

Stakeholder Feedback and IESO Response

Intertie Offer Guarantee – Adjustments to Payment Conditions

Following the August 18, 2026, Intertie Offer Guarantee – Adjustments to Payment Conditions webinar, the IESO invited stakeholders to provide comments and feedback on the materials presented by September 4, 2026.

The presentation materials and stakeholder feedback submissions have been posted on the Intertie Offer Guarantee (IOG) – Adjustments to Payment Conditions engagement webpage. Please reference the material for specific feedback as the below information provides excerpts and/or a summary only.

Policy & Design

Feedback	IESO Response
Why is the IESO addressing IOG through eligibility restrictions rather than addressing the underlying pre-dispatch vs. real-time price divergence?	The IESO recognizes that importers and all market participants are exposed to differences between pre-dispatch (PD) to real-time (RT) prices when scheduled in the pre-dispatch timeframe. The differences between the PD calculation engine and the RT market are an intentional result of the market design, reflecting the distinct objectives and functionality of the two engines. The PD and RT design were stakeholdered through MRP and captured in the Detailed Design and Market Rules. RT pricing is used for settlement and reflective of the costs of dispatch to meet system need in RT. PD pricing is not used for settlement and includes considerations of demand forecasts, resource availability and commitments, and transmission

	system configuration which are subject to change in real-time. The PD engine was not designed for the purpose of determining IOG payments. As assessed by the OEB's Market Surveillance Panel (MSP) in its report, the majority of IOG payments were made during periods when imports were not critical for reliability. Their assessment would have considered the uncertainty and differences between PD and RT. The concern is whether IOG results in incremental reliability benefit and not the differences between PD and RT.
Why should IOG protection only be available during IESO-declared system adequacy events?	The key principle behind the IOG is to ensure an adequate level of supply and reduce price risk for importers. Assessments completed by both the MSP and the IESO found that the majority of ratepayer recovered IOG payments occurred in the absence of an adequacy need, suggesting that the corresponding IOG payments did not result in an incremental reliability benefit. Additionally, as highlighted by the MSP, allowing imports to be eligible for the IOG in all hours dampens incentives for imports to offer efficiently in the PD timeframe. The proposed amendments maintain IOG for imports when they are needed to support system reliability, including during IESO-declared Conservative and Emergency Operating States. During normal operating conditions when imports are not required for reliability, the amendments limit this price-risk protection. The proposed amendments better align the IOG with its intended reliability objective while improving the efficiency and transparency of market outcomes.
Is Real-Time ELC MWP intended to replace IOG compensation and, if so, to what extent?	The introduction of Energy Lost Cost Make Whole Payment (ELC MWP) eligibility for imports is intended to replace the portion of IOG compensation that is currently being paid due to manual actions taken for reliability or scheduling

	to pricing pass differences (i.e., where an import is scheduled uneconomically in the PD timeframe). This change ensures consistent treatment across resource types. The remaining portion of IOG compensation is currently paid to imports that were scheduled economically in the PD timeframe but subsequently became uneconomic due to a decline in the RT price below their offer. Under the proposed amendments, these imports will continue to be eligible for IOG when they support system adequacy needs.
Were operational and commercial factors that may limit an importer's willingness to participate in the Day-ahead Market considered when developing this proposal?	Both the day-ahead and real-time markets are designed to incentivize market participants to submit their marginal costs to produce or value to consume in those timeframes. The current IOG framework diminishes the incentives for competition in real-time, and subsequently the efficiency and transparency of market outcomes, as imports can receive IOG payments when there is little risk to reliability. Both markets consider the operational characteristics of different market participants. Market participants have at their disposal, within the existing market rules and timelines, the flexibility to adjust their bids, offers, and other dispatch data to reflect changing circumstances that affect their ability or willingness to participate.
What consideration was given to imports that contribute to maintaining system adequacy and thereby prevent the need for an applicable IOG eligibility declaration?	Whether the IESO formally declares a state depends on its assessment of adequacy, contingency risk, operating reserves, and overall system security, and not solely on reliance on imports. If imports are the critical factor preventing the system from entering an emergency reliability

