

Meeting Ontario's Capacity Needs 2020-2024- Stakeholder Engagement Session March 7, 2019

Minutes of Meeting

Date held: March 7, 2019	Time held: 8:30 am to 12:30 pm	Location held: Four Points Sheraton, Toronto International Airport
Invited/Attended	Company Name	Attendance Status (A) Attended; (TC) Teleconference; (WebEx) Attended via WebEx
Wylie, Bill	Alectra Utilities	A
Anderson, Colin	AMPCO	A
Degelman, Cara	AMPCO	A
Luukkonen, Paul	AMP Solar	WebEx
Butters, David	APPrO	A
Doyle, Paul	Atlantic Packaging	A
Ferner, Emma	Blackstone Energy Services	WebEx
Zhang, Alvin	Bruce Power	A
Wilbur, Bill	BW Energy	WebEx
Giannetta, Brandy	Canadian Wind Energy Association	TC
Giannetta, Brandy	CanWEA	A
Moritz, Robin	Capital Power	WebEx
Cavan, Peter	Centrica Business Solutions	WebEx
Gu, Michael	City of Toronto	WebEx
Poto, Angelo	City of Toronto	WebEx
MacDougall, Jim	Compass Energy Consulting	A
Amaral, Utilia	Consultant for Stem/Nest Labs	A
Benkirane, Aida	Cordelio Power Inc.	A
Hourihan, Mike	CPower Energy Management	A
Widdup, Brad	CPower Energy Management	A
Major, Candace	CustomerFirst	WebEx
Withrow, David	Customized Energy Solutions	WebEx
MacCaul, Aira	Ecobee Inc	WebEx
Williams, Lynn	EDA	TC
Thornton, David	EDF Renewables	WebEx

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Chibani, Yanis	Enel X	A
Belyea, Ernest	Energy Law	WebEx
Ray, Steve	Essex Energy Corporation	WebEx
H, Kevin	Goreway Power Station	WebEx
Sutherland, Chris	Goreway Power Station	A
Wharton, Karen	Great Circle Solar Management Corporation	A
Liin, Jane	GTAA	WebEx
Belanger, Frederic	HQEM	WebEx
Gillenwater, Daniel	HIS	WebEx
Boyer, Stephane	Hydroméga Services Inc.	A
Goldberg, Sam	ICF	WebEx
Ng, Jennifer	Invenergy LLC	WebEx
Zerek, Peter	Ministry of Energy	A
Tuvk, Jennifer	NextEra Energy Canada LP	WebEx
Coulbeck, Rob	None	A
Samant, Sushil	Northland Power Inc.	A
Zajmalowski, Mike	Northland Power Inc.	A
Shelly, Christopher	NRG Curtailment Solutions	A
Fortin, Michel	Ontario Citizens' Coalition for Clean Affordable Energy	A
Gell, Richard	Ontario Power Generation	WebEx
Kim, Jin	Ontario Power Generation	A
Wizniak, Lynn	Ontario Power Generation	A
Norris, Paul	Ontario Waterpower Association	A
Pohlod, Michael	Peak Power Inc.	A
Lusney, Travis	Power Advisory LLC	A
Simmons, Sarah	Power Advisory LLC	A
Cary, Robert	RCAI	WebEx
Forsyth, Dave	Rodan Energy	A
Goddard, Rick	Rodan Energy	A
Grove, William	Rodan Energy	A
Quassem, Farhad	Rodan Energy	A
Anders, David	Samsung Renewable Energy	A
Lampe, Aaron	Southcott Ventures	WebEx

