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**
x	**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?	Voltus supports the IESO's proposed HDR Objective Statement and agrees with the goal of increasing operational certainty in capacity delivery through improved performance and greater transparency for HDR resources. However, Voltus notes that the **current activation framework limits the ability of resources and customers to respond consistently with these objectives**. The absence of clear and predictable expectations regarding **activation triggers**, **dispatch treatment**, and **payment eligibility** undermines resource responsiveness and customer confidence. Voltus also observes that **partial activations create material operational challenges** for demand response aggregators and industrial customers. Very small activation quantities can be impractical to execute and may not justify customer shutdown costs, even where underlying capability exists. Greater alignment between activation quantities and demonstrated capability, or clearer rules governing partial dispatch, would support faster and more reliable response. In addition, the **increased frequency of standby notices** has contributed to customer fatigue and reduced their effectiveness as a meaningful operational signal. Frequent warnings without a clear indication of activation likelihood risk eroding responsiveness during periods of genuine system need.

	Moreover, the absence of a defined capacity baseline complicates customer response in situations where sites may reduce load in advance for ICI and then sustain curtailment for HDR. Adopting a baseline aligned with Capacity Qualification for Dispatchable Loads (I.E. Average Site Top 100 consumption of System 200 hours) would better distinguish between capacity and energy delivery and more accurately quantify capacity provided to the system. Despite these challenges, HDR resources demonstrated meaningful performance under stressed conditions, delivering approximately 72% during emergency activations in Summer 2025. This compares favorably with broader demand response performance, which has historically averaged closer to 60%, and with comparable programs such as PJM's Emergency Load Response Program, which achieved approximately 67% average seasonal performance in Summer 2025. With the adoption of a capacity baseline as described above, observed HDR performance would likely be higher. These outcomes underscore that improved market design and clearer operational signals are key drivers of stronger performance. Finally, Voltus continues to observe **ambiguity regarding whether activations constitute emergency events and are eligible for energy payment**, particularly as HDR resources are increasingly activated based on economic signals rather than clearly communicated Conservative Operating State or EEA-1 events. This uncertainty creates hesitation at dispatch and unnecessary operational risk.

Topic	Feedback
	Voltus submits that **addressing these clarity and signaling gaps is essential to achieving the IESO's stated HDR objectives**. Improved activation transparency and dispatch practices would further enhance performance, strengthen operational certainty, and support the long-term sustainability of HDR participation in the Capacity Auction.

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?	Voltus notes an additional issue impacting HDR participation: the continued occurrence of **frequent settlement and invoicing errors** since the market renewal on May 1, 2025. These errors create **operational and financial friction** for demand response aggregators, as accurate settlement is required before customer payments can be issued. Repeated invoice corrections delay customer compensation, degrade the participant experience, and increase administrative burden and financial uncertainty. Voltus encourages the IESO to consider **improving settlement accuracy and timeliness** as an important component of supporting effective HDR participation.

General Comments/Feedback

Voltus does not support the proposed transition of the Capacity Auction target in the APO from a firm range to an advisory target. Firm targets provide distributed energy resource developers with a critical level of **investment certainty** for behind-the-meter resources and support confidence in long-term participation in the Capacity Auction.

Moving to an advisory target introduces additional uncertainty and risks undermining the auction's function as a market-based price-setting mechanism. Adjusting targets after the fact may weaken price signals and create the perception that outcomes are being influenced to achieve a predetermined price level rather than reflecting underlying supply and demand dynamics. If the IESO is seeking greater price stability, Voltus encourages consideration of **explicit and transparent mechanisms** to achieve that objective, rather than changes that could dilute the role of market forces.