	condition, the system likely already exhibits reliability concerns warranting such declarations.
In scenarios where both the IOG and ELC MWP calculation are applied within the same interval, has the IESO assessed whether the proposed allocation appropriately compensates imports for the proportionate benefits they provide to the system, including mitigating the need for more manual control actions? Can the IESO confirm whether the whole-day claw back treatment applied to certain other resources is genuinely inapplicable to imports in all circumstances?	The whole-day claw back treatment does not apply to imports. The IOG and ELC MWP will be applied within the same interval only if the IESO has declared a reliability need. As illustrated below, the settlement compensation in this scenario is equal to the current IOG compensation. One import transaction with 2 PQ pairs: PQ 1: 50MW at \$35 PQ 2: 100MW at \$150 Import cannot provide more than 100MW PD LMP: \$50 RT LMP: \$20 Manual minimum constraint to 100MW. RT Schedule is 100MW PQ 1 is economic in PD and uneconomic in RT. 0-50MW is a typical price risk PQ 2 is uneconomic in both PD and RT. 50-100MW is the manual constraint Current IOG treatment Assuming no DAM schedule and no export offset. $-1 [((20 - 35) \times 50) + ((20 - 150) \times 50)]$ $-1 [(-750) + (-6,500)]$ $-1 (-7,250)$ IOG = \$7250 Future IOG and LC MWP (COS/EEA event) $\text{IOG} = -1 ((20 - 35) \times 50)$ IOG = \$750

	$\text{LC MWP} = -1 \times \{[(20 - 35) \times 50] + [(20 - 150) \times 50]\} - [(20 - 35) \times 50]$ $\text{LC MWP} = -1 [(-7,250) - (-750)]$ $\text{LC MWP} = \$6,500$ Total out of market payments = \$7,250 (exact same as the current IOG allocation) Future LC MWP and NO IOG (no Adequacy need) $\text{LC MWP} = -1 \times \{[(20 - 35) \times 50] + [(20 - 150) \times 50]\} - [(20 - 35) \times 50]$ $\text{LC MWP} = -1 [(-7,250) - (-750)]$ $\text{LC MWP} = \$6,500$ IOG of \$750 will not be paid when there is no adequacy need present as this compensates for the typical price risk imports face.
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Reliability & Market Impacts

Feedback	IESO Response
Have potential behavioural impacts such as reduced import volumes, higher offer prices, or shifts to alternative market timeframes been assessed?	The IESO assessment focused on making sure that adequacy needs are met, specifically to address the question – was incremental reliability gained from having IOG payments. The assessment considered reduced import volumes and/or shifts to alternative market timeframes when developing the proposed amendments. The market design will continue to optimize bids, offers, and other dispatch data to produce schedules and dispatches that meet system needs. Any change in market participant behaviour resulting from the implementation of a conditional IOG would be more transparently reflected in the price and efficient outcomes.
What are the potential impacts on reliability, adequacy, price volatility, and consumer costs?	The IESO's proposed amendments are informed by the MSP's recommendation and the IESO's assessment of historical outcomes that looked at

	reliability and adequacy needs when IOGs were paid. The IESO's findings support and reinforce the MSP's findings which indicate that a significant portion of IOG payments occurred during periods without a demonstrated adequacy need. As part of the assessment, it was identified that a need for imports could materialize when the grid is operating in a Conservative Operating State. Accordingly, the IESO will maintain IOG price protection for imports when they are needed to support system reliability, including during IESO-declared Conservative and Emergency Operating States, and Energy Emergency Alerts. Any resulting impact on prices and consumer costs are expected to be transparently reflected in price and not be influenced by the unconditional IOG payments in the status quo.
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Notification & Eligibility

Feedback	IESO Response
How much advance notification will market participants receive when an adequacy event occurs?	The IESO will provide up to 7 days of advance notice. If a declaration occurs in real-time, the Control Room can solicit additional bids/offers by opening the mandatory window as outlined in the Emergency Operating State Control Actions (EOSCA) list in Appendix B of MM 7.1.
What happens if an applicable IOG-eligibility declaration is subsequently cancelled or revised? Can market participants be notified when these cancellations or revisions occur in real-time?	If an applicable IOG-eligibility declaration is revised or cancelled, eligibility will align with the earliest start date/time and latest end date/time associated with any version of the same advisory notice. This approach ensures that importers who submitted offers and/or were scheduled based on an expectation of IOG eligibility are not subsequently exposed to the event timeframe changes. Updated information for each advisory is posted in real-time on the IESO website. Market participants who wish to receive notifications for each version