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Codd, Chris	TransAlta	A
Conrad, Charles	TransCanada Energy	WebEx
Kuntz, Margaret	TransCanada Energy	A
Luthra, Amit	TransCanada Energy	WebEx
Marzoughi, Rei	Toronto Hydro	WebEx
Ries, Frank	Union Gas	WebEx
Olmstead, Derek	University of Calgary	WebEx
Roewade, Dave	VCT Group	WebEx
Grav, Jorgen	Voltus Inc	WebEx
Guernsey, Dana	Voltus Inc	WebEx
Strawczynski, Zygmunt	Voltus Inc	WebEx
Spitters, Richard	Wattsworth Analysis	WebEx
Gibson, Brent	Whitby Cogeneration Ltd	WebEx
Schuler, Fabio	Whitby Cogeneration Ltd	A
Williams, Kent	Whitby Cogeneration Ltd	WebEx
Jayapalan, Jennifer	Workbench Corp	WebEx
Sears, Heather	Workbench Corp	A
Adam, Gabriel	IESO	WebEx
Ahadi, Amir	IESO	WebEx
Ahmed, Mohamed	IESO	WebEx
Aloussis, Carrie	IESO	A
Burton, Susan	IESO	WebEx
Byers, Darren	IESO	WebEx
Campbell, Alexandra	IESO	A
Chagla, Farid	IESO	WebEx
Desai, Shilpan	IESO	A
Doyle, Robert	IESO	WebEx
D'Souza, Danielle	IESO	A
Esdaille, Trevor	IESO	WebEx
Falvo, Michael	IESO	WebEx
Fitzgerald, Dale	IESO	A
Fox, Conrad	IESO	WebEx
Grbavac, Jason	IESO	WebEx
Haratym, Thomas	IESO	WebEx
Hosick, JoAnne	IESO	WebEx
Hunter, James	IESO	A

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Hynum, Nicole	IESO	WebEx
Iqbal, Harris	IESO	WebEx
Jaipargas, Angeli	IESO	A
Jabbar, Adnan	IESO	TC
King, Ryan	IESO	WebEx
Kula, Leonard	IESO	A
Long, Ran	IESO	WebEx
Nusbaum, Steve	IESO	WebEx
Oliinyk, Irene	IESO	WebEx
Rashid, Fahad	IESO	WebEx
Romeo, Rick	IESO	TC
Short, David	IESO	A
Switalski, Julie	IESO	A
Tam, Samantha	IESO	A
Tang, Jessica	IESO	A
Young, Jennifer	IESO	WebEx
Scribe: Julie Switalski. Please report any corrections, additions or deletions e-mail to scribe.		

March 7, 2019

Introduction – Dale Fitzgerald, IESO

The IESO welcomed participants and introduced the first session’s presenter- Leonard Kula.

Welcome and Opening Remarks – Leonard Kula, IESO

The IESO provided an overview of the process which it intends to follow in the upcoming 10 months and beyond and provided the rationale of the need for the Transitional Capacity Auction (TCA) to help meet the province’s emerging adequacy needs.

A participant asked if the IESO was not worried that work is being done in three separate silos in terms of the DR, ICA & TCA. Furthermore, the participant asked if there are any common resources being deployed amongst the three initiatives.

The IESO replied by stating that they have been working with the community for two to three years to develop the Incremental Capacity Auction (ICA) and the process has been astounding and the high level design that will be coming out shortly is an impressive piece of work.

Whenever something is turned on for the first time you want to ensure that things are set up right, so it can be successful, in a perfect world there would be people engagement in the processes and practice. TCA helps meet near term needs for capacity but also engages the broader sector in the processes and business models that will need to be put in place for the initiative. As for Demand Response(DR), it represents a parallel stream of activities that needs to be accomplished. It's one thing to build markets, and another to enable resources to participate in these markets. As for DR and other resources that would like to participate in other markets, the IESO will need a concerted effort to go ahead and deliver that. The IESO recognizes that there will be a lot going on during this initiative. To avoid confusion in the messaging, the IESO will need to be clear as to the work being completed under each acronym.

A participant asked if there is a process in a place to capture lessons learned from transitioning from one stream to another. The participant mentioned that mistakes will be made and there will be a learning curve and transfer of information from an IESO standpoint.

The IESO replied that all three streams are active and engaged through collaboration. IESO is constrained for resources and wants to ensure things are done effectively and efficiently as possible. One of the goals of the work Jessica and Dave will be doing is whatever the TCA does is aligned with the ICA.

