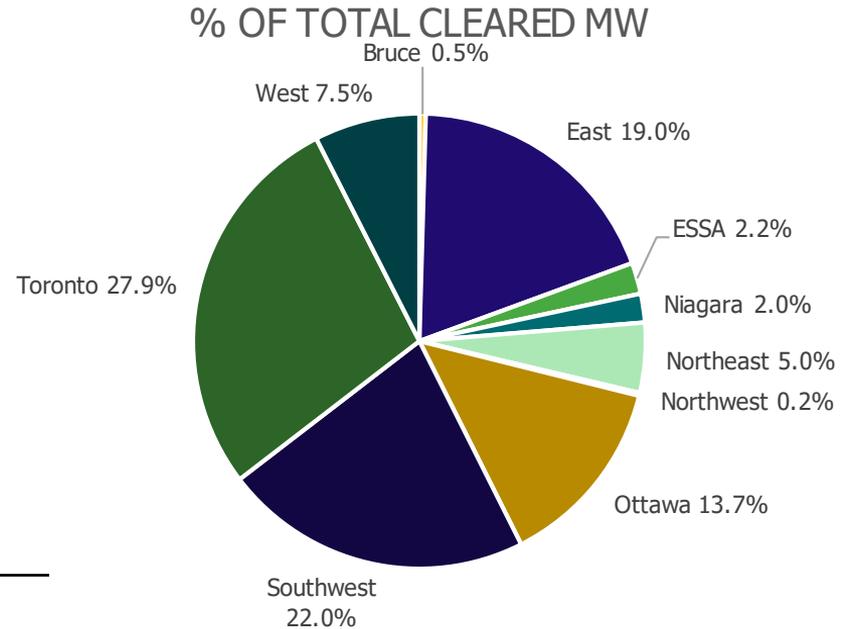
- December 2020 capacity auction cleared 992.1 MW for the 2021 summer obligation period
  - 329.8 MW physical capacity and 662.3 MW virtual capacity
  - Higher than the 700 MW target
- The system-wide clearing price for availability payments is \$197.58/MW-day
  - A 26% decrease from \$268.16/MW-day for the December 2019 Demand Response Auction (summer 2020 obligation period)

# Capacity Auction Results: Zonal & Interface Breakdown

| Zone         | Cleared MW   | Zonal Limit (MW) |
|--------------|--------------|------------------|
| Bruce        | 4.5          | N/A              |
| East         | 188.3        | N/A              |
| ESSA         | 22           | N/A              |
| Niagara      | 20.2         | 500              |
| Northeast    | 49.3         | 500              |
| Northwest    | 2.1          | 50               |
| Ottawa       | 136          | N/A              |
| Southwest    | 218.6        | N/A              |
| Toronto      | 276.4        | N/A              |
| West         | 74.7         | 1150             |
| <b>Total</b> | <b>992.1</b> |                  |

| Interface      | Cleared MW | Interface Limit |
|----------------|------------|-----------------|
| MB. Whiteshell | 0          | 50              |
| PQ.Outaouais   | 80 *       | 80              |

\*MWs cleared at the PQ.Outaouais interface are included in the zonal total for the Ottawa zone

