

Feedback Form

Capacity Auction Enhancements – March 31, 2026

Feedback Provided by:

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Following the March 31, 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 March 31, 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 April 15, 2026, to engagement@ieso.ca. Please use subject: *Feedback: Capacity Auction Enhancements.*

Activation Payment Certainty

Topic	Feedback
<p>Do you have any feedback regarding the updates that the IESO provided related to activation payment certainty for HDR resources?</p>	<p>Rodan generally supports the IESO’s clarification that activation payments will be provided when the Control Room manually activates an HDR resource or when the PD-3 scheduling run price reaches or exceeds \$1,999/MWh. Confirming that HDR offers at or above \$1,999/MWh will reliably satisfy the payment threshold addresses a key uncertainty raised in the January 2026 feedback. Rodan also agrees with the IESO’s clarification that EEA-1 and Conservative Operating State notices are informational in nature and do not constitute payment eligibility criteria.</p>

Partial Activations

Topic	Feedback
<p>Do you have any feedback regarding the updates that the IESO provided related to partial activations of HDR resources?</p>	<p>Rodan acknowledges the IESO’s internal finding that partial activations accounted for approximately 3% of HDR activations by count in summer 2025, with virtual HDRs representing about 88% of these cases, largely due to tiebreak mechanisms. As noted in Rodan’s January 2026 feedback, a core structural issue remains unaddressed: where only a subset of a portfolio is dispatched, performance is still measured against the full portfolio consumption, penalizing resources that were not instructed to curtail.</p> <p>Rodan reiterates its recommendation that the IESO prioritize a revised performance measurement approach that aligns baselines and performance assessment with the dispatched subset of the portfolio rather than the aggregate. With respect to tiebreak-driven partial activations for virtual HDRs, Rodan agrees that bid-price</p>

differentiation may serve as a near-term mitigation; however, this places the burden of managing a market-design limitation entirely on participants. A more durable solution, such as minimum dispatch quantity requirements or enhancements to tiebreak allocation logic, should be scoped into the 2027–2028 HDR Market Operations enhancements roadmap.

Frequent Activations

Topic	Feedback
<p>Do you have any feedback regarding the updates that the IESO provided related to the frequent activation of HDR resources?</p>	<p>Rodan acknowledges the IESO’s explanation that HDR activations over the past year coincided with periods of genuine system stress, including sustained heat waves and early-onset cold weather, and that resulting schedules were aligned with underlying supply and demand conditions. However, Rodan maintains that the growing frequency and operational pattern of activations highlights a fundamental tension between HDR’s original intent as a backstop emergency reliability resource and its current role in the renewed market. The IESO’s acknowledgment that HDRs are committed at PD-3 while other supply offers may continue updating until PD-2 is significant, and Rodan supports the Markets team’s ongoing review of whether this timing asymmetry is contributing to avoidable HDR activations. Committing HDRs before the full supply stack is finalized may be leading to dispatch outcomes that would not occur if HDRs were scheduled on the same timeline as other resources. Rodan also reiterates its concern that cascading MW obligations within a single activation event, such as varying dispatched quantities across consecutive hours, create material execution risk for aggregators</p>

managing industrial portfolios. While Rodan notes the IESO’s plan to continue monitoring the issue and defer structural changes to the 2027–2028 enhancements cycle, it urges that the PD-3 commitment timing review be treated as a near-term priority in design discussions. In the interim, Rodan recommends that the IESO adopt a guiding principle whereby, once an HDR resource is activated for an event, its MW obligation remains constant across all event hours, even if this represents a partial activation of its full offer. This interim measure would meaningfully reduce execution complexity for participants while broader structural issues are evaluated.

2026-2028 Enhancements Roadmap

Topic	Feedback
<p>Do you have any feedback regarding the IESO’s engagement approach and high-level engagement timelines?</p>	<p>Rodan supports the IESO’s structured three-year engagement approach and welcomes the commitment to a regular cadence of sessions, design memos, and stakeholder feedback across the 2026–2028 auction cycles. Given the proposed enhancements, a multi-year planning framework is appropriate, and Rodan appreciates the transparency provided through the published Gantt chart outlining engagement timelines.</p> <p>Planned Enhancements for 2027-2028 related to activation frequency, partial activations, and compensation design are closely linked, and addressing them effectively will require adequate time for detailed design, consultation, and Market Rules development.</p>
<p>Do you have any feedback regarding prioritized enhancements for the 2026 auction?</p>	<p>Rodan supports the three proposed 2026 administrative enhancements, Capacity Testing Process improvements, Contributor</p>

Management Tool enhancements, and the settlement enhancement to the Emergency Activation Payment formula (CT-1320), and recognizes these as practical, achievable wins given the limited time remaining before the 2026 auction. The introduction of an online IESO interface for capacity test data submissions is a welcome operational improvement. Likewise, enhancements to the Contributor Management Tool addressing task time-outs and validation rules should meaningfully alleviate administrative bottlenecks that have historically delayed virtual HDR registration and contributor onboarding.

With respect to the CT-1323 clarification for in-period cleared UCAP adjustments where Delivered MW is less than 1 MW, Rodan supports the IESO’s proposal to limit availability payment clawbacks to the difference between obligation and calculated Delivered MW. This approach provides a more proportional and equitable treatment of a narrow-edge case that would otherwise impose disproportionate financial impacts on participants.

While focusing on administrative improvements for 2026 is understandable, Rodan urges that progress on key HDR Market Operations issues, especially PD-3 timing and standby notice review, not be delayed by these efforts.

2026 Administrative Enhancements

Topic	Feedback
Do you have any feedback or comments on the proposed administrative enhancements, including the capacity testing processes, contributor management tool improvements, and settlement enhancement?	Rodan supports the Capacity Testing Process enhancements, particularly the introduction of an Online IESO interface for capacity test data submissions.

With respect to the Contributor Management Tool enhancements, Rodan supports the proposed introduction of participant task time-outs and the review and update of validation rules in Online IESO, as these measures address known onboarding and contributor-management challenges that have led to operational delays. Regarding the CT-1320 Settlement Enhancement, Rodan supports the formula revision to correct the edge case where DQSW exceeds CCO or CARC.

General Comments/Feedback

Rodan appreciates the IESO's continued commitment to transparent stakeholder engagement under the Capacity Auction Enhancements program, as well as the responsiveness shown in addressing feedback from the January 2026 session. However, Rodan reiterates that the combined effect of the operational issues raised, including increased activation frequency, cascading MW obligations, partial activation measurement challenges, standby notice fatigue, and PD-3 commitment timing, points to a misalignment between HDR's original role as an emergency reliability backstop and its current function in the renewed market. These issues are inherently interconnected and, in Rodan's view, should be addressed as a cohesive program of work.

Rodan