A participant asked that in the last October SAC meeting it was reinforced that there was a capacity shortfall requirement by 2023-2025 and there might be some peak months that there will be a shortfall. At the SAC meeting a list of potential solutions was presented for the timeframe prior to the ICA to resolve the capacity shortfall and the TCA was not one of them. One of the options was short term contracting, to bridge the gap between contracts expiring and the ICA implementation. Is that still an option on the table? Or is the IESO just pursuing TCA?

The IESO replied that only TCA is being pursued at this time. The IESO recognizes that we are working with stakeholders to develop the ICA with a one-year commitment period and a certain amount of forward period with seasonal obligations and that a transitional mechanism will align with what is being done with the ICA.

A participant followed up on the above question with two specific thoughts: 1) The different treatment of non-firm imports and 2) the review of the reserve margin. Are those two items not on the table?

The IESO replied that the items are separate from the aforementioned. When you look at capacity requirements there are number of different pieces of data and assumptions. IESO needs to look at all of that when determining what the need is. Looking at the use of non-firm imports, looking at capacity reserve margins are two examples of sets of assumptions that go into the determination of capacity requirement. Other things that factor into it is what insurance we might need to carry forth the risk of the nuclear refurb not being returned in time. We have other unknowns and items that the IESO is looking at including any potential policy changes

around the ICI program and conservation. All of these items were put together to provide a best estimate of what the capacity need will be.

Meeting Agenda & Objectives – Dale Fitzgerald, IESO

The IESO introduced the objectives which would be discussed at the stakeholder engagement meeting and stated that later during the session a discussion will be held around the process of submitting formal feedback.

TCA Background, Overview & Objectives – David Short, IESO

The IESO provided the stakeholders with an overview of today's agenda. Thereafter the IESO led the stakeholders through the background of what has led to the development of the TCA the objectives and principles.

The IESO outlined the transition from the DR auction to the TCA. And the benefits the new transition will provide: Flexibility to meet emerging needs, a staged approach towards the competitive marketplace envisaged under ICA, lessons learned for IESO and market participants.

A participant commented that they believe that generators participating in the DR auction was never part of the transition plan at this point in time. Yesterday, during an ICA presentation, the stakeholders sat through 160-page presentation which will be followed by a 260-page documentation on the high level design and probably thousands of pages of detailed design and at that point in time the transition into the broader market was going to happen, it was never intended for this to happen.

The IESO replied that the DR product was always intended to be competitive and to compete against other resources. The original schedule of the ICA was in the 2020-2021 timeframe; the bar is not necessarily moving too far. However, this is a change and the IESO acknowledges that.

A participant commented that now generation will be competing in this market and how can competition be guaranteed. Market power mitigation- what will happen there? A lot of elements are going to happen. And this is a business with the aggregators who have invested a lot of time, effort and customers. There are a lot of people who are involved here. It's not just a little tweak that is happening through this evolution. It sounds like it's not going to be a transitional capacity auction but the incremental capacity auction pilot.

The IESO replied that it is an opportunity to learn. A pilot is something that comes and goes away within a year or two. The TCA will extend and be useful until 2025, then transition up to the ICA. The IESO acknowledged the participant's concerns and commented that through the stakeholdering process these concerns will be answered.

A participant commented that one thing that is not seen here is making DR competitive. This is a DR auction and you want to allow other participants but fundamentally there is a need to have a level playing field. And part of what was happening in the Demand Response Working Group (DRWG) was evolving DR to be a product that had a level playing field with other generators. A host of rules will need to change if generators are going to participate in this market. Given that generators are participating in this market, fundamentally the top line needs to be a level playing field for the participants in this auction. And that is built in from day one in the high level design.

The IESO thanked the participant for their comments.

The IESO explained that there will be no high level design. By looking at what we want to achieve, the presentation weighs down our design approach. The IESO will proceed with a multiple phase design and head straight into design. Today's meeting is to discuss the TCA transition as a whole.

A participant commented that the expectation is to have stakeholder input before the details as opposed to coming up with those details as you see them and then ask for feedback. The feedback component is important as well but the traditional process is stakeholder input. The participant felt that the IESO has blind-sided everyone in DR. Given the evolution of what the IESO has been doing to evolve DR as a product, it is important stakeholder input is considered in that design rather than coming up with a design.

