

# ISO Rules

## Part 200 Market

### Division 206 Capacity Market

#### Section 206.4 Offers and Bids for Capacity



External Consultation Draft  
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#### Applicability

- 1 Section 206.4 applies to:
  - (a) a **capacity market participant** with an asset that has an assigned **uniform capacity value**; and
  - (b) the **ISO**.

#### Requirements

##### Obligation to Offer and Offer Content for a Base Auction

- 2(1) A **capacity market participant** must submit an **offer** for a **base auction** in respect of an asset that:
  - (a) has an assigned **uniform capacity value**; and
  - (b) is listed opposite the **capacity market participant** on the list the **ISO** publishes pursuant to Section 201.10 of the **ISO rules**, *Capacity Market Participant Registration*.
- (2) A **capacity market participant** must ensure its **offer** volume for an asset in a **base auction** equals the asset's **uniform capacity value**.
- (3) A **capacity market participant** must include in each **capacity block** in an **offer** for a **base auction**:
  - (a) a price in \$/kW-year to the nearest cent per kW-year which, subject to Section 206.7, of the **ISO rules**, *Capacity Market Mitigation*, is:
    - (i) greater than or equal to \$0/kW-year; and
    - (ii) less than or equal to the maximum price established by the demand curve; and
  - (b) a quantity in MW that is greater than or equal to ~~than~~ 1 MW.
- (4) The **ISO** must, if a **capacity market participant** does not submit an **offer** in accordance with subsections 2(1), 2(2) or 2(3), assign an **offer** price of \$0/kW-year for the **offer** volume equal to the asset's assigned **uniform capacity value**.

##### Obligation to Offer and Offer Content for a Rebalancing Auction

- 3(1) A **capacity market participant** must submit an **offer** for a **rebalancing auction** in respect of an asset that:
  - (a) has an assigned **uniform capacity value** greater than the **capacity commitment**; and
  - (b) is listed opposite the **capacity market participant** on the list the **ISO** publishes pursuant to Section 201.10 of the **ISO rules**, *Capacity Market Participant Registration*.
- (2) A **capacity market participant** must ensure its **offer** volume for an asset in a **rebalancing auction** equals the difference between the asset's **uniform capacity value** and its **capacity commitment**.
- (3) A **capacity market participant** must include in each **capacity block** in an **offer** for a **rebalancing auction**:
  - (a) a price in \$/kW-year to the nearest cent per kW-year which is:

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- (i) greater than or equal to \$0/kW-year; and
- (ii) less than or equal to the maximum price established by the **final** demand curve; and
- (b) a quantity in MW that is equal to or greater than 1 MW.

**(4)** The **ISO** must, if a **capacity market participant** does not submit an **offer** in accordance with subsections 3(1), 3(2) or 3(3), assign an **offer** price of \$0/kW-year for the **offer** volume equal to the difference between the asset's **uniform capacity value** and its **capacity commitment**.

#### Designation of Flexible Blocks or Inflexible Blocks for Offers

**4(1)** A **capacity market participant** must, except for an asset with **incremental capacity**, designate in an **offer**:

- (a) the lowest priced **capacity block** as a **flexible block** or **inflexible block**; and
- (b) all other **capacity blocks** as **flexible blocks**.

**(2)** A **capacity market participant** must, for an asset with **incremental capacity**, designate in an **offer** all **capacity blocks** as **flexible blocks** except in the following circumstances:

- (a) the lowest priced **capacity block** may be designated as an **inflexible block**; or
- (b) in the event that:
  - (i) the lowest priced **capacity block** contains only **incremental capacity**;
  - (ii) there is a **capacity block** that contains only non-**incremental capacity**; and
  - (iii) there is no lower priced **capacity block** that contains both **incremental capacity** and non-**incremental capacity** than the lowest priced **capacity block** that contains no **incremental capacity**,

the lowest priced **capacity block** containing only non-**incremental capacity** may be designated as an **inflexible block**, as demonstrated in Appendix 1.

