

Feedback Form

Capacity Auction Enhancements – August 20, 2026

Feedback Provided by:

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Following the August 20, 2026 Capacity Auction Enhancements webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed.

The referenced presentation and supporting materials can be found under the August 20, 2026, entry on the [Capacity Auction Enhancements](#) webpage.

To promote transparency, feedback submitted will be posted on the Capacity Auction Enhancements page unless otherwise requested by the sender. If you wish to provide confidential feedback, please mark “Yes” below:

- ☐ Yes – there is confidential information, do not post
- ☒ No – comfortable to publish to the IESO web page

Please provide feedback by September 3, 2026, to engagement@ieso.ca. Please use subject: *Feedback: Capacity Auction Enhancements.*

INTRODUCTORY NOTE:

Aurivest is developing non-exporting battery storage behind the meters of large Class A industrial facilities in Ontario. The battery discharges only into the host factory's own equipment and never injects into the grid; in a stressed hour, the grid sees the factory draw less. Our reference configuration is roughly 10 MW / 60 MWh, six hours of duration. We are scoping our first site against the 2027 auction cycle, so the definitions and measurement rules discussed on August 20 are decisions we will build against.

Everything in this form traces to one request. Every behavioral construct in the capacity framework (the C&I HDR baseline, the in-day adjustment factor, availability assessment, the ADF that sets UCAP, and the capacity test) reads a behind-the-meter battery through the combined host-plus-battery meter, and a battery doing its ordinary multi-purpose job erodes its own capacity measurement through that meter. We ask that, for storage-backed resources, these constructs be computed on the host facility's own consumption, reconstituted from separate revenue-quality metering of the storage device, with delivery on activation equal to the host's curtailment below its honest baseline plus the battery's metered discharge. The formulas, activation process, charges and auction do not change; the meter feeding them does. The IESO gains real-time device telemetry on a growing and currently invisible resource class, and a gaming exposure at the combined meter closes. We will accept device metering and telemetry requirements at our own cost, and we would welcome serving as a pilot or worked example for the design team.

Expanded One-Month Capacity Test Window

Topic	Feedback
Do you have any feedback regarding the proposal that all resource types will complete a capacity test within a one-month testing window at the start of each obligation period?	Supported without reservation. A May test month keeps deep test discharges out of the months when the grid is stressed, and it removes the collision between test scheduling and summer operations at industrial hosts. I attended the August 20 session live, and I want to note that the pace of this engagement has been a real strength: the 2026 initiatives showed stakeholder concerns becoming revised manuals within months (the standby trigger update in MM 4.3 s.5.2, effective July 14, and the Emergency Activation Payment clarity in MM 5.5 s.3.4.2.1), and that visible loop is why a small company gives its best thinking to a form like this. One request: for a resource backed by storage, assess the test on the device's own metered discharge, independent of what the host facility happened to be consuming that day. The capability being tested is directly metered hardware; measuring it through the host's load adds exactly the noise this enhancement is trying to remove.
Does this proposed enhancement offer greater flexibility to	Yes. With a month to choose from, an ordinary maintenance event at the host no longer threatens a resource's standing for the next auction, and both sides spend less on rescheduling and exception administration. Removing the SEAL