The IESO replied that it would like to hear feedback on the design approach today. The expectations are to move to the design discussion. It is about producing where things are going, getting stakeholder feedback and coming back with those market manuals and market rules. Therefore, everyone can understand how the future will operate. And the IESO wants to hear stakeholder feedback on that as well.

A participant commented that it respects the IESO needs of expedience but stated things need to be done right. An absence of a high level design or expedited discussions on how to make this happen is fine but there needs to be a concerted effort to listen to the stakeholders and to listen to the feedback that is coming in. The level playing field is front and center in everyone's mind. Discussions have been occurring the past two years around market renewal including the ICA, and removing barriers has been one of the corner stones. There needs to be transparency and a level playing field.

The IESO replied that conversations will continue through the DRWG as an example. It will all have to be coordinated with what the TCA will do, as Leonard mentioned in the Market Development Advisory Group (MDAG), there will be conversations in terms of enabling resources. It might not be specific to DR but some elements may come up in those conversations. All of that helps to inform and feed what the TCA project will be able to implement. IESO acknowledged the concern.

A participant asked if the IESO is considering the merchant megawatts from contracted facilities and will they be able to participate in phase 2?

The IESO replied that only non-regulated and non-contracted resources.

A participant replied by stating there are additional non-contracted megawatts from existing facilities. Is that under consideration for Phase 2? And if it isn't, I recommend the IESO does consider it.

The IESO responded by stating it is under consideration and it will be further discussed in the enabling resources section of the presentation.

The IESO outlined the potential issues with the design approach.

A participant asked if the IESO had an idea of the anticipated number of megawatts that will be added through generation this year.

The IESO replied the number that is available through non-contracted perspective is 463 megawatts. That number in itself is not an accurate reflection because there are some units that may be going through deregistration. There are some elements that are not necessarily made deliverable, some may be in a constrained or congested area. It is not the full 463 megawatts and they may all not be necessarily available. That's a nameplate value, not a UCAP or a capacity number that you may submit for the auction.

A participant asked that it can be assumed that even if half of that capacity number shows up, a significant block of additional capacity will be dropped. Let's say the target capacity does not change. Has there any modelling been done to assess the impact on the clearing prices or the market in general.

The IESO replied that no modelling has been done at this point. Expectation is upon completion the prices should go down. As for where the generation is located, it has been looked at and the majority may not be accessible and viable for the auction.

A participant commented that the demand curve is usually based on the cost of new entry (CONE) but the TCA is going to be based on resource adequacy needs. Has the IESO given any thought to how or what resources will be used to represent all participants because a capacity product is missing money, the last payment of which existing generation would have the ability to get revenue from other resources that DR would not.

The IESO replied that it's a design question that we will address as we get into the design features as we go forward.

A participant asked a question related to the TCA target capacity, does the IESO have a timeline as to when the analysis will come out to be vetted by stakeholders and assess what the opportunity is both on a

global basis and zonal basis. Typically, this is through the pre-auction report but given that processes are changing, what is the timeline for stakeholders?

The IESO replied that the demand curve is not expected to change significantly but further conversations will be held. As for the pre-auction report, there is an existing demand curve and the pre-auction report that will be published will essentially be the same reviews as in the past. Timelines are expected to be the same as far as when the pre-auction report does come out. Conversations for target capacity and reference price will occur during our design conversations.

A participant asked if there is a link between the Ontario Planning Outlook Report and the Preliminary Demand Forecast and all the changes that Chuck presented to see if there is a different demand outlook than even the 2018 numbers and if so, when will the findings be presented. To the IESO's point earlier, for the resources that will participate and those under contract, how much affected capacity do they have to meet peak demand. I believe there is supposed to be a resource adequacy workshop in Q2, all these things tie in together and it's trying to understand how all that works and how it all fits, and where feedback can come in.

