Feedback Form

Capacity Auction Enhancements – October 16, 2026

Feedback Provided by:

Name: Jeff Pickett

Title: Principal Program Manager, Energy Markets

Organization: Enel X

Email: [redacted]

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Following the October 16, 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 October 16, 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**

X **No – comfortable to publish to the IESO web page**

Please provide feedback by October 30, 2026, to engagement@ieso.ca. Please use subject: *Feedback: Capacity Auction Enhancements*.

Improve HDR Performance: Activation Performance Relative to Obligation

Topic	Feedback
Does the proposed testing rules enhancement encourage activation delivery to the obligation amount?	Enel believes the proposed testing rules enhancement allows more flexibility in scheduling testing resources and there is potential for the additional flexibility to incrementally improve activation delivery to the obligation amount.

Improve HDR Performance: Accurate Energy Market Bid Submissions and Compliance with Dispatch Instructions

Topic	Feedback
What does the process look like to assess capability and submit a bid according to this capability in day ahead?	Enel assesses capability deviations from its capacity obligation and submits bids in the day-ahead market based on contributor outages communicated by its contributors.
How does this process differ when an activation notice is received day-of?	Enel uses a combination of real-time data monitoring of contributor availability, where available, and availability forecasting for contributors where real-time data is not available to estimate total portfolio availability. Enel assesses this capability on a daily basis and refines it as an activation becomes more certain, or is issued, but the current activation timing does not allow for the complete calculation of the in-day adjustment. Enel recommends shifting and/or shortening the in-day adjustment window to being complete prior to when HDR resources are activated.
What is the typical timeline for this assessment of capability to occur? 1-2 hours or more?	Enel can refine this assessment as an activation becomes more certain, and is issued up until all variables are known: activation hours, complete in-day adjustment, contributor outages.

How far in advance can this capability be firmed up?	Aggregated HDR resources are a heterogenous set of contributors whose operational priorities change. Enel can address this operational uncertainty with real-time demand data, but that is not a requirement or feasible to maintain at every contributor location. As a result, there is always some degree of uncertainty. Ultimately, the HDR resource's capability is strongly tied to the degree of certainty market signals provide for DR Activations. Enel greatly appreciates the strides the IESO Capacity Auction team has taken since the MRP transition to strengthen those market signals and trusts they will continue to become even more reliable.

High-level Design: Emergency Activation Charge

Topic	**Feedback**
Do stakeholders have feedback on the proposed design of the emergency activation charge?	Enel strongly supports improving HDR activation performance relative to capacity obligations and the goal to encourage more accurate energy market bid submissions and compliance with dispatch instructions. Enel agrees that delivering 64% of capacity obligation does not represent a reliable resource and revising the charge framework would aid in improving this performance. Accordingly, we recommend the following changes: 1. Maintain the 85% tolerance threshold. As stated above, there is always some degree of uncertainty in an aggregated HDR resource capability assessment due to its heterogenous composition and the lack of comprehensive real-time data. The IESO benefits from enabling this resource's participating

	in the capacity market, but its behavior is inherently different than a generator or non-dispatchable load with more onerous telemetry requirements. Maintaining a tolerance threshold provides a more adapted approach to incentivizing performance improvement from the 64% delivery rate. 2. Market participants should be eligible for financial compensation for overperformance. The IESO benefits from all curtailment provided by HDR resources during emergency activations irrespective of obligation amount. Allowing market participants to earn on overperformance relative to obligation incentivizes *accurate* bidding behavior rather than *conservative* bid behavior when the primary financial driver is charges for underperformance. 3. Pricing should reflect the IESO's economic value of the shortfall. Enel recommends that the rate used in the Emergency Activation Charge reflects the real-time market zonal clearing rate or some other market rate rather than an HDR's bid price to more accurately reflect the shortfall experienced by the market.
Does the charge appropriately address the misaligned settlement incentives stakeholders pointed out in previous feedback submissions?	Enel believes the Emergency Activation Charge is directional improvement to aligning stakeholder incentives and making the improvements listed above would further refine this alignment.
Is there potential for any unintended participant behaviour to arise from this proposed enhancement?	

General Comments/Feedback

Enel believes the IESO is taking the appropriate steps to improving the predictability and reliability of the HDR resources and appreciates the continued opportunity to provide feedback in the design of the new program enhancements.