

# Incremental Capacity Auction (ICA) – Stakeholder Feedback Form

Stakeholder Meeting: September 28<sup>th</sup>, 2017

<b>Feedback request by:</b> 2017/10/26 <b>Date Submitted:</b> <i>2017/10/20</i>	<b>Feedback provided by:</b> Company Name: __HQ Energy Marketing Inc. __ Contact Name: __Frederic Belanger_____ Phone: _____ Email: _____
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The IESO held the first meeting of the ‘Options Phase’ of the Market Renewal – Incremental Capacity Auction engagement on September 28<sup>th</sup>, 2017.

The presentation can be [found here](#).

In order to maximize the effectiveness of this stakeholder engagement process, the IESO requests that stakeholders use the template below to provide feedback on content presented as follows:

- Provide responses to the questions posed
- For options presented, indicate your preference along with applicable rationale/supporting arguments (reference slide numbers where applicable)
- Identify any aspects that you believe require further elaboration or discussion

Feedback received will be summarized and will help inform further discussions at future stakeholder engagement meetings.

Design Element	Features	Questions for Stakeholders	Stakeholder Feedback
<b>Resource Eligibility</b>	(3f) Imports <i>Slides 93-95</i>	<p><b>QUESTION:</b> Should the import of both new and existing resources be eligible?</p> <p><b>QUESTION:</b> Are there specific fuel types that should not be eligible to provide imported capacity?</p> <ul style="list-style-type: none"> <li>- Coal is not permitted to be used to generate electricity in Ontario, should this restriction be extended to importing generators/jurisdictions?</li> <li>- Can imports backed by intermittent generation be counted on to meet system adequacy needs?</li> </ul> <p><b>QUESTION:</b> Should system-backed imports be eligible?</p> <p><b>QUESTION:</b> Should imports backed by a proponent’s portfolio of resources be eligible?</p> <p><b>QUESTION:</b> Are there any other considerations that should be considered in relation to the eligibility of imported resources for Ontario?</p>	<p>Imports provide a reliable and cost-effective solution for capacity generation.</p> <ul style="list-style-type: none"> <li>• Both new and existing resources should be eligible in the auction. Competition is one of the fundamental principle of an open market and of the Market Renewal<sup>1</sup>. A participant clearing the auction would need to be backed by one or more external resources, or by an external Control Area (“CA”) and the energy associated to the imported capacity would be afforded the same curtailment priority as the control area's native load.</li> <li>• Generators providing capacity, under which, the energy, if called, would be from restricted fuel sources in other CA, should be penalized, since it doesn’t answer the environmental policies already in place, in the province<sup>2</sup>. With respect to imports from intermittent generation, generators would have to be able to prove that the product offered meets market reliability standards and have their UCAP value calculated based on an appropriate derating factor. This one should be based on their technology utility factor or another criteria. This point will need to</li> </ul>

<sup>1</sup> <http://www.ieso.ca/en/sector-participants/market-renewal/overview-of-market-renewal>

<sup>2</sup> <http://www.energy.gov.on.ca/en/archive/the-end-of-coal/>

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			<p>be further discussed.</p> <ul style="list-style-type: none"> <li>System-backed imports (“SBI”) should be eligible under the ICA. The design behind SBI answers IESO’s market renewal objective and principles. Offering SBI will provide in an efficient way a product which is already implemented in Ontario, through the capacity sharing agreement between the two provinces<sup>3</sup>. Providing capacity from SBI is flexible and reliable, since it doesn’t rely on a specific facility, the supply mix will support the product. This type of capacity import has already been implemented in other jurisdictions. In order to harmonize market designs with other ISO, it needs to be available to participants.<sup>4</sup> The same proposal may apply for imports supported by a proponent’s portfolio of resources. Rules will have to be in place to ensure that the offered MW is not available in another jurisdiction for the same period</li> </ul>

**General Comments/Feedback:**

<sup>3</sup> [http://www.google.ca/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0ahUKEwjh-a7O-dnWAhWix4MKHSNODFoQFggoMAA&url=http%3A%2F%2Fwww.ieso.ca%2F-%2Fmedia%2Ffiles%2Fieso%2Fdocument-library%2Fpower-data%2Fsupply%2Fontario-quebec-capacity-sharing-agreement-backgrounder-20151112.pdf%3Fla%3Den&usg=AOvVaw1qf91ayzhOSdfjZIO\\_L9hs](http://www.google.ca/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=0ahUKEwjh-a7O-dnWAhWix4MKHSNODFoQFggoMAA&url=http%3A%2F%2Fwww.ieso.ca%2F-%2Fmedia%2Ffiles%2Fieso%2Fdocument-library%2Fpower-data%2Fsupply%2Fontario-quebec-capacity-sharing-agreement-backgrounder-20151112.pdf%3Fla%3Den&usg=AOvVaw1qf91ayzhOSdfjZIO_L9hs)

<sup>4</sup> [https://www.iso-ne.com/static-assets/documents/regulatory/tariff/sect\\_3/mr1\\_sec\\_13\\_14.pdf](https://www.iso-ne.com/static-assets/documents/regulatory/tariff/sect_3/mr1_sec_13_14.pdf) p.48