The IESO replied there is a resource planning cycle that is initiated - the first session happened in January to discuss demand forecasting. That is going to continue in terms of what nuances make up the adequacy calculation. Conversations have been had with the team and the ICA team on the thought process of getting familiar with what's Chuck's team is considering. The expectation is that they're going to produce an adequacy number in the Fall, Q3 of this year. There is a little bit of separation between that resource adequacy number and the IESO eventually would like to align the resource adequacy process to the capacity products, whether its TCA or ICA. The DR auction numbers are a legacy, for example of CBDR, DR as well as LTEP directive. We want to transition to where the ICA wants to go (which is going through a planning process), improve transparency of all the different bells and whistles, nuances and constants, assumptions that go into producing a resource adequacy product. There is a little bit of separation but close linkage to the actual capacity numbers that will be used in the ICA. Recognizing this is a transitional product, this initiative is eventually going to align with the planning process but it will not necessarily start that way. The team has a bit more latitude in terms of establishing the capacity numbers but we do want to get to the point certainty before 2023 hits when the number gets quite larger. We want to make sure we are well aligned with whatever demand curve gets produced with the resource planning process and the adequacy planning process.

A participant asked when this process goes forward it will be important to describe, "we have A & B and this is why there is a difference and this is how we are driving towards a single value".

The IESO replied by acknowledging the participants comment and adds that the IESO may not get there in the first few auctions.

Transitional Capacity Auction (TCA) Rationale – Jessica Tang, IESO

The IESO provided the stakeholders an overview of the capacity need and the emerging need for acquiring capacity through a transparent platform.

Stakeholder Engagement Plan Review – Dale Fitzgerald, IESO

The IESO led the stakeholders through the stakeholder engagement plan.

A participant asked that the IESO consider a longer period for comments rather than just two weeks.

The IESO thanked the participant for their comments and took it back for consideration.

TCA Schedule and Milestones – David Short, IESO

The IESO led the stakeholders through the TCA Project Schedule for Phase 1 (2019).

A participant asked if the IESO can elaborate on what is meant by market trials in September. And what point in this timeline do you see the procurement capacity and volume of capacity being posted, when would entrants know?

The IESO thanked the participant for their comments and replied that similar to the DR auction, a trial will be run prior to the auction going live because of the expectance of new entrants. An auction trial would be run for participants to offer in and the results would be published. Individual results would not be publicly published, the IESO needs to maintain confidentiality. The IESO wants to ensure users can access the tools, private reports work correctly, and that is the intent of the trails.

A participant asked at what point in this timeline would the volume of the auction capacity will be posted?

The IESO replied the timelines are same as the previous DR auction which is about September for publication. The expectation is to publish before the fall 2019 planning conference.

A participant asked if the pre-auction report can be released with those parameters prior to having the market rules in place?

The IESO replied that there is a functioning demand curve with target price, reference prices and maximum prices and maximum limits, no changes are expected to be made. The pre-auction report publication can be consistent with the DR auction or the TCA.

A participant asked if there will be no changes to the demand curve rather than just the capacity and current market rules in the first TCA.

The IESO replied there might be changes in terms of reference pricing but for example the 1.25 is a fixed value in the market manual. It is a multiplier on the target capacity number.

A participant asked when will the effective market rules be introduced to the technical panel or stakeholders?

The IESO replied that the current plan for the Technical Panel is May 21, 2019 for the first conversation but may go as early as April but from an education perspective, vote to post is scheduled for the June 25, 2019. Vote to recommend is scheduled for August 13, 2019.

A participated asked what may be introduced to the technical panel in April or May?

The IESO replied that this is the draft market rules.

A participant mentioned that if the market rules are being introduced to the technical panel in April or May, then the stakeholders will have 30 seconds to provide the IESO with feedback. And that is not appropriate. The need for expedience is appreciated, but the IESO can't make those wheels turn so fast that they run over the stakeholders.

The IESO appreciated the participant's comment. The TCA is not looking to introduce complex features like the ICA. When challenges arise in regards to the skateholding for the design elements, the challenges will be addressed and the timelines will need to get readjusted.

A participated replied that they appreciate that the TCA is not adding any complex design elements like the ICA however some stakeholders are looking for items to get corrected which are not necessarily correct right now.

The IESO thanked the participant for their comments.

The IESO led the stakeholders through the TCA Project Schedule for Phase 2 (2019-2020) and the Proposed TCA Transition Timelines.