manage grid and resource unavailability (i.e., outages) and scheduling when attempting to complete the capacity test?	exception is reasonable in this context; with a full month available, its application would be rare enough that the cleaner rule is the better one.
What other details do stakeholders require to support this proposal?	One interaction deserves an explicit sentence in the design, flagged in the spirit of making the enhancement watertight. Market Manual 5 Part 5.5 s.3.4.3.1.1 excludes from the baseline's "suitable business days" only days where the resource "was activated to provide demand response capacity". A dispatch test runs through the activation process, so its day appears excluded. The self-scheduled capacity test under Market Rules Ch.7 s.19.4.11A is not initiated by an activation notice, and we could find no other exclusion that captures it. If we have read that correctly, the design's own required test plants an uncompensated (s.19.4.15) deep-discharge day inside the participant's baseline window at the start of the obligation period, and the resource is then measured for the rest of the month against a baseline its own compliance lowered. We may be missing context and would welcome correction; if the reading stands, please exclude designated capacity-test days from the baseline pool explicitly. Under the measurement basis proposed in our Expand Participation answer the issue disappears on its own, since a device discharge never touches the host's measured consumption. Two small confirmations would also help: that the bid price threshold waiver follows the designated test date if a test is rescheduled within the window, and whether an attempt that fails for reasons outside the resource, such as a host process upset on the chosen day, would be treated as a new designated date with the waiver or as an additional attempt subject to the threshold under slide 17.

Expand Participation

Topic	Feedback
Do you have any feedback regarding the proposal to enable	We support this enhancement strongly. Everything else in our form traces back to one idea, so we lay it out here, in plain words first.

distribution-connected dispatchable generator/storage resources to participate in the Capacity Auction?	What we are building: a battery that sits behind a factory's meter and discharges only into the factory's own equipment. In a stressed hour, the grid sees the factory draw less. Across a season the same battery serves several purposes: it manages the host's coincident peaks, it stands ready against a capacity obligation, and its controllable charging can offer flexibility back to the market. Physically these are all the same act, a withdrawal that did not happen when the system needed relief. The difficulty: every behavioral construct in the capacity framework reads that battery through the combined host-plus-battery meter. Each construct is individually well designed. Pointed at a meter that watches two machines at once, they interact badly. A single summer afternoon shows the whole problem. Suppose our battery begins shaving the host's coincident peak at HE13. A standby notice arrives, and an activation follows for HE17. The battery delivers every obligated megawatt, metered to the kilowatt. On paper, three things have gone wrong. First, the in-day adjustment factor looks at consumption in HE13 to HE15, finds it depressed by our own peak shave, and scales the baseline toward its 0.8 floor, up to a 20 percent haircut on the very day performance is measured. Second, the day then enters the 20-day baseline pool as a suitable business day, because s.3.4.3.1.1 excludes only IESO activations, and the top-15-of-20 construction forgives five such days before the sixth begins eroding the baseline outright. Third, whatever we bid that afternoon feeds the top-200-hour ADF that sets next year's UCAP. The grid received everything it asked for; the resource was marked down three times. The more services the same device provides, the worse it measures, so storage at industrial hosts is quietly discouraged from the auction, which is the opposite of what this enhancement intends. The change we ask for is small and structural. For a resource backed by behind-the-meter storage, compute the behavioral constructs, meaning the C&I HDR baseline, the in-day adjustment factor, availability assessment, qualification and capacity tests, on the host facility's own consumption, reconstituted from revenue-quality metering of the storage device, instead of on the combined meter. Delivery on activation then splits into two cleanly attributed parts: the host's curtailment below its own honest baseline, and the battery's metered discharge. The baseline formula, the activation process, the availability and performance charges and the auction all stay as they are; only
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the meter feeding the arithmetic changes. We do not want to understate the work behind that sentence. It touches metering registration and the settlement calculation, and we would expect the IESO to set the device metering standard. We will meet that standard and provide telemetry at our own cost, and we would welcome a pilot or a defined first cohort as the way to introduce it. Global Adjustment is untouched; it stays at the revenue meter under O. Reg. 429/04 and belongs to a different table.