	of an advisory notice can subscribe to the existing RSS feed.
How will market participants know in real time whether an interval qualifies?	The IESO will publish advisory notices identifying periods eligible for IOG treatment, issued in accordance with Market Rules and Market Manuals. This will enable market participants to determine applicable eligibility periods in advance. Updates to advisory notices are reflected in real-time on the IESO website. If market participants wish to be notified when advisory notices are published on the public IESO website, they can subscribe to the existing RSS Feed.
Will applicable declarations be made available in a machine-readable format to facilitate automated processing and integration into market participants' operational systems?	Applicable declarations will continue to be delivered and visible through existing advisory notification processes and channels. This includes the RSS feed, through which advisory notifications are made available in a standardized, structured XML format that can be used by automated systems. Market participants may integrate these existing notification channels into their own operational systems in a manner that best meets their business and technical requirements. The IESO is not proposing changes to the format of the existing notifications as part of these amendments.

Settlement & Reporting

Feedback	IESO Response
What settlement changes to Market Rules will be required?	Draft settlement-related amendments to Market Rule and Manuals can be found on the IESO webpage for this engagement.
Will new charge codes, settlement statements, market files, or reason codes be introduced?	No new charge codes, settlement statements, market files, or reason codes are required to implement these changes. Energy Lost Cost Make Whole Payments (ELC MWP) for imports will fall under the existing charge type number of 1900. The charge type number of 1927 for RT_IOG will be unchanged.

How will participants validate IOG-eligible intervals and conduct shadow settlement analysis?	Participants may refer to the existing RSS Feed to reconcile IOG-eligible intervals for their settlement analysis. IOG eligibility will align with the earliest start date/time and latest end date/time of the applicable advisory, as described in more detail in the Notification & Eligibility section above.
What will the process be for ELC MWP calculations and how can they be audited? Can LC EOP values used to calculate ELC MWP be made available to market participants?	ELC MWPs for imports will be calculated in a manner consistent with the treatment of other resources. Market participants can refer to the draft amendments to Market Rules and Manuals posted on the IESO engagement webpage for details of the ELC MWP calculation methodology for imports. The settlement process and related reporting will take the same approach used for charge type number 1900 for exports. LC EOP values will be made available in the market participant's Settlement Statement files and can be used to support reconciliation activities.

Transparency & Supporting Analysis

Feedback	IESO Response
Can the details be released? What were the assumptions?	Stakeholders are encouraged to review the 2024 State of the Market report produced by the OEB's MSP for more details and assumptions used in the supporting assessment. The IESO's assessment was done in the same manner as the MSP assessment. The focus was on any reliability benefits/impacts having or removing the IOG caused. Results of the IESOs assessment align with MSPs assessment.
What evidence supports the conclusion that many IOG payments occur without providing reliability value?	As stated in the 2024 State of the Market Report produced by the OEB's MSP, the MSP found that "in 2024, 71% (\$30 million) of the total \$42 million IOG payments were made during periods when the supply margin was above the - 2,000MW threshold and imports were not critical to meet demand."

	Using more recent market data, the IESO's assessment indicated that 90% of IOG payments made in the observed period occurred when the excess energy margin was above 0MW. Of the remaining 10% of payments made at or below a supply margin of 0MW, these largely coincided with Conservative Operating State or EEA events. Consistent with those findings, the IESO is proposing to align IOG eligibility with periods where imports provide the intended system benefit.
How frequently have Conservative Operating States, Emergency Operating States, and EEA events occurred historically?	Since May 1, 2025, the IESO has issued 47 Conservative Operating State, Emergency Operating State, and Energy Emergency Alerts, along with 34 revisions to those notices (adjustments to start and end date/times or cancellations).
What proportion of historical IOG payments would have remained eligible under the proposal?	The IESO's assessment found that, since the launch of MRP, approximately 90% of IOG payments were made during periods when the excess supply margin was above 0MW. Of the remaining 10% of IOG payments, the majority occurred during Conservative Operating State or Energy Emergency Alert conditions. This suggests that since the launch of MRP, approximately 10% of IOG payments would have remained eligible under the proposed framework. However, these historical outcomes should be viewed as illustrative rather than predictive of future eligibility levels.
Has the IESO assessed participant-specific or market-wide impacts?	The IESO did not assess participant-specific impacts related to the proposed changes. This type of analysis would require making assumptions on how market participants may modify their behaviour, for which the IESO cannot presume. The IESO's assessment focused on potential system reliability impacts and market design implications, including the identification of any necessary conforming changes to Market Rules and Manuals. More specifically, as presented during the engagement, the change to eligible

