

Feedback Form

Intertie Offer Guarantee (IOG) - Adjustments to Payment Conditions

Feedback Provided by:

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Date: September 29, 2026

To promote transparency, feedback submitted will be posted on the IOG engagement page unless otherwise requested by the sender.

- ☐ **NO - There is confidential information, do not post**
☒ **YES - Comfortable to publish to the IESO web page**

Following the September 16th IOG – Adjustments to Payment Conditions engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed. The presentation and recording can be accessed from the [engagement](#) webpage.

Note: The IESO will accept additional materials where it may be required to support your rationale provided below. When sending additional materials, please indicate if they are confidential.

Please submit feedback to engagement@ieso.ca by September 30, 2026.

Conditional IOG – Future Method

1. Do you have any questions/feedback on the proposed conditional IOG since the previous engagement session?

Capital Power appreciates the IESO's objective of improving market efficiency and reducing ratepayer-funded payments when imports are not required for system adequacy. However, Capital Power is concerned that conditioning Intertie Offer Guarantee (IOG) eligibility solely on declared reliability events would shift price and cost-recovery risk to importers without adequately considering when import commitments and related costs are incurred.

- **Timing of Import Commitments:**

Import transactions are often committed before the operating hour based on the market information available at that time. Importers may need to purchase energy and secure transmission across neighboring markets before the IESO issues the advisory notice determining IOG eligibility. These commitments may involve non-refundable transmission reservations, wheel-through charges, congestion costs, and other transmission expenses.

Accordingly, advance notice before real-time may not fully address the commercial uncertainty created by the proposal, as it does not consider whether participants have sufficient certainty when they must commit energy and transmission. Under the proposed framework, an importer could arrange and deliver an otherwise economic transaction but incur unrecoverable costs if Ontario's real-time price deteriorates and no qualifying reliability declaration is in effect.

- **Import Participation, Liquidity and Reliability:**

The additional exposure created under the proposed framework may reduce Market Participants' willingness to reserve firm transmission, commit imports in advance, or pursue transactions with narrower expected margins. While the IESO's analysis indicates that alternative resources could generally be scheduled when incremental imports were reduced, it does not appear to fully assess how participant behaviour may change once IOG protection becomes conditional. The IESO's proposal specifically narrows eligibility to declared Conservative Operating States, Emergency Operating States, Energy Emergency Alerts, or identified local import needs.

Reduced import participation may diminish market liquidity and leave less import capability available as system conditions tighten. This is a material consideration as Ontario enters a period of ongoing nuclear refurbishments where the IESO continues to include imports within its resource adequacy assessments. The availability of imports when system needs emerge depends – in part – on participants having sufficient commercial incentive to secure transmission and arrange transactions in advance. A framework that discourages such behaviour risks reducing the import capability available when Ontario's domestic supply becomes constrained.

Capital Power acknowledges that the proposed static congestion pricing methodology may allow importers to capture additional real-time price upside. However, it is not clear that this potential upside would reasonably offset the increased exposure to real-time price deterioration and unrecoverable transaction costs. The availability and magnitude of congestion-related upside may not correspond to the frequency or scale of the additional downside risk.

General Comments/Feedback

Do you have additional feedback to share with the IESO?

Capital Power recognizes that the proposed static intertie congestion pricing methodology is intended to provide importers with greater opportunity to capture real-time price upside as IOG downside protection becomes conditional. While this is a constructive element of the proposal, the IESO has not demonstrated that the potential upside available under the revised methodology would reasonably offset the additional real-time price and cost-recovery risk transferred to importers.

Given the potential implications for intertie participation and import availability, Capital Power recommends that the IESO continue engaging with intertie participants and the Technical Panel before finalizing the proposed amendments.