What the IESO gains is, we think, larger than what we gain. Slides 29 and 30 describe a fleet delivering 60 to 70 percent of obligation when called, with bids that barely move. For the storage-backed segment, measurement through the net meter guarantees exactly those symptoms: measured performance detaches from physical performance, and honest bids are penalized by the qualification construct itself. Under host-based measurement a participating battery hands the IESO revenue-quality device telemetry in real time, capacity you can see and rely on because it is metered rather than inferred, which is what slides 27 to 30 ask for. There is a second gain that is less obvious. Read through a combined meter, a behind-the-meter battery could in principle charge during the relevant hours of ordinary business days to lift the measured baseline, or charge inside the HE13 to HE15 window to lift the in-day adjustment, and then discharge on activation against the inflated figure. We may be missing a control that already prevents this. If not, host-based measurement with a separately metered device closes that door, because charging never touches the host's measured consumption and delivery is credited only from metered discharge. We would rather flag the exposure and ask for the fix than leave it in the design.

One concern deserves a direct answer: double counting. Recognizing the withdrawal reduction for capacity performance while the host's Global Adjustment allocation reflects the same physical reduction pays nothing twice. GA is a cost allocation among consumers, not an IESO market payment, and the grid received one real reduction in the stressed hour. The framework already grants generation this concurrency: a generator earns energy revenue and satisfies its capacity obligation with the same megawatt in the same hour. We are asking for the same electrons to get the same treatment on the other side of the meter. It is also worth being precise about what the obligation adds, because it is real. A battery managing coincident peaks alone discharges on the days its forecast says are likely top-five days and holds its charge on the rest. IESO activations follow system adequacy, not the host's

peak forecast, and the two only partly overlap. Under an obligation the battery is held available and dispatched on every day the IESO calls, including the days a peak forecast would have left it idle, and it is exposed to availability and performance charges if it is not. The auction pays for that enforceable commitment, not for the motive behind any single discharge, which is the same bargain it strikes with every generator that would have run on a hot afternoon anyway.

Four supporting requests for the draft design. First, write the clarified definitions so they explicitly include non-exporting embedded storage whose dispatch is delivered as a reduction of the host's withdrawal, and state whether the new class requires injection capability. IESO Customer Experience has confirmed to us in writing that our configuration participates today through the physical or virtual HDR route without Appendix E registration; codifying that answer would let developers scope connection applications to the end state. Second, keep an HDR-style door open rather than making full energy-market dispatchability the only new path. For storage running a multi-purpose site program, a standby decision communicated day-ahead fits the asset and the host far better than real-time dispatch of the device, and concurrent operating reserve eligibility, including from the charging side under Ch.5 s.4.5.14, should be preserved. Third, permit multi-site aggregations that self-select their enrolled quantity, for example enrolling 85 MW of a 100 MW fleet to protect delivery reliability and UCAP, with a defined cadence for mid-period contributor-list updates. Fourth, state the sustained-output duration expectation for embedded storage explicitly (our reference configuration is six hours), and where a resource qualifies on tested, metered capability, let its performance adjustment reflect its own measured record rather than importing thermal-style forced-outage derates.

If the full measurement change cannot be scoped into the 2027 rules, three narrower changes capture most of its value and would let a first cohort participate while the Enabling Resources Program's DER measurement work matures: exclude designated capacity-test days from the baseline pool; exclude a separately metered storage device's charge and discharge from the consumption used in the in-day adjustment window; and qualify storage-backed UCAP on tested device capability rather than bid history. We would prefer the full change and offer the sequence only so the design team has a path that fits the calendar on slide 12.