	conditions for IOG payments necessitates changes to intertie congestion methodology and ELC MWP eligibility for imports.
Has the IESO assessed the impact of potential changes in net interchange (i.e. both import and export participation)?	The IESO recognizes that market participants may alter their behaviour or trading strategies to manage risks and capture market opportunities where they exist in response to the proposed changes. The market as designed will continue to optimize bids, offers, and other dispatch data to produce schedules and dispatches that meet system needs and constraints. Any change in market participant behaviour resulting from the implementation of a conditional IOG would improve the efficiency and transparency of market outcomes.
Will the benefits of lower IOG payments be offset by cost impacts associated with the changes to ELC MWP eligibility and intertie congestion methodology?	The IESO does not anticipate the ELC MWP and intertie congestion methodology changes to offset the benefits of reduced IOG payments. However, the proposed market design changes are not solely driven by a cost-benefit analysis. Rather they are intended to better align market incentives with the IESO's market design objectives including price efficiency and transparency. The proposed conditional IOG framework achieves the appropriate balance between supporting reliability and ensuring that ratepayer-recovered compensation is limited to circumstances where imports provide a clear reliability benefit to the Ontario electricity system. Making import transactions eligible for RT ELC MWP will align compensation with the appropriate payment mechanism when imports are scheduled uneconomically in pre-dispatch. Finally, the change to intertie congestion methodology is intended to restore balanced risk-reward incentives for imports when imports are ineligible for IOGs, enabling them to benefit from potential upsides in real-time price.

Regarding intertie congestion methodology, IESO should confirm if imports can receive a negative price where PD import congestion is deeply negative and real time prices collapse, and whether any floor in price is contemplated.	It is possible that imports could be settled at a negative real-time price in circumstances where the PD import congestion component is significantly negative relative to the real-time intertie border price. The future frequency of this type of market outcome will depend on market participant behaviour and any behavioural changes that may emerge because of the proposed amendments. While this outcome would be unfavourable for imports, it would conversely benefit exports that help to alleviate the import congestion. As such, this price is viewed as being more reflective of underlying system conditions and would serve as an appropriate price signal. A settlement floor price for energy of -\$100/MWh is already in place. The IESO is currently proposing to publish the value of this settlement floor price market parameter directly in the Market rules. The following example illustrates how negative congestion (import congestion) may impact settlement outcomes for an importer. PD IBP = \$200 PD ICP = -\$150 PD LMP = \$200 + (-\$150) = -\$50 RT IBP = \$20 RT LMP = \$20 Future State Intertie Settlement Price Logic = RT IBP + PD ICP = \$20 + (-\$150) = -\$130 Since this value is below the settlement floor price of -\$100, the settlement price would be set at -\$100/MWh. It is worth noting that this intertie settlement price logic is already in place for export
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	congested interties. The proposed change to methodology for import-congested ties will allow the methodologies to be consistent across both import and export-congested interties.
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Implementation

Feedback	IESO Response
What review mechanisms will exist post-implementation?	The IESO reviews market performance continuously to identify opportunities for market design improvements and unintended outcomes warranting further review or action.
When will these proposed changes come into effect?	The IESO is targeting implementation of these changes to occur in late January 2027. The timeline will be provided in the Technical Panel Meetings and Materials webpage.
Is the implementation timeline appropriate given upcoming nuclear refurbishments and winter system conditions?	The proposed amendments preserve IOG protection for imports when they are needed to support system adequacy, including when a Conservative Operating State (COS), Emergency Operating State, or Energy Emergency Alert (EEA) has been declared by the IESO. If upcoming nuclear refurbishments or winter system conditions contribute to a system adequacy need necessitating a need for imports, the IESO can declare IOG eligibility to incentivize import participation. As a result, the IESO does not consider a delay in implementation to be warranted.
Should implementation occur after a monitoring or transitional period?	The IESO does not believe a separate monitoring or transitional period is necessary before implementation. The MSP and IESO's assessments combined looked at periods spanning both pre-MRP and post-MRP, and this was viewed as sufficient data to inform the development of the proposed changes. The IESO reviews market performance continuously to identify opportunities for market design improvements and unintended outcomes warranting further review or action.

What market rule and manual amendments will be required?	Draft amendments to Market Rule and Manuals can be found on the IESO webpage for this engagement.
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