



July 2, 2025

BY EMAIL: engagement@ieso.ca

Engagement
Independent Electricity System Operator
Toronto, Ontario

To whom it may concern:

Re: Capacity Auction Enhancements

The Ontario Clean Air Alliance recommends the following two enhancements for the IESO's 2025 capacity auction:

1. Establish capacity targets that will eliminate the need for the IESO to sign long-term (LT2) contracts for new gas-fired peaker generation capacity; and
2. Offer multi-year contracts for demand response resources.

Capacity Targets

In December 2024, the IESO's 2024 capacity auction procured winter and summer capacity at costs of \$139 and \$332 per MW per business day for the winter and summer periods; whereas in May 2024 the IESO's LT1 procurement process awarded Atura Power a long-term contract for new gas-fired generation capacity at a cost of approximately \$1,681 per MW per business day.

By raising its capacity auction targets, the IESO can lower its capacity costs and avoid locking Ontario into new 20-year contracts for more gas-fired generation capacity.

The IESO should establish 2025 capacity auction targets which will eliminate the need for the IESO to enter into long-term (e.g., LT2) contracts for new fossil fuel generation capacity.

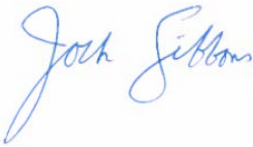
Multi-Year Contracts for Demand Response Resources

Demand response is a clean and low-cost option to meet Ontario's capacity needs.

While the IESO offers multi-year contracts for supply-side resources, it only offers one-year contracts for demand response resources. This IESO policy is biased and economically irrational.

The IESO should offer demand response providers the option to submit bids for multi-year capacity contracts (e.g., 1, 2, 3 and 5 years).

Yours sincerely,

A handwritten signature in blue ink that reads "Jack Gibbons". The signature is written in a cursive, flowing style.

Jack Gibbons
Chair