

ISO Rules

Part 200 Markets

Division 201 General

Section 201.13 Capacity Market Clearing



External Consultation Draft
October 22, 2018

Applicability

- 1 Section 201.13 applies to:
 - (a) the **ISO**.

Requirements

Auction Clearing

- 2(1)** The **ISO** must, subject to subsection 4, use a clearing process for a **base auction** or **rebalancing auction** that clears **offers** and **bids** in a manner that maximizes social surplus.
- (2)** The **ISO** must, subject to subsection 4, clear:
 - (a) a lower priced **capacity block** in an **offer** before a higher priced **capacity block** in an **offer**;
and
 - (b) a higher priced **capacity block** in a **bid** before a lower priced **capacity block** in a **bid**
if such clearing maximizes social surplus.
- (3)** The **ISO** must, when multiple **capacity blocks** are submitted at the clearing price and result in the same social surplus, clear such **capacity blocks** based on the following in order of priority:
 - (a) clear volumes from the **flexible blocks** over volumes from the **inflexible blocks**;
 - (b) clear the **flexible blocks** on a pro-rata basis and randomize rounding of the **flexible blocks** to a positive integer;
 - (c) clear the smaller **inflexible blocks** before the larger **inflexible blocks**;
 - (d) randomly clear the equivalent **inflexible blocks**.
- (4)** The **ISO** must, in the case where a **capacity market participant** submits 2 offers for an asset with refurbished **capacity** in accordance with Section 206.4 of the **ISO rules**, *Offers and Bids for Capacity* and the first offer does not clear the **base auction**, replace the first **offer** with the second **offer**, before establishing the clearing price.

Transfer Path Limits Calculation

- 3(1)** The **ISO** must select the 250 tightest supply cushion hours from each 12 **month** consecutive period dating November 1 to October 31 in the previous 5 years as follows:
 - (a) calculate the supply cushion for every hour;
 - (b) rank all hours based on supply cushion in ascending order;
 - (c) within the order referred to in subsection 3(1)(b), rank hours with equivalent supply cushion in ascending order from the most recent to the most distant of time;
 - (d) remove any hours in which there was a state of market suspension; and
 - (e) select the first 250 hours after ranking and removing hours in accordance with subsections 3(1)(b) through 3(1)(d).
- (2)** The **ISO** must, for a **base auction** or **rebalancing auction**, determine the limits on the British Columbia transfer path, Montana transfer path, Saskatchewan transfer path, and the combined British Columbia and Montana transfer paths by averaging the following hourly limits for each

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of the 250 tightest supply cushion hours identified in subsection 3(1) prior to the **base auction** or **rebalancing auction**, as applicable:

- (a) for the British Columbia transfer path, by assigning an hourly limit based on the minimum of:
 - (i) the hourly import **available transfer capability** for the British Columbia transfer path; or
 - (ii) the hourly long-term firm transmission service on the British Columbia transfer path;
- (b) for the Montana transfer path, by assigning an hourly limit based on the minimum of:
 - (i) the hourly import **available transfer capability** for the Montana transfer path; or
 - (ii) the hourly long-term firm transmission service on the Montana transfer path;
- (c) for the Saskatchewan transfer path, by assigning an hourly limit based on the minimum of:
 - (i) the hourly import **available transfer capability** for the Saskatchewan transfer path; or
 - (ii) the hourly long-term firm transmission service on the Saskatchewan transfer path;and
- (d) for the combined British Columbia and Montana transfer path, by assigning an hourly limit based on the minimum of:
 - (i) the hourly import **available transfer capability** for the combined British Columbia and Montana transfer path prior to LSSi arming; or
 - (ii) combined hourly long-term firm transmission for the British Columbia and Montana transfer paths.

(3) The **ISO** may, in the event that the **ISO** determines that the methodology for determining the transfer path limits in subsection 3(2) is no longer representative, apply an alternative methodology.

Consideration of Transmission Market Constraint and Transfer Path Limits in Clearing Process

4(1) The **ISO** may, in the event that the **ISO** determines that the electric energy associated with an **offer** may not be delivered to the **interconnected electric system** during the **obligation period** due to either a limit on the **transmission system**, or a limit on an Alberta **intertie** determined in accordance with subsections 3(2) or 3(3) clear the offers behind the limit in a manner that maximizes social surplus, without clearing **capacity** from assets behind the limit over the amount of the limit.

(2) The **ISO** must, when multiple assets are affected by the same limit on the **transmission system** or Alberta transfer path and the **capacity blocks** associated with such assets result in the same social surplus, clear such **capacity blocks** in the following order of priority:

- (a) clear volumes from the **flexible blocks** over volumes from the **inflexible blocks**;
- (b) clear the **flexible blocks** on a pro-rata basis and randomize rounding of the **flexible blocks** to a positive integer;
- (c) clear the smaller **inflexible blocks** before the larger **inflexible blocks**; and
- (d) randomly clear the equivalent **inflexible blocks**.

(3) The **ISO** must, in the event that an asset within an aggregated asset is affected by a limit on the **transmission system**, consider the entire aggregated asset to be affected by the limit on the **transmission system**.

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(4) Notwithstanding subsections 4(1) through 4(3), the **ISO** may clear **capacity blocks** associated with assets affected by a limit on the **transmission system** or a limit on an Alberta **intertie** in order to maximize social surplus or minimize uplift payments.

(5) The **ISO** must, in the event that **offers** did not clear pursuant to subsections 4(1), 4(2) or 4(3), or for the portion of offers cleared pursuant to 4(4), clear additional **offers** from regions not affected by a limit on the **transmission system**, or a limit on an Alberta **intertie**, to ensure that the total volume of **capacity commitments** meets the volume on the final demand curve associated with price determined pursuant to subsection 5(1).

(6) The **ISO** must, in respect of an additional **offer** cleared in accordance with subsection 4(4), provide to the **capacity market participant** an uplift payment for the difference between the **offer** price and the clearing price, if the **offer** price is higher than the clearing price.

Setting Auction Clearing Price

5(1) The **ISO** must establish the clearing price for a **base auction** or **rebalancing auction**, without consideration of the limits on the **transmission system** or a limit on an Alberta **intertie** in subsection 4, at the point on the final demand curve that:

- (a) intersects with the supply curve; or
- (b) when all the **offers** are below the final demand curve, corresponds to the price above the volume of the last **offer** on the supply curve.

(2) The **ISO** must ensure the supply curve referred to in subsection 5(1) for a **rebalancing auction** reflects:

- (a) all previously cleared **capacity commitments** for that **obligation period** at \$0; and
- (b) all **bids** and **offers** submitted in the **rebalancing auction**.

Revision History

Date	Description
yyyy-mm-dd	Initial release