Improving Hourly Demand Response (HDR) Performance

Topic	Feedback
Do you have any feedback regarding the goals of the Improve HDR Performance enhancement as outlined on slide 28 of the presentation?	We support both goals. One distinction would make the whole enhancement land better: delivery problems and measurement problems are mixed together in the fleet numbers on slides 29 and 30. Process-constrained curtailment faces real physical limits when called. Storage-backed resources deliver exact, metered megawatts but are graded through a host-load baseline that their own legitimate operation erodes. If compliance tightens without fixing measurement, the best-metered resources in the fleet are penalized hardest, and the fleet number this enhancement is trying to raise will not move the way you expect. The measurement fix is in our Expand Participation answer, and it needs no change to the compliance framework itself; it would let tighter compliance land on physical performance rather than on an artifact of the meter.
What are the main issues that prevent an HDR resource from delivering to their obligation during non-test activations?	Speaking first for the segment we are not: for many industrial processes, curtailment is not a dimmer switch. A plant that takes a day to restart, or scraps in-process product when interrupted, faces a marginal activation cost far above any bid price it can express, and no notification design fully removes that. That reality deserves sympathy in the design rather than only compliance pressure. For the storage-backed segment the dominant barrier is different: it is measurement. The erosion and same-day IDAF mechanics described in our Expand Participation answer mean a resource can discharge its full obligation and still assess as under-delivering. We would ask the design team not to read the second failure mode as the first; one needs operational flexibility, the other needs an accurate meter.
What are the main issues that prevent an HDR resource from submitting and updating accurate bids and delivering to dispatch schedules during non-test activations?	We would offer one observation we have not seen stated elsewhere: the framework itself discourages the bid accuracy this enhancement wants, in two places. For dispatchable loads, the ADF on slide 34 sets next year's UCAP from the median of hourly bid quantities in the top-200 Ontario Demand hours, so a participant that honestly revises real-time bids downward in exactly those hours reduces its own future qualified capacity. For HDR resources the same shape appears through the charges, as we read them: a bid revised below obligation in the availability window is a certain availability charge, while a bid left at obligation is exposed only to a performance charge in the minority of hours that are actually activated. Slide 30's observation, that only 9 percent of summer 2025 activation hours saw bid changes while

	the fleet delivered about 64 percent, is what rational participants look like under those incentives; it is not primarily a notification problem. Qualify from tested, metered capability and the penalty for accurate bids disappears on the qualification side with no new compliance machinery at all. On the charge side, the design question is whether an honest downward revision should ever cost more than a stale bid that fails, and today it can.
How could existing market signals (pre-dispatch prices, adequacy reports, etc.) and notifications (standby and activation notices) be modified to better prepare HDRs to respond to dispatch instructions?	For storage the highest-value change is simple: a firm standby decision communicated day-ahead, by early morning. A battery plans its state of charge across the whole day, and a morning notice lets the availability window be funded with certainty, where a mid-afternoon signal can only be honored by unwinding the day's plan. The standby trigger clarity added to MM 4.3 s.5.2 in July was a real improvement; continued transparency of the trigger state builds on it. To slide 30's question directly: yes, earlier and firmer notification would improve compliance for storage-backed resources, because for a battery the binding constraint is not willingness but state of charge, and state of charge is decided hours ahead.
Would a cap on the number of activations over a specific timeframe (monthly, seasonal, etc.) drive better performance and encourage more demand response participation?	Yes, and we would go further: a seasonal cap with an emergency carve-out would grow the fleet. Unbounded activation exposure is one of the first objections industrial hosts raise when weighing demand response against production risk. A cap bounds that exposure and makes the product priceable for them. For storage-backed resources it also bounds the interaction between activations and the host's other legitimate uses of the same asset, which makes a multi-purpose site program easier to design around the obligation rather than against it.
Do you have any other suggestions that could give HDR resources a greater ability to prepare and respond to an activation?	Two suggestions. The first is the measurement basis in our Expand Participation answer, which for the storage-backed segment is the largest single performance improvement available: it makes measured performance equal physical performance. The second is a small parity gap: the contributor outage mechanism in Ch.7 s.19.4.10A/B, scoped by MM 12 s.5.3.2 to virtual C&I resources, has no equivalent for a physical single-site resource. Either extend equivalent relief to a storage-backed physical HDR with a verifiable

	device outage, or confirm that a virtual HDR (C&I) resource may register with a single contributor. Today the asymmetry pushes single sites toward third-party aggregation for reasons that have nothing to do with reliability.
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Review of Resource-Specific UCAP Methodologies

