

Incremental Capacity Auction (ICA) – Stakeholder Feedback Form

Stakeholder Meeting: November 6th, 2017

Feedback request by: 2017/12/04 Date Submitted: 2017/12/04	Feedback provided by: Company Name: _HQ Energy Marketing, Inc. (“HQEM”) Contact Name: Frederic Belanger Phone: [REDACTED] Email: [REDACTED]
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The IESO held the third meeting of the ‘Options Phase’ of the Market Renewal – Incremental Capacity Auction engagement on November 6th, 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)
- For the recommendations/next steps presented, indicate your agreement/ disagreement 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 / Next Steps / Recommendations	Stakeholder Feedback
Resource Performance Obligations	(1a) Must-offer Timeframe <i>Slides 38-41</i>	RECOMMENDATION - Participants will have a must-offer obligation in both the day-ahead market and real-time energy market	
& Performance Assessment	(1b) Must-offer Amount <i>Slides 42-46</i>	<p>Please identify preferred option and provide supporting rationale.</p> <p>OPTION 1: Rely only on future Qualified Capacity (UCAP) ratings to drive the desired behaviour (note: this incentive is inherent to the design of the Qualified Capacity process and will occur by default)</p> <p>OPTION 2: In addition to Option #1, also establish a “Pay-for-Availability” mechanism that considers the amount of capacity that was offered by the resource during the Commitment Period and reduce payments if it falls below their Capacity Obligation</p> <p>QUESTION: Should availability be assessed via a Pay-for-Availability mechanisms or are existing incentives in the energy market and updates to future Qualified Capacity ratings sufficient?</p> <ul style="list-style-type: none"> • Consideration will also need to be given to whether or not both Pay-for-Availability and Pay-for-Performance mechanisms are required to define the desired capacity product 	<p>HQEM proposes to harmonize the market’s submission bid method with neighboring jurisdictions. As mentioned in the next feature, neighboring markets advocate a pay-for-performance method. The chosen method of evaluation must also remain non-discriminatory according to the type of qualified resource.</p>

Design Element	Features	Questions / Next Steps / Recommendations	Stakeholder Feedback
		<p>Please identify preferred approach and provide supporting rationale.</p> <p>Approach 1 - Hourly Assessment: Ensure the MWs offered and/or generated are greater than or equal to the Capacity Obligation in each hour during which performance is assessed</p> <p>Approach 2 - Average Assessment: Ensure the MWs offered and/or generated are greater than or equal to the Capacity Obligation on average over the commitment period</p> <p>QUESTION: If the decision is made to have a Pay-for-Availability mechanism, what approach for implementing the mechanism should be adopted (i.e. assess “on average” or “in each hour”)? Should the same approach be used for all resource types?</p>	
		<p>NEXT STEPS - Taking into account the stakeholder feedback and system operational needs, the IESO will work with Brattle to further explore the options associated with these features and provide a preliminary recommendation to stakeholders in a future meeting</p>	
	<p>(1c) Must-offer Hours <i>Slides 47-52</i></p>	<p>QUESTION: Should availability be assessed via a Pay-for-Availability mechanisms or are existing incentives in the energy market and updates to future Qualified Capacity ratings sufficient?</p> <ul style="list-style-type: none"> • Consideration will also need to be given to whether or not both Pay-for-Availability and Pay-for-Performance mechanisms are required to define the desired capacity product 	<p>Regardless of the option chosen, this design element must remain equitable for each of the various forms of generation. Generation that can be online continuously should not be treated on the same basis as intermittent generation, or this should be taken into consideration when calculating the UCAP volume.</p>

Incremental Capacity Auction – Stakeholder Feedback Form
 Stakeholder Meeting: September 28th, 2017

Design Element	Features	Questions / Next Steps / Recommendations	Stakeholder Feedback
		<p>Please identify preferred option and provide supporting rationale.</p> <p>OPTION 1: Assess participants’ availability 24hrs a day, and there will be non-performance implications for not meeting the obligation, which could be greater during pre-defined hours with elevated outage risk</p> <p>OPTION 2: Assess participants’ availability only during pre-defined delivery period, and there will be non-performance implications</p> <p>QUESTION: If the decision is made to have a Pay-for-Availability mechanism, over what hours should the assessment take place?</p>	
		<p>NEXT STEPS: Taking into account the stakeholder feedback and system operational needs, the IESO will work with Brattle to further explore the options associated with these features and provide a preliminary recommendation to stakeholders in a future meeting</p>	
		<p>RECOMMENDATION: Participants would have a must-offer obligation 24 hrs per day; potential for modifying obligations due to resource-specific constraints</p>	

General Comments/Feedback: