

# Memorandum

To: Technical Panel  
From: Josh Duru  
Date: January 28, 2020  
Re: MR-00441-R00-R03: Capacity Auction - June 2020

Attached for Technical Panel review and consideration are four market rule amendment proposals to implement a Capacity Auction. The Capacity Auction represents an evolution of the demand response auction (DRA) and proposed Transitional Capacity Auction into a more competitive capacity acquisition mechanism.

The four market rule amendment proposals represent the second phase of the IESO's staged approach to develop a capacity auction. The proposals enable existing and available resources to participate, including system backed imports and storage, to compete alongside demand response and non-committed generators to meet Ontario's capacity needs in a proposed June 2020 Capacity Auction. The IESO continues to work with stakeholders on the design of a subsequent phase of the Capacity Auction.

At the November 27, 2019 Technical Panel meeting, the IESO provided an informational presentation on the June 2020 Capacity Auction that covered design features, key areas of market rule amendments and the proposed timeline. Since the November 27th meeting, participants of the Capacity Auction stakeholder engagement have reviewed the draft market rules and provided comments. The IESO has reviewed and incorporated the feedback into R01 document of the attached market rule amendment proposals. The three stakeholder feedback submissions received are available on the engagement [webpage](#).

## **Recommendation - Priority**

The IESO recommends that the Technical Panel assign a regular priority to the development of the suggested changes.

## **Panel Action and Next Steps**

The IESO recommends that the Technical Panel vote to post MR-00441-R00-R03 for stakeholder review and comment for a period of two weeks, ending on February 20, 2020. The target for IESO Board consideration of the amendment proposal is in March 2020.

## Accompanying Materials

The following materials are available on the Technical Panel [webpage](#) and listed below for reference. Note that the draft market manuals were provided at the stakeholder engagement for review, but are not required reading for Technical Panel members to assess the market rule amendment proposals.

- Overview Presentation, dated January 28, 2020
- Market Rule Amendment Proposals:
  - MR-00441-R00: Definitions
  - MR-00441-R01: Capacity Auction - Auction Parameters
  - MR-00441-R02: Energy Market Participation
  - MR-00441-R03: Settlement
- Draft Market Manuals - *link to these documents on the Capacity Auction stakeholder engagement webpage:*
  - Market Manual 2.10: Connection Assessment and Approval
  - Market Manual 4.2: Submission of Dispatch Data in the Real Time Energy and Operating Reserve Markets
  - Market Manual 4.3: Real Time Scheduling of the Physical Markets
  - Market Manual 5.4: Prudential Support
  - Market Manual 5.5: Physical Market Settlement Statements
  - Charge Types and Equations
  - Market Manual 7.3: Outage Management
  - Market Manual 12: Capacity Auctions

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