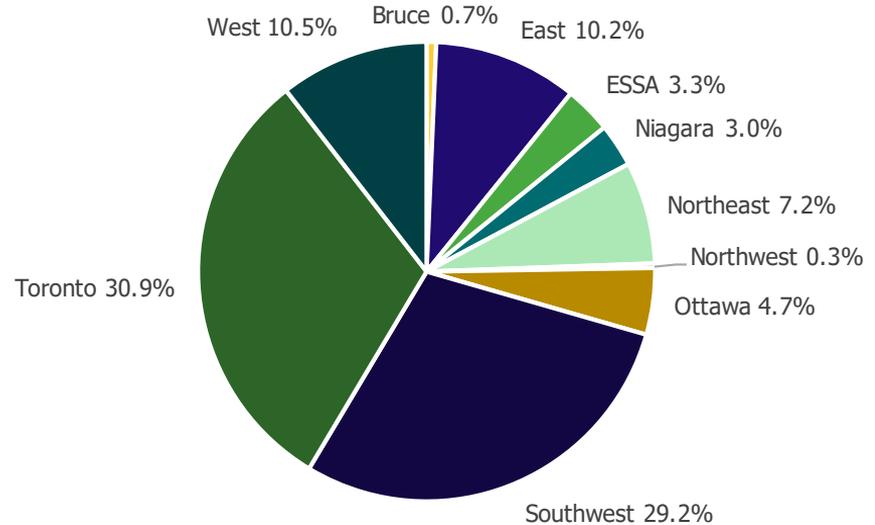


# Capacity Auction Results: Virtual Zonal Breakdown

| Zone         | Cleared MW   | Virtual Limit (MW) |
|--------------|--------------|--------------------|
| Bruce        | 4.5          | 100                |
| East         | 67.5         | 305                |
| ESSA         | 22           | 100                |
| Niagara      | 20.2         | 20.2               |
| Northeast    | 47.6         | 63.2               |
| Northwest    | 2.1          | 2.1                |
| Ottawa       | 31           | 126.9              |
| Southwest    | 193.2        | 287                |
| Toronto      | 204.4        | 383.2              |
| West         | 69.8         | 69.8               |
| <b>Total</b> | <b>662.3</b> |                    |

 Virtual limit reached

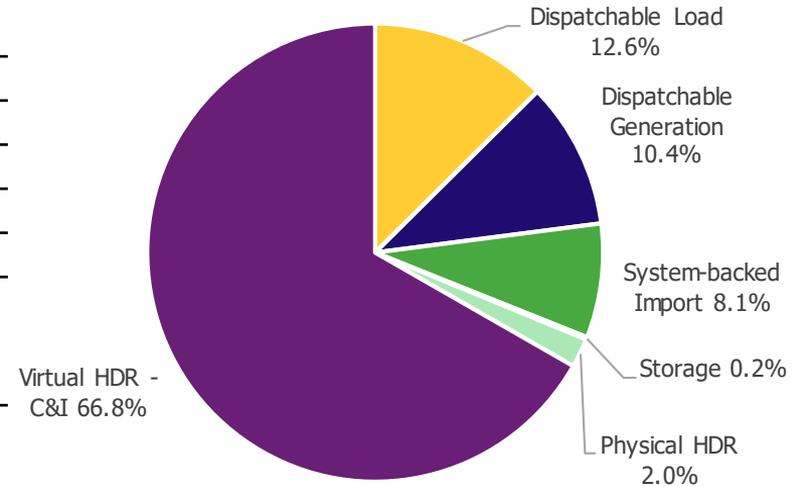
% OF TOTAL VIRTUAL CLEARED MW



# Capacity Auction Results: Resource Breakdown

| <b>Resource Type</b>                                                         | <b>Number Cleared</b> | <b>Cleared MW</b> |
|------------------------------------------------------------------------------|-----------------------|-------------------|
| Dispatchable Load                                                            | 7                     | 125               |
| Dispatchable Generation                                                      | 2                     | 102.8             |
| System-backed Import                                                         | 1                     | 80                |
| Storage                                                                      | 1                     | 1.7               |
| Physical Hourly Demand Response                                              | 2                     | 20.3              |
| Virtual Hourly Demand Response<br>– Commercial, Industrial,<br>Institutional | 62                    | 662.3             |
| <b>Total</b>                                                                 | <b>75</b>             | <b>992.1</b>      |

