Feedback Form

Capacity Auction Enhancements – January 29, 2026

Feedback Provided by:

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Following the January 29, 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 January 29, 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 February 12, 2026, to engagement@ieso.ca. Please use subject: *Feedback: Capacity Auction Enhancements*.

Proposed HDR Objective Statement

Topic	Feedback
Do you have any comments or suggestions regarding the proposed HDR Objective Statement?	Rodan supports the framing of the HDR Objective Statement as balancing the IESO's need for reliable capacity delivery with participants' need for transparency and operational certainty. However, to be meaningful, the objective must explicitly commit to incorporating HDR operational constraints into the optimization engine, rather than continuing to treat HDR as an "infinitely flexible" resource that can be dispatched in small, short-duration blocks without regard to ramping, or minimum run. The objective statement is important, but it must be accompanied by concrete actions that address the fundamental misalignment between how HDR resources are being used in the renewed market and how they were originally designed.

2025 Market Observations

Topic	Feedback
Have we captured all market observations/concerns that have impacted Capacity Auction hourly demand response resource participation in the renewed market since May 1, 2025?	From Rodan's perspective, many key observations have been captured, especially around higher activation frequency, partial activations, increased standby notices, and resource fatigue, but several critical dimensions need to be clarified. Most importantly, the measurement issue tied to partial activations is a core concern: when only part of a portfolio is dispatched, baseline and performance are still measured against the full portfolio's consumption, which penalizes performance for customers who were never instructed to curtail and whom aggregators cannot control in that hour. The lack of clarity around activation triggers has created operational uncertainty: participants cannot reliably predict when standby notices will convert to actual activations, making it difficult to prepare portfolios for full deployment.

General Comments/Feedback

Target publication flexibility: Rodan is concerned that allowing firm targets to be reduced between the APO and the Pre-Auction Report significantly undermines customer confidence in the program and the contract economics aggregators use when recruiting load. Participants commit based on historic clearing prices and forward guidance in the APO; introducing explicit downside risk to the target sends the wrong signal just as HDR is being activated more frequently and in more demanding conditions. Rodan recommends constraining downward adjustments to clearly defined, exceptional circumstances and setting that expectation upfront.

Partial activation baseline problem: Rodan views the current approach to measurement during partial activations as unsustainable. When only part of a portfolio is dispatched, performance is measured against the entire portfolio's consumption, including customers that did not receive an activation and have no curtailment obligation. This structurally depresses reported performance, particularly in zones where only a fraction of the portfolio is called, and misrepresents the true contribution of dispatched customers. A revised methodology that aligns baselines and performance assessment to the actually dispatched subset is needed.

Cascading dispatch quantities: Operationally, the practice of moving MW targets within a single activation event (for example, 40 MW in Hour 1, 15 MW in Hour 2, 40 MW in Hour 3) creates cascading dispatch complexity that materially increases execution risk. For near-term improvements, Rodan strongly recommends that, once an HDR resource is activated for a given event, its MW obligation remain constant across the event's hours, even if that MW level is a partial activation of its full offer.

HDR Objective Statement and optimization tooling: Rodan supports the dual objectives of improving the IESO's operational certainty and providing participants with clearer, more transparent rules. However, a key enhancement must be explicit: HDR operating constraints (minimum run, ramp, practical cycling limits) need to be reflected in the optimization tools, as they are for generators and other resources.

Standby notice threshold: Rodan agrees with other stakeholders that the current $200/MWh standby trigger is no longer fit-for-purpose in the renewed market. It generates a high volume of standby notices that do not reliably correlate with actual activations, leading to notice fatigue and making it difficult for large customers to distinguish when they should genuinely mobilize. Rodan supports a review of the trigger level and design, with the goal of fewer, higher-quality standby notices and better empirical guidance on how often a standby at a given price range has historically led to an activation.