Feedback Form

Capacity Auction Enhancements – October 16, 2026

Feedback Provided by:

Name: Chinedu Okeke

Title: Manager, Energy Markets

Organization: Rodan Energy Solutions Inc.

Email: [redacted]

Date: October 30, 2026

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**

☒ **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?	Rodan supports the proposed testing enhancements, including the one-month testing window and allowing emergency activations to satisfy the capacity test. Performance during an emergency activation is the best evidence of what an HDR resource delivers when the system needs it. Recognizing that performance in qualification directly rewards resources that deliver to their obligation when it matters most. The proposal also gives participants a clear, practical reason to deliver their full cleared ICAP during emergency activations. A resource that does so avoids a separate test in the next obligation period, which reduces disruption to contributors' operations and the cost of organizing a test activation. For aggregators, this means fewer interruptions to customers who already curtailed during a real event. The one-month window complements this well. It gives participants more flexibility to schedule tests around contributor maintenance and operations. It also reduces the risk that a single isolated event affects qualification for the following auction. Together, these changes better align testing with real-world delivery, and Rodan supports their implementation.

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?	

How does this process differ when an activation notice is received day-of?	
What is the typical timeline for this assessment of capability to occur? 1-2 hours or more?	
How far in advance can this capability be firmed up?	Known outages can be firmed day-ahead because contributors give advance notice. For the rest of the portfolio, confidence is usually settled a few hours before the activation, once day-of re-confirmation is complete. In rare cases, issues on the day can still limit a contributor's capability. Physical capability can therefore be firmed a few hours ahead, but measured capability cannot. The IDA is not known until one hour before the activation starts, after part of the activation is already in the mandatory window. Any charge that depends on bid revisions should reflect this gap.

High-level Design: Emergency Activation Charge

Topic	**Feedback**
Do stakeholders have feedback on the proposed design of the emergency activation charge?	Rodan supports a stronger signal for accurate bids and delivery, but the EAC as proposed is out of proportion. Each MW not delivered is charged $1,999.99, while each MW delivered earns roughly $1,799.99 (bid price minus DA-OZP). As a result, an activation loses money below 53% delivery. The charge is also uncapped and has no tolerance band, unlike today's 15% band for Dispatch Charge. For example, a 10 MW resource that delivers 25% across a four-hour activation would net about −$39,000 for that one event, even after its availability payments for the activated hours. We recommend two changes. First scaling the charge as EAC = (HDR Activation MW − Delivered MW) × Bid Price × (1 − R), with R between 33% and 50%. This sets the

	penalty at $1,000–$1,340 per MW short, which is below the payment, and moves the loss point to 36–43% delivery. Second, keep a tolerance band so the EAC applies only when delivery falls below 85% of the dispatched MW, consistent with today's dispatch charge. Once triggered, the charge would apply to the full shortfall. The band absorbs normal measurement variation from the baseline without weakening the incentive. Even with both changes, the EAC would still be 1.4–2.5× today's dispatch charge in the IESO's examples and stays tied to the bid price. Alternatively, the IESO should resolve IDA timing before the EAC takes effect.
Does the charge appropriately address the misaligned settlement incentives stakeholders pointed out in previous feedback submissions?	It addresses the original concern, but it creates a new imbalance. The EAC fixes the core issue raised in August: today's flat dispatch charge is small next to the activation payment, so leaving bids at obligation is the cheaper choice. However, the EAC changes only the dispatch side. The availability charge for MW not bid is still about $143 per MW-hour (at Summer 2026 clearing price and a NPF of 2), so the design swings from rewarding over-bidding to rewarding under-bidding. Under the IESO's own inputs, the benchmark is bidding and delivering 10 MW, which earns $18,716.80 per hour: • **Guessing low:** bidding 7.5 MW and delivering 10 MW costs $4,858 per hour against the benchmark, because the extra 2.5 MW reaches the grid unpaid. • **Guessing high:** bidding 10 MW and delivering 7.5 MW costs $9,500 per hour against the benchmark. Because the bid is set before the CMP knows exactly what contributors will deliver or how the baseline will measure it, guessing wrong in either direction loses

	money, and guessing high costs about twice as much as guessing low. Rodan recommends scaling the EAC by 33–50% and applying it only when delivery falls below 85% of the dispatched MW. Once triggered, the charge would apply to the full shortfall. Under the IESO's inputs, the cost of guessing high would fall to $7,000–$7,850 per hour, still well above today's outcome. Accurate bidding would remain the best choice, and participants would be less likely to withhold capacity they can deliver.
Is there potential for any unintended participant behaviour to arise from this proposed enhancement?	Yes. The rational response to the EAC as proposed is to bid well below expected capability. Withholding a MW costs about $143 per hour in availability charges (at Summer 2026 clearing price and a NPF of 2), while falling one MW short costs $1,999.99. The EAP is also capped at the scheduled MW, so MW delivered above a cautious bid go unpaid, even though aggregators still pay their contributors for the load they actually curtailed. Operators would then see less HDR capacity than is physically available, which works against the IESO's goal of better visibility. Over time, participants may also offer less capacity into the auction or raise offer prices to cover EAC risk.

General Comments/Feedback

Rodan supports the IESO's objectives of more accurate HDR bids and stronger delivery during emergency activations. We support the proposed testing enhancements, including the one-month window and allowing emergency activations to satisfy the capacity test. We also support a stronger financial signal for dispatch compliance.

Our main concern is how HDR performance is measured and settled. Rodan recommends four changes:

1. **Scale the EAC and add a tolerance band.** Apply a reduction of 33–50% so the penalty per MW short does not exceed the payment per MW delivered. Trigger the charge only when

delivery falls below 85% of the dispatched MW, and apply it to the full shortfall once triggered.

2. **Pay for overperformance up to the capacity obligation.** Pay the emergency activation payment for MW delivered above the activated amount, capped at the resource's capacity obligation. This complements the EAC. Participants who bid conservatively are paid for capacity they actually deliver, and the cap prevents any gain from over-bidding.
3. **Resolve IDA timing.** Align the in-day adjustment window with the mandatory window, or exempt shortfalls caused by the IDA that cannot be bid out. Today the IDA is known only after the first two hours of a four-hour activation are locked.
4. **Apply the IDA at the contributor level.** Under this approach, each contributor's factor would be calculated from its own load in the adjustment window and applied only to its own baseline. Factors would keep the existing 0.8–1.2 bounds, and the adjusted contributor baselines would then be summed as they are today. This keeps the existing baseline methodology. It also ensures that one contributor running low before an event does not reduce the measured performance of every other contributor in the zone.

Finally, on the dispatch test held at the end of the Summer 2026 season on October 28, 2026, Rodan believes an early capacity test for Winter 2026/2027 would have better served the same purpose. Portfolios and obligations can change materially between seasons, because not every contributor participates in both seasons and some CMPs' obligations change at the start of winter. An early winter test would have assessed the resources and obligations that actually apply in winter and prepared participants early. It would also have allowed obligations to be adjusted based on demonstrated deliverability, giving Operators a clearer view of what to expect during winter operations. Some of our contributors were also dissatisfied with being called for a test at the end of the summer season, just ahead of winter. We recognize the IESO may have had other operational considerations and offer this as a participant perspective.