Topic	Feedback
Do you have any feedback regarding the review of capacity qualification methodologies for dispatchable loads?	We support the review, and ask that it treat the storage-backed case explicitly. Bid history is a proxy, and for storage it is a proxy with two known contaminations: the honest-bid penalty described in our HDR answer, and multi-purpose dispatch reading as unavailability. Meanwhile the truth the ADF is approximating is sitting in a meter: the device's tested capability, which the expanded test window already establishes every obligation period. Our proposal: for storage-backed DL and HDR resources, qualify UCAP on tested, device-metered capability, and hold availability to account separately through the availability and performance charges that already exist. That serves the review's own goal on slide 33, methodologies that accurately reflect expected contributions, because a battery with revenue-quality metering and telemetry is the most accurately measurable resource in the fleet. We would be glad to contribute configuration detail at the fall session, including a worked settlement example on our reference configuration showing baseline, in-day adjustment and delivery under both measurement bases.
Do you have any feedback regarding the review of capacity qualification methodologies for generator-backed import (GBI) resources?	We hold no GBI position, so take this lightly: aligning external accreditation with the IESO's internal methodology seems right in principle, since two inconsistent measures of the same megawatt invite exactly the qualification arbitrage the review is guarding against. Whatever mapping is chosen, publishing it with a transition period would let cleared positions adjust rather than strand.

2027 Prioritized Enhancements

Topic	Feedback
Do you have any other feedback regarding the prioritized enhancements for 2027 and/or engagement timelines presented today?	Four requests, all about being able to plan against the design. First, state same-hour treatment explicitly somewhere in the 2027 design: where a withdrawal reduction lands in an hour that is both a coincident-peak hour for the host's Global Adjustment and a settlement or activation hour for a capacity obligation, is it recognized for both, netted, or exposed to availability charges? Customer Experience indicated to us that capacity auction charges may apply in such hours; whether that is the intended end state decides how much embedded capacity industrial sites can bring to the auction, and our double-counting note in the Expand Participation answer bears on it. Second, define the registration model for a non-exporting embedded storage resource offering operating reserve, both the charging-side withdrawal-reduction route under Ch.5 s.4.5.14 and host-as-dispatchable-load support, so reserve capability behind industrial meters can be scoped into connection applications rather than settled case by case. Third, a sentence on how Expand Participation will interact with the Enabling Resources Program's DER participation models would prevent developers from scoping applications to the wrong end state. Slide 9 already flags the dependency, and the device-level measurement we propose is the same infrastructure the ERP's DER models will need, so we would suggest writing the definitions so a storage-backed HDR can migrate to the ERP model when it lands. Fourth, publishing draft eligibility definitions early in the cycle would let prospective 2027 participants plan qualification submissions against them rather than after them. On timelines, the August 2026 to April 2027 engagement window works for us; we will attend the fall session and would welcome a working session with the design team on the storage-backed case before market rules drafting begins in March.

General Comments/Feedback

Everything we have written comes down to one principle. Without the battery, the site would have drawn X in the stressed hour. The battery's reduction of that draw is real, metered grid relief, whether it was dispatched for one revenue purpose or three, and the framework should measure the reduction rather than penalize the resource for being intelligently dispatched. For the IESO's summary of feedback, our position in one sentence: for storage-backed HDR and DL resources, compute the baseline, in-day adjustment, availability, UCAP qualification and capacity test on the host

facility's own consumption, with the storage device separately revenue-metered, so that delivery equals host curtailment plus metered discharge. It needs no new market construct, no new charge type and no auction redesign, and it converts a growing, currently invisible resource class into capacity the IESO can see, meter and rely on.

We are a new entrant of the kind slide 22 hopes this enhancement will attract, and we are building our first site against this design cycle. We will participate through the full cycle, we will accept the metering and telemetry obligations that make the treatment safe, and we would welcome working through the configuration details with the design team as a pilot, a worked example, or in whatever form is most useful.

Samridh Sood

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