

# 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](mailto: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?	<p>In addition to addressing the need for increased reliability, transparency, and operational certainty of HDR resources, the HDR Objective Statement should acknowledge the unique characteristics of HDR resources, and their position as emergency resources. This acknowledgement will allow the mission to include reference and improvement of efficiency of real-time market dispatch. Proposed amendments below.</p> <p>HDR resource enhancements should help achieve the following objectives:</p> <ul style="list-style-type: none"><li>• Increase operational certainty for the IESO in the delivery of HDR capacity that may be activated to manage emergency conditions.</li><li>• Provide greater operational transparency and certainty for HDR resources.</li><li>• Improve real-time dispatch efficiency with recognition of HDR characteristics.</li></ul>

## 2025 Market Observations

Topic	Feedback
<p>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?</p>	<p>In addition to the market observations/concerns communicated in the scheduled engagement session, there are additional items that have previously been communicated and should be included in ongoing discussions. Specifically:</p> <ol style="list-style-type: none"> <li>1. Inefficient Dispatch – IESO has acknowledged that the post-MRP dispatch algorithm is generating partial activations, and activations where market signals are not clear, IESO has not fully acknowledged that the dispatch algorithm is making the dispatch decisions because of a lack of technical resource modeling included in the HDR resource consideration in dispatch. In considering only bid price, the dispatch algorithm is treating HDR as quick-start dispatchable resources, making scheduling decisions that do not accurately reflect cost or operation.</li> <li>2. Settlement Challenges – significant errors in settlements for capacity auction resources have been experienced since May 2025, and the timeline for resolution of these errors runs beyond obligation periods. The IESO has not provided any specific communication as to the cause or correction of the issues. It will be important that IESO commit to enable full settlements testing of any new or amended charge codes to prevent and manage further challenges.</li> <li>3. Prudential Support – IESO enables only LCs as prudential support for Capacity Market Participants. For many smaller participants, alternative methods, including cash, would provide equal security to IESO while significantly lessening the administrative burden for participation.</li> <li>4. Capacity Testing – We recommend reconsidering the role of Capacity Testing for HDR resources in an MRP environment where activations are frequent. Specifically, we propose allowing resources to use an Out-of-Market Activation in lieu of a Capacity Test where the resource has been activated for its Cleared ICAP for a consecutive four hours within the trailing 12 month-period, similar to design for wind and solar resource types.</li> </ol>

## General Comments/Feedback

1. Please circulate a list of unimplemented program enhancement priorities identified through past stakeholder engagement for review and re-prioritization, to ensure they are addressed within the three-year enhancement program.
2. Please include the list of the IESO's proposed "Quick Wins" complete with implementation timelines in next Stakeholdering Engagement, with a view to implementing some potential changes prior to the 2026 Capacity Auction. We suggest that standby triggers and communications enhancements be addressed promptly.
  - a. In reviewing Standby Triggers, we recommend IESO include a reassessment of the September 2022 study on the PD price threshold to enable a quick proposed solution.
  - b. Greater transparency and communication are needed to clarify when an activation will be treated as emergency-based versus market-based. We recommend including this item as part of the 2026 "Quick Wins."
3. In the longer-term objectives, analysis of design enhancements must incorporate analysis that reflects the specific characteristics, constraints, and operational limits of HDR resources when optimizing dispatch decisions, rather than relying solely on bid price. For example, resource registration enhancements to allow resource-specific flags for full or partial capabilities, minimum curtailment amounts/ minimum curtailment durations, etc., utilizing the infrastructure that exists in the DSO for the dispatch of other non-quick start resource types. To address this on an interim basis, we recommend IESO enable two changes:
  - a. That resources to be compensated up to their Cleared ICAP in instances where demonstrated curtailment exceeds Activated Capacity due to partial activation, including cases where activation quantities vary within the same activation period. Given that many resources have inflexible, all-or-nothing curtailment capabilities, compensation should reflect the demonstrated curtailment, up to the Cleared ICAP. This interim approach is proposed in recognition that fully incorporating resource-specific constraints into dispatch system optimization may take time, and a near-term solution is needed to avoid unintended impacts on customers in the meantime.
  - b. That resources to be relieved of availability charges where a curtailment offer is removed for an Activation that is not technically feasible.
4. The IESO introduced design changes in 2023 to increase penalties for the purpose of improving HDR performance (e.g. Performance Adjustment Factors, Availability De-Rate). Are we far enough into design implementation to gauge if changes are functioning as intended?