% OF TOTAL CLEARED MW



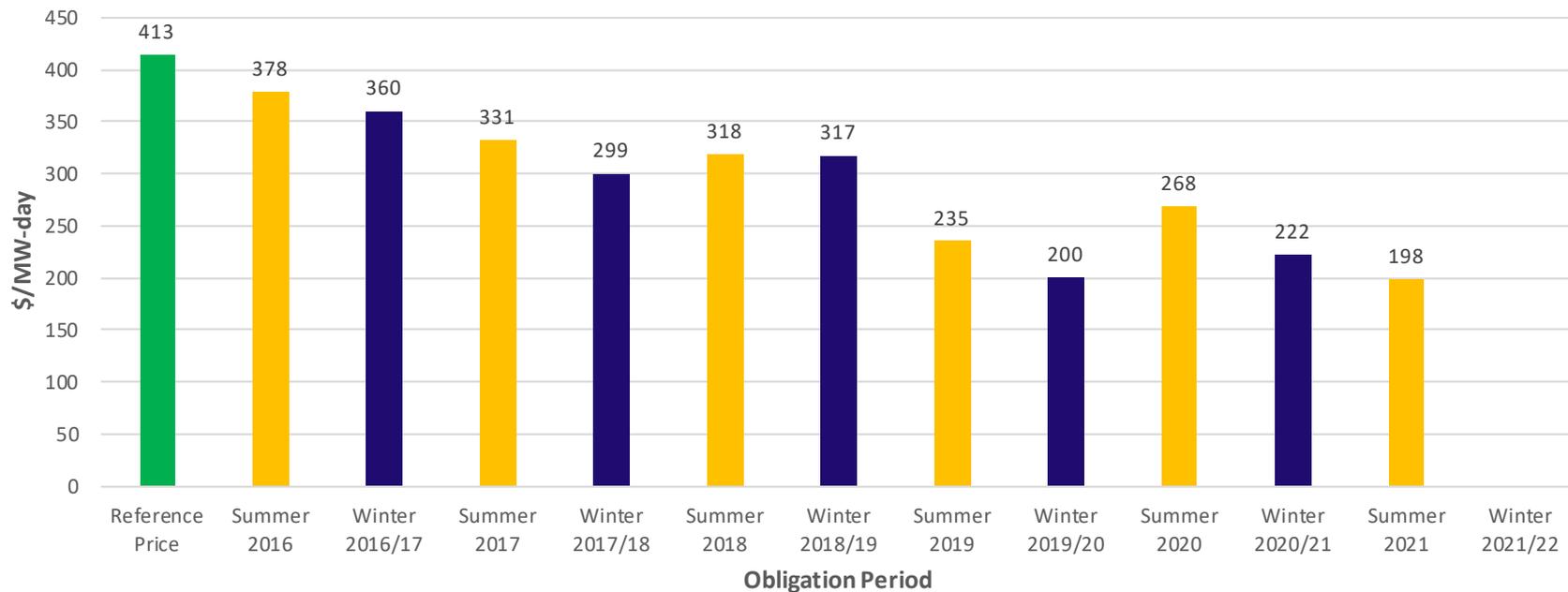
# Historical Comparison: Auction Participation

| Auction Year | Enrolled Participants<br>(count) | Total Enrolled Capacity |        | Cleared Participants<br>(count) | Total Cleared Capacity |        |
|--------------|----------------------------------|-------------------------|--------|---------------------------------|------------------------|--------|
|              |                                  | (MW)                    |        |                                 | (MW)                   |        |
|              |                                  | Summer                  | Winter |                                 | Summer                 | Winter |
| 2020 CA      | 32                               | 1708.6                  | n/a    | 26                              | 992.1                  | n/a    |
| 2019 DRA     | 23                               | 1432.6                  | 1491   | 21                              | 858.6                  | 919.3  |
| 2018 DRA     | 19                               | 1481.2                  | 1499   | 14                              | 818.4                  | 854.2  |
| 2017 DRA     | 15                               | 910.3                   | 1039   | 15                              | 570.7                  | 712.4  |
| 2016 DRA     | 11                               | 809.3                   | 806.4  | 9                               | 455.2                  | 477.5  |
| 2015 DRA     | 9                                | 625.1                   | 622.8  | 7                               | 392                    | 404    |