- (c) in the event that:
  - (i) the lowest priced **capacity block** contains only non-**incremental capacity**;
  - (ii) there is a **capacity block** that contains only **incremental capacity**; and
  - (iii) there is no lower priced **capacity block** that contains both **incremental capacity** and non-**incremental capacity** than the lowest priced **capacity block** that contains only **incremental capacity**,

the lowest priced **capacity block** containing only **incremental capacity** may be designated as an **inflexible block**, as demonstrated in Appendix 1.

#### Additional Offer Content for Incremental Capacity

**5** A **capacity market participant** must, for an asset with **incremental capacity**, include in each **capacity block** in an **offer** a declaration of the quantity in MW within a **capacity block** that is **incremental capacity**.

#### Additional Offer Content for Refurbished Capacity

**6(1)** A **capacity market participant** must, that has failed the market power screen in accordance with Section 206.7, of the **ISO rules**, *Capacity Market Mitigation*, for an asset with **refurbished capacity**, submit:

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- (a) a first **offer** comprised of one **capacity block** that is an **inflexible block** for an asset with **refurbished capacity** qualified by the **ISO**; and
- (b) a second **offer** based on the **offer** the **capacity market participant** would have submitted had the **ISO** not qualified the **refurbished capacity**,

unless the **capacity market participant** declared to permanently delist the **refurbished capacity** pursuant to Section 206.1 of the **ISO rules**, *Qualification of Capacity* in the event it fails to obtain a **capacity commitment**.

**(2)** A **capacity market participant** may, if it has submitted an **offer** in accordance with subsection 6(1) and the **offer** that is referred to in subsection 6(1)(a) does not clear, submit in the next **base auction**:

- (a) an **offer** comprised of one **capacity block** that is an **inflexible block** for an asset with **refurbished capacity** qualified by the **ISO**; or
- (b) an **offer** based on the **offer** the **capacity market participant** would have submitted had the **ISO** not qualified the **refurbished capacity**.

**(3)** A **capacity market participant** must, in the event that the **capacity market participant** submitted an **offer** in accordance with subsection 6(2)(a) and the **offer** did not clear, permanently delist the asset.

**(4)** A **capacity market participant** must ensure that an **offer** has not been submitted for the asset in the manner described in subsection 6(1) prior to submitting an **offer** in accordance with subsection 6(1).

#### Bid Content

**7(1)** A **capacity market participant** with a **capacity commitment** may submit a **bid** in a **rebalancing auction**:

- (a) for a quantity in MW that is equal to or greater than 1 MW and less than or equal to the **capacity commitment**; ~~and~~
- (b) that is priced at a price in \$/kW-year to the nearest cent per kW-year which is greater than or equal to \$0/kW-year; ~~and~~
- (c) less than or equal to the maximum price established by the final demand curve.

**(2)** A **capacity market participant** with a **capacity commitment** must submit a **bid**, priced at \$0.01/kW-year above the maximum price established by the demand curve, in accordance with the following:

- (a) if the asset's assigned **uniform capacity value** for the ~~last-final~~ **rebalancing auction** is lower than its **capacity commitment**, the **capacity market participant** must submit a **bid** for the difference between the **capacity commitment** and the assigned **uniform capacity value**;
- (b) ~~subject to subsection 7(2)(d), if the ISO determines that the capacity market participant has missed a critical milestone subject to , before the first rebalancing auction, that an asset is unable to meet the milestone requirements in accordance with~~ Section 206.5 of the **ISO rules**, *Forward Period Milestone Requirements*, ~~a the capacity market participant~~ must submit a **bid** equal to its entire **capacity commitment** in the first applicable rebalancing auction; ~~or~~
- (c) ~~subject to subsection 7(2)(d), if the ISO determines, before the last rebalancing auction, that an asset is unable to meet the milestone requirements in accordance with Section 206.5 of the ISO rules, Forward Period Requirements, a capacity market participant must submit a bid equal to its entire capacity commitment in the last rebalancing auction; or if the ISO determines for a load asset that the capacity market participant has not met the~~

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critical milestone set out in Section 206.5 of the ISO rules, Forward Period Milestone Requirements, then that **capacity market participant** must submit a **bid** for the difference between the **capacity commitment** and the assigned **uniform capacity value** in the final rebalancing auction.

