

Capacity Auction – April 8, 2025

Feedback Provided by:

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Date: April 15, 2025

Following the April 8, 2025 webinar which provided an overview of recent feedback, and continued discussion on 2025 enhancements, including proposed market rule and manual amendments, the IESO is seeking feedback on the items presented.

The referenced presentation and supporting materials can be found under the April 8, 2025, entry on the [Capacity Auction Enhancements webpage](#).

To promote transparency, feedback submitted will be posted on the Capacity Auction Enhancements engagement 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 April 22, 2025, to engagement@ieso.ca. Please use subject:
Feedback: Capacity Auction Enhancements

Proposed Amendments to Market Rules and Market Manuals

Topic:	Feedback
Do the proposed amendments to the market rules and market manuals accurately reflect the design of the 2025 Commitment Management Options enhancements and the 2025 Administrative Updates?	

Revised Timeline for 2025 Enhancements

Topic:	Feedback
Do you have any feedback regarding the revised implementation timeline for 2025 Capacity Auction Enhancements?	<p>Thank you for the opportunity to comment on the proposed enhancements to the capacity auction design.</p> <p>First, in our previous feedback, we supported the increase of buyout charges, contingent on IESO strengthening the obligation transfer mechanism between physical and virtual resources. We would like to reiterate the importance of enabling in-period obligation transfers and transfers between physical and virtual resources to support efficient market functioning and compliance flexibility.</p> <p>Second, we want to emphasize the importance of the timely implementation of the Tie Breaking Mechanism for virtual resources. Delaying this enhancement further risks undermining market confidence and sending the wrong investment signals at a time when reliability needs are increasing. Stakeholders have been engaging in this issue for years, and the urgency of reform has only grown with the increasing number of Demand Response</p>

	<p>contributors in the West, Niagara and Northwest zones.</p> <p>If implementation of the full Tie Breaking enhancement is not feasible on the original timeline, we strongly encourage the adoption of an interim solution or work-around that can preserve market confidence and ensure a fair allocation of virtual MW in the December 2025 auction. A stop-gap measure—even if imperfect—would be preferable to prolonging the status quo, which no longer meets the system’s needs.</p> <p>Without the Tie Breaking mechanism, it is highly likely that a number of Demand Response contributors will exit the market this year and no longer be available to the IESO in the future.</p> <p>Third, Voltus would like to again highlight that increasing virtual limits in the West and Northwest zones would result in significant additional resources available to the IESO and this issue should be explored further ahead of the December 2026 auction.</p>
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Expanding participation to variable generation (VG) resources

Topic:	Feedback
Do you have any feedback regarding the revised requirement that a VG resource's ICAP must be verified by actual production (AQEI) data from the first two months of the summer obligation period (and within the availability window hours).	While Voltus agrees that this aligns with how other resources are tested, we disagree with the overarching presumption that resources should be qualified under ambient conditions. Capacity Qualification and Testing should always be on the basis

	of availability during times of need on the system. In other words, resources should be qualified and tested on the basis of what they can deliver during peak conditions.
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HDR Standby Notice Price Trigger

Topic:	Feedback
Do you have any feedback regarding the proposal to maintain the HDR standby notice price trigger at \$200 for the 2025 Capacity Auction?	Given the decline in the nuclear fleet and the increase in the natural gas price at Dawn, Voltus is concerned that the \$200 notice trigger will be too low for the prevailing market conditions in the 26/27 capacity period. Can the IESO provide additional details on what modeling it has done and how many standbys it is forecasting based on the \$200 threshold?

General Comments/Feedback