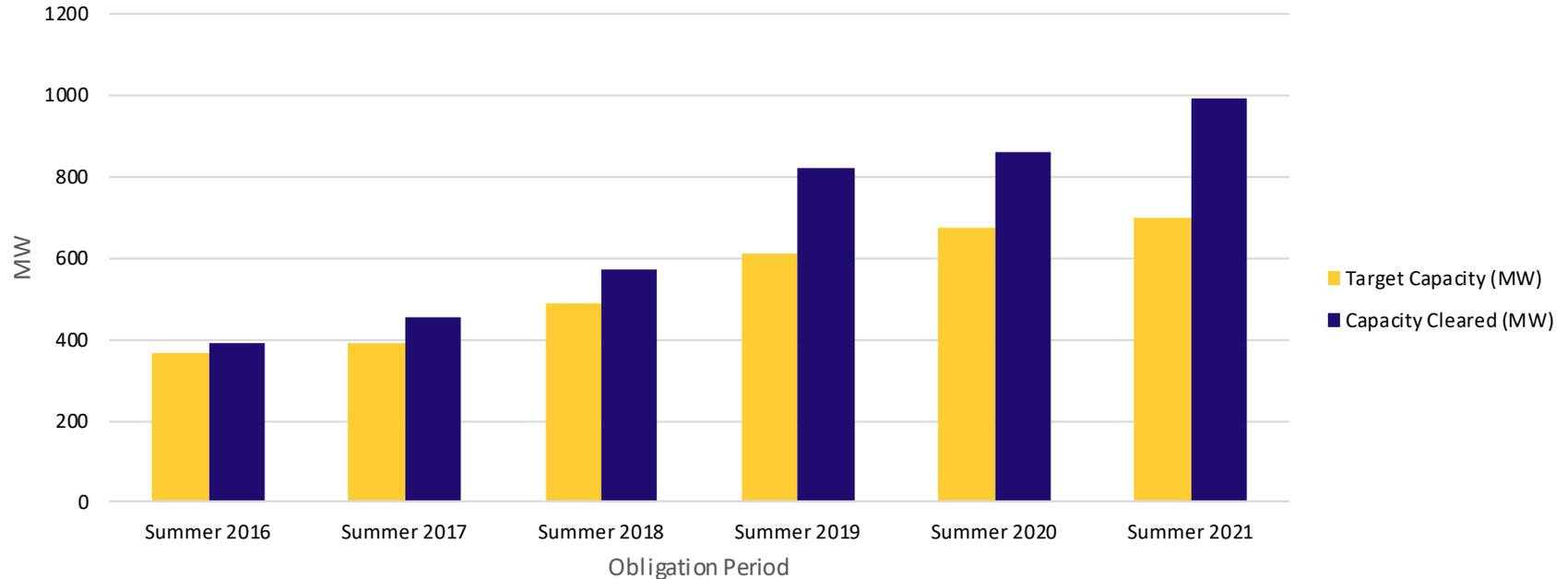
CA = Capacity Auction

DRA = Demand Response Auction

# Historical Comparison: System-wide Clearing Price



# Historical Comparison: Cleared Capacity for Summer



# Observations

- Overall, the first capacity auction ran smoothly and successfully, from IESO's perspective. Some process issues and areas of confusion were identified through discussions with participants that will be reviewed:
  - Registration requirement that the Capacity Market Participant must be the owner of the capacity auction resource (with option for third party to administer auction activities)
  - Testing rules and non-performance charges; some confusion over which charges apply when, and assessment criteria of test activations
  - The 'point-in-time' rule that establishes which Market Rules are applicable to a particular auction period

## Near-term Actions

- In addition to continuing to engage with stakeholders and reviewing Market Rules and Manuals to address areas of confusion, the IESO will be undertaking the following administrative improvements:
  - Enhancing the Training Workbook and making it available earlier in the pre-auction period
    - Add more Q&A's in areas where we received questions
    - Add more Online IESO instructions
  - Hold training sessions earlier, prior to any pre-auction deadlines, to ensure participant understanding before key milestones have passed



# Discussion, Q & A and Next Steps

# Open Discussion and Q & A

- Goals:
  - Answer questions and address areas of confusion
  - Gather insights into Capacity Auction Participants' experiences throughout the auction process (pre-auction, auction, and post-auction)
  - Gather feedback on any additional administrative improvements to consider for 2021 (Market Rule or Manual clarification, Online IESO improvements, suggestions for training materials, etc.)
- Written feedback can be submitted following this session as well

# Open Discussion and Q & A – Discussion Prompts

- Based on your Capacity Auction experience:
  - What worked well and what could be improved?
  - What could be made more efficient?
  - Are there any gaps?
  - What learnings can be applied in Ontario from experiences in this auction and/or other capacity auctions?

# Submitting Stakeholder Feedback

- Written feedback can be provided to [engagement@ieso.ca](mailto:engagement@ieso.ca) using the feedback form on the [engagement web page](#) by March 16.
- Please use the feedback form provided to ensure stakeholder feedback is compliant with the Accessibility for Ontarians with Disabilities Act (AODA). If you choose not use the IESO feedback form, please provide an AODA compliant pdf document.

## Next Steps

- Stakeholder feedback will be used to identify administrative modifications to the Capacity Auction process
- IESO will review and provide an update on these administrative improvements at the April 2021 Resource Adequacy engagement webinar, along with implementation details and timing, if applicable

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# Thank You

[ieso.ca](http://ieso.ca)

1.888.448.7777

[customer.relations@ieso.ca](mailto:customer.relations@ieso.ca)

[engagement@ieso.ca](mailto:engagement@ieso.ca)



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