Feedback Form

Capacity Auction Enhancements – October 16, 2026

Feedback Provided by:

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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?	**1. Carry-over of a successful test across obligation periods** If a resource successfully passed a capacity test in a previous obligation period, will it be required to test again in a subsequent period, assuming the test criteria and the resource's registered parameters are unchanged? We ask IESO to clarify whether a prior successful test can be carried forward, and if so, under what conditions (e.g., time limits, or changes to the resource or test requirements that would trigger a retest). **2. Using an over-delivered activation as a test exemption when UCAP and ICAP differ** Consider a resource with a UCAP obligation of 25 MW that is tested against an ICAP of 26 MW. If the resource is called for an emergency activation at its 25 MW UCAP obligation but delivers 26 MW (i.e., its full ICAP), would that activation qualify to satisfy the testing requirement? Or would it not count, because the activation was dispatched at 25 MW rather than the 26 MW ICAP test level? We ask IESO to clarify how activation performance is evaluated for test exemption purposes when the activation amount differs from the tested ICAP value.

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?	Feedback provided offline.
How does this process differ when an activation notice is received day-of?	Feedback provided offline.

What is the typical timeline for this assessment of capability to occur? 1-2 hours or more?	Feedback provided offline.
How far in advance can this capability be firmed up?	If the IESO mandates real-time data visibility for all HDR resources, participants will need to procure equipment, engage service providers, and complete integration and testing, all of which requires significant investment of both time and capital. We therefore ask that the IESO provide adequate lead time between finalizing the requirement and its effective date. WBE is happy to work with the IESO to discuss and estimate a realistic implementation timeline.

High-level Design: Emergency Activation Charge

Topic	Feedback
Do stakeholders have feedback on the proposed design of the emergency activation charge?	**1. Timing mismatch between the IDAF and the mandatory window** Delivered MW in the EAC formula is measured against the baseline that includes the IDAF, which isn't known until after the mandatory window closes (as the IESO acknowledged on slide 13). Resources therefore can't know how much curtailment will count as delivered in time to adjust their bids, and could be charged for a shortfall it had no ability to foresee and correct. The EAC cannot function fairly unless this timing mismatch between activation, the IDAF and the mandatory window is addressed by the IESO. **2. Activation amount vs. scheduled amount** The EAC formula is based on the activation amount (MW). If a resource lowers its bid quantity during the mandatory window after receiving an activation notice, its scheduled MW changes but its activation notice may not. For example, if a resource activated for 10 MW lowers its bid to 7.5 MW, and delivers 7.5 MW; could it still be charged for a 2.5 MW shortfall? We ask the IESO

	to clarify that the EAC applies to scheduled MW after the bid has been adjusted. **3. Partial activations for all-or-nothing resources** The EAC formula should appropriately account for partial activations of all-or-nothing resources. Where a partial activation cannot be met without over-performing, the resource should receive appropriate settlement treatment and should not be subject to availability charges for withdrawing bids completely. See our response to the next question for further detail. **4. Energy product vs. capacity product** A generator's capability is largely fixed: barring an outage, it can deliver the same megawatts in May as in July. A C&I facility participating as HDR cannot. Its curtailable load depends on production schedules, occupancy, process cycles, and weather, so it varies both across the six-month season and within the availability window (nine hours in summer, five in winter). The capacity obligation is currently a seasonal figure, not an hourly guarantee. It reflects testing requirements, forecasted load, planned outages, and typical load profiles across the season, and by nature differs from what is actually available to curtail in any given hour of any business day. To design incentives and charges properly, HDR should be treated like other capacity-contracted resources: capacity should be valued based on what the resource can be expected to provide over the season, while energy should be measured and compensated based on what is actually delivered. Understanding this characteristic and designing the program around it will benefit the program, the IESO control room, and the participants.
Does the charge appropriately address the misaligned settlement incentives	Not fully. The proposed charge makes progress, but two misaligned settlement incentives remain unresolved: the

stakeholders pointed out in previous feedback submissions?	gap between HDR capacity obligations and actual real-time curtailment capability, and the treatment of all-or-nothing resources under partial activation. **1. Misalignment between HDR obligation and real-time curtailment capability** The proposed methodology does not adequately reflect the operating characteristics of HDR resources, and as a result it will not deliver what the IESO is seeking: reliable real-time visibility and maximum curtailment during tight grid conditions. The core issue is that the framework treats capacity and energy curtailment as if they were the same thing. A fixed capacity bid per season, combined with the proposed incentives and penalties, sets a single commitment level for the entire season. HDR curtailment capability, however, varies with weather, load, and site conditions. UCAP effectively reflects an *average* capability across the obligation period, while the curtailment an HDR resource can actually deliver on a peak summer or winter day is often higher than that average. Under the current design, that additional capability goes unused: resources have no incentive to offer more than their obligation, and the control room has no visibility into how much more is available. (See our earlier comments for further detail.) We recommend that the IESO explicitly separate the capacity obligation from real-time energy curtailment and design incentives around that distinction. Specifically: • HDR resources should be able to submit curtailment offers in the energy market that exceed their capacity obligation, giving the control room an accurate, real-time signal of expected curtailment. • Curtailment delivered above the capacity obligation during emergency or tight conditions should be compensated on an emergency basis, so that resources are rewarded for providing it rather than only penalized for shortfalls.

	This approach would preserve the integrity of the capacity commitment while giving the IESO access to the full curtailment potential of HDR resources when the grid needs it most. **2. Ongoing partial dispatch challenge** Some resources can only curtail on an all-or-nothing basis. They cannot reduce part of their load, so a partial activation requires them to shut down fully. Because the emergency activation payment is capped at the activated amount, these resources are not compensated for their production loss in an emergency condition. For example, a resource activated for 6 MW that can only curtail fully (ex 10 MW) is paid for only 6 MW, despite delivering 10 MW to the system. This creates a misaligned incentive for all-or-nothing resources when they are partially activated: they must bear the full cost of curtailment while being paid for only part of it, which discourages participation. Or, if managing dispatch data to provide the required signals to the IESO control room, non-performance is penalized at the capacity value while performance is only compensated to a partial level. This needs to be resolved for both the control room and the participants To resolve this, WBE recommends that the IESO either: • compensate all-or-nothing resources for the full capacity delivered when partially activated; or • allow these resources to withdraw their bids in response to a partial activation, without any availability charges applied.
Is there potential for any unintended participant behaviour to arise from this proposed enhancement?	Open to providing feedback offline if needed.

General Comments/Feedback

WBE requests an update on the IESO's progress regarding the language on excluding embedded generators from the program, as this was not addressed in this session.

WBE is happy to discuss any of our feedback, or the remaining questions on this form with the IESO as needed.