



September 13, 2017

Independent Electricity System Operator  
Stakeholder Engagement

### **Incremental Capacity Auction Design Elements**

With regard to the Draft Goal, Bruce Power believes that large-scale, longer-term generation requirements for nuclear baseload supply should be outlined in the “broader policy framework” of the LTEP, and procured in a manner that recognizes the full value of these assets to the province. The LTEP should continue to plan for large generation new build or major refurbishment. These should be procured in a manner that recognizes, among other things, their socio-economic value and the system stability they provide. LTEP should continue to represent the broader policy framework from which ICA should operate. Explicit language around this “carve-out” of baseload supply may help to clarify the specific goal of ICA.

The LTEP should continue to establish energy policy objectives. The goals and decisions on supply mix for the Ontario power system should continue to be established in the LTEP, providing the framework from which a renewed market and ICA will operate. Objective 2 should refer to securing capacity requirements in accordance with supply mix objectives as outlined in the LTEP.

With regard to strategic outcomes, Market Renewal should provide and drive customer benefits through improved operational efficiencies and the utilization of existing Ontario power system assets, providing greater certainty for assets with unique capabilities to provide enduring benefits to the customer.

With LTEP forming the broader policy framework from which ICA will be based, the IESO should demonstrate how ICA will enable the market to fully realize policy objectives in a cost effective way.

How the IESO will be able to maintain diversity in resource type while meeting environmental objectives through the ICA process is still unclear.

Large baseload, GHG-emission free generation projects are unique and represent value to the province beyond the simple clearing price in a capacity market. Jobs, GHG emission free generation, socio-economic benefits to local communities and economic development are not recognized in the clearing price of a capacity market design.

Nuclear and hydro are unique in providing reliable capacity and large amounts of energy without GHG emissions, an important global priority in combatting climate change.

Capacity auctions should secure incremental capacity in accordance with government policy objectives in many cases. However, contracts or a regulatory support mechanism will still be required for projects that have longer lives, larger capital investment costs and longer planning and licensing periods.

Our comments on the remaining specific design elements of ICA are fully reflected in the APPrO submission to this particular feedback request.

Regards,

A handwritten signature in black ink, appearing to read "Patrick Dalzell". The signature is written in a cursive, fluid style with some overlapping letters.

Patrick Dalzell  
Senior Strategist, Corporate Affairs  
Bruce Power