~~(d) — if the ISO determines, before the last rebalancing auction, that an aggregation of load assets is unable to meet the milestone requirements in accordance with Section 206.5 of the ISO rules, Forward Period Requirements, a **capacity market participant** must submit a **bid** for the difference between the **capacity commitment** and the assigned **uniform capacity value** for the last rebalancing auction.~~

(3) The ISO must, if a **capacity market participant** does not submit a **bid** in accordance with subsection 7(2), assign a **bid** price of \$0.01/kW-year above the maximum price established by the demand curve for the **bid** volume required in subsection 7(2).

#### Submission of Offer and Bid for the Same Asset in a Rebalancing Auction

8 A **capacity market participant** that submits an **offer** and **bid** for the same asset in a **rebalancing auction** must price the **capacity blocks** such that the highest priced **capacity block** for the **bid** is less than the lowest priced **capacity block** for the **offer**.

#### Designation of Flexible Blocks or Inflexible Blocks for Bids

- 9 A **capacity market participant** must designate in a bid:
- (a) the lowest priced **capacity block** as a **flexible block** or **inflexible block**; and
  - (b) all other **capacity blocks** as **flexible blocks**.

#### Offering Window

10(1) The ISO must specify the offering window for a **base auction** or **rebalancing auction** in the *Capacity Market Auction Guidelines*.

(2) The ISO may change or extend the offering window in the event of system unavailability and the ISO determines that such unavailability warrants a change or extension to the offering window.

(3) The ISO must notify **capacity market participants** of any change or extension to an offering window made pursuant to subsection 10(2).

(4) A **capacity market participant** must submit an **offer** or **bid** during the offering window.

#### Offer Submission Methods

11 A **capacity market participant** must submit an **offer** or **bid** for a **base auction** or **rebalancing auction** in a manner the ISO determines.

#### Appendices

Appendix 1 - *Scenarios for use of flexible and inflexible capacity blocks for assets with incremental capacity*

#### Revision History

Date	Description
xxxx-xx-xx	Initial release

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#### Appendix 1 – Scenarios for use of flexible and inflexible capacity blocks for assets with incremental capacity

Caveat for scenarios is that prices of **capacity blocks** increases from **capacity block** no. 1 to **capacity block** no. 7

##### Scenario 1

Block No.	Incremental Capacity	Non-Incremental Capacity	May Designate as Flexible?	May Designate as Inflexible?
1	Y	Y	Y	Y
2	Y	N	Y	N
3	N	Y	Y	N
4	*	*	Y	N
5	*	*	Y	N
6	*	*	Y	N
7	*	*	Y	N

##### Scenario 2

Block No.	Incremental Capacity	Non-Incremental Capacity	May Designate as Flexible?	May Designate as Inflexible?
1	N	Y	Y	Y
2	Y	Y	Y	<del>Y</del> N
3	*	*	Y	N
4	*	*	Y	N
5	*	*	Y	N
6	*	*	Y	N
7	*	*	Y	N

##### Scenario 3

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Block No.	Incremental Capacity	Non-Incremental Capacity	May Designate as Flexible?	May Designate as Inflexible?
1	Y	N	Y	Y
2	Y	N	Y	N
3	Y	Y	Y	<del>Y</del> N
4	*	*	Y	N
5	*	*	Y	N
6	*	*	Y	N
7	*	*	Y	N

#### Scenario 4

Block No.	Incremental Capacity	Non-Incremental Capacity	May Designate as Flexible?	May Designate as Inflexible?
1	Y	N	Y	Y
2	Y	N	Y	N
3	N	Y	Y	Y
4	*	*	Y	N
5	*	*	Y	N
6	*	*	Y	N
7	*	*	Y	N