A participant asked will the agreements with MISO, NYISO, HQ and MH for exchange of capacity be publically available if not, why not?

The IESO replied that it does not publish operating agreements. They are kept confidential between the system operators. But anything relevant as far as to what is expected of the behaviour of the participant will be made public. That comes out in the IESO market manuals. Operating agreement is a core agreement with the system operators and the results are incorporated in items such as the market manuals which stakeholders will be able to see.

A participant commented that they do not see the opportunities for some resources to participate in multi-year commitments as well as items that are in and which are out as was shown in the ICA presentation and perhaps there can be a conversation about this in Phase 2.

The IESO thanked the participant for their comments.

A participant asked about the transition to the ICA, referring back to that identified capacity need, if the idea is that the TCA will build up capacity to meet the 2023 reliability need.

The IESO replied the amount of capacity is undetermined in between now and the 2023 need. It is a conversation that will need to be have as we go through the summer for the future capacity expectations are.

A participant asked at what point on the proposed TCA timelines would zonal or locational pricing be factored into capacity clearing prices at the auction?

The IESO replied that requirement will be determined as we move to 2023 however do not want to wait that long. Will hopefully have that capability built in by the third auction.

A participant asked when will the IESO release zonal constraints?

The IESO replied that zonal maximums are published in the pre-auction report which are an equivalent of a constraint. It does not factor in imports because none are expected in the December auction. There are some areas that do not have a such as Toronto and Southern Ontario

A participant asked in the pre-auction report contracted and regulated resources are counted in the calculation or does it count existing generation with expired contracts?

The IESO replied the pre-existing CBDR, DR 2, DR 3 programs are factored into the limits. For example, we have a robust transmission system in Toronto. If a resource is put into Toronto; it will not cause a transmission constraint resulting in no limit for the zonal area in Toronto.

The participant asked for areas that are limited, since resources with expired contracts will be allowed to participate, will they be removed from that calculation?

The IESO replied the discussions for the establishment of zonal limits with held in the future.

The participant suggested that the transition timelines should include technical panel and stakeholder approval deadlines to better align with the other Market Renewal approvals and activities.

The IESO thanked the participant for their comments.

A participant asked if the IESO is considering compliance with FERC order 745 in it's design of the TCA? FERC order 745 states that demand resources are compensated for the services that they provide to the energy market at the market price for energy.

The IESO acknowledged the comment and stated it is being discussed in the DRWG.

A participant mentioned that the discussions should be made transparent and not behind closed doors to avoid crafting market rules and manuals that avoid the order.

The IESO replied that the discussions being held with the ICA will include the TCA team.

A participant mentioned that one of the current design elements of the DRA is that participants are told to include the energy payment concept in their bid and there will be resources that do not need to do that and will actually be getting energy payments. This does not sound like a competitive playing field.

The IESO thanked the participants for their comments.

A participant commented that in order for the TCA to be considered a level playing field all the energy payments, ancillary payments would be clawed back so the fundamental capacity payment to bid in is equitable across participants.

The IESO thanked the participant for the comment and we will take it back to the DRWG.

A participant asked the product that is being offered by the generators is a 7 by 24 product and it is a different product than what loads are offering which is 5 by 16. Utilization payments and energy payments have to be discussed based on the different product offerings.

The IESO thanked the participants for the comments and acknowledged further discussions need to be held.

A participant asked if the IESO can identify and clarify what is meant by other products and additional products as per the two-phased approach on the stakeholder engagement plan. Also, given the IESO's commitment to enable storage to provide all energy capacity and ancillary by 2019, is storage an additional or other resource?

The IESO replied that discussions are being held in the Energy Storage Advisory Group however no specific period commitment has been made. And asked the participant to clarify the 2019 commitment period.

A participant asked to clarify what is meant by uprates?

The IESO replied that it is increasing capacity at existing facilities.

A participant suggested the merchant megawatts should be added on the list.

The IESO thanked the participant for their comments.

A participant asked in the last DRWG meeting there was a lot of questions relating to energy storage and participation for both behind the meter and directly connected distribution and transmission. There will need to be more clarity around existing and new directly connected resources and how they will be treated in this evolution. The participant also asked the IESO to clarify the DER work plan and what resources are in it.

