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APPrO
ASSOCIATION OF
POWER PRODUCERS
OF ONTARIO

APPrO Comments: Independent Electric System Operator (“IESO”) Draft IESO Design of March 2021 Capacity Auction

The IESO recently published a draft design document for the second (March 2021) Capacity Auction designed in part to increment the eligibility of additional resources. APPrO is pleased to submit the following general comments.

APPrO understands that the Capacity Auction (“CA”, previously the Transitional Capacity Auction or “TCA”) was intended by the IESO to be an intermediate procurement mechanism to enable the IESO to manage Ontario’s nearer term capacity requirements until implementation of the Incremental Capacity Auction (“ICA”).

The ICA was not supported by market participants and was shelved in July 2019. The IESO subsequently committed to exploring alternatives to meet capacity needs through the Resource Adequacy consultation.

The Resource Adequacy consultation was originally scheduled to commence on January 27, 2020 and is now delayed for an undetermined period of time.

APPrO noted in its recent submission on the February 19th Technical Planning session that “rescheduling of the resource adequacy stakeholder engagement session exacerbates uncertainty and is disappointing given the complexity of the challenges facing the electricity system”.

A robust electricity system requires ongoing investment to maintain existing assets and build new assets, as they are required. New assets require a pool of available developers and investors with necessary expertise, capital and desire to participate in the Ontario market in the future.

APPrO believes that the reinitiation the Resource Adequacy consultation should be an immediate priority for the IESO in order to provide the necessary clarity for owners and prospective investors who will be required to meet Ontario’s unique short-term and long-term

resource needs, and in a way that fairly balances the allocation of risk between ratepayers and generators.

Please do not hesitate to contact me should you have any questions

Sincerely,

A handwritten signature in black ink, appearing to read "David Butters", is written over a horizontal line. The signature is stylized and cursive.

David Butters
President & CEO