The IESO thanked the participant for their comments took it back for consideration.

TCA Preliminary Design Features – David Short and Jessica Tang, IESO

The IESO led the stakeholders through an overview of the DR auction and the DR auction downward sloping demand curve. Thereafter the IESO led the stakeholders through the outline of the design elements under consideration for Phase 1 and Phase 2 of the TCA.

A participant asked that if a generator can participate in the TCA Phase 1, would it chose how much of it's capacity up to it's nameplate would be offered in?

The IESO replied yes.

A participant asked if it is one clearing price for both the two seasonal commitments during the auction in December.

The IESO replied that it is one auction and the participant decides what seasonal commitment they want to offer (or bid) into. The clearing price is a separate calculation for each commitment period.

A participant asked if the target capacity for the December 2019 auction will be nominally 600 MW unless there is an additional need, it will not go below that. If the September long term planning report indicates an additional need because of a capacity shortfall than that number will increase. That increased number will be displayed in the resource adequacy plan for Ontario going forward.

The IESO replied that the pre-auction reports will be published before the planning outlook numbers come out. The capacity need is not anticipated to go higher. Conversations need to be held to discuss resource adequacy and how that translates to a capacity number.

A participant commented that they do not understand the rush for more bidders when the capacity need is the same as previous and has been satisfied by the DR market.

The IESO replied that it is phasing new elements and features prior to 2023.

A participant asked if the intent is to phase in competition in Phase 2 and there is no change in the target capacity and a price is cleared well below the maximum, why phase in competition with a capacity product and not other services/products in the market? DR participants want to add value and that is not happening. It is unclear why the IESO is expanding the TCA and not other products.

The IESO replied it is addressing a capacity need in 2023 and to address the gap prior to the ICA.

A participant asked what is the product that is being procured in this auction? And the rules around that product?

The IESO replied the rules of the DR are being adopted.

A participant asked as generator offering into the market, if it would not be required to be activated on Saturday or Sunday. The understanding is the DR auction is a weekday product.

The IESO replied if you are offering in energy you would be dispatched just like any other generator.

A participant commented for energy that is correct but how about capacity. What is the product the IESO is purchasing?

The IESO replied the definition of capacity is defined in the DR auction. And it is the product.

The IESO further replied that an easier way to compare is to think about what a dispatchable load does in a DR auction. A generator would be dispatched like a dispatchable load and continue to offer in the energy market as opposed to how the HDR resources behave.

A participant asked if the IESO is envisioning phasing in a rebalancing auction when buy out is phased out?

The IESO replied that it not looking to introduce a rebalancing auction into the TCA. The like for like bilateral capacity transfer is being maintained.

A participant asked for the IESO to reconsider looking at the formulaic calculation for the performance assessment and if it is equivalent to the measurement of the performance of other resources.

The IESO thanked the participant for their comments.

A participant asked the IESO to consider the input and review mechanisms to be aligned with the ICA

The IESO thanked the participant for their comments.

A participant asked about an estimate on the additional megawatts that will enter the 2019 auction.

The IESO replied if the participant is asking about capacity and if you add dispatchable generators that are coming off contracts that number can be as high as 463 megawatts.

A participant asked about market power mitigation and if including it in the TCA would depend on the size of the biggest generator.

The IESO replied that the 2019 number is quite small but by 2023 Lennox comes off contract.

A participant asked what is meant by no delisting requirement on items that are going off contract or off contract and would have to follow the normal deregistration process unlike the ICA there will be no must-offer requirement.

The IESO replied yes and thanked the participant for their comments.

A participant asked with the removal of the dead band, can the IESO elaborate what will now determine if the resource has passed or failed the test?

The IESO replied that details will be discussed in April and thanked the participant.

Conclusion and wrap up – Dale Fitzgerald, IESO

The IESO thanked all participants and reiterated that stakeholder engagement plan decisions shared today are preliminary and that the IESO welcomes feedback from all stakeholders. In April, the IESO will host an engagement session on the TCA to go over published Phase 1 design. Feedback should be sent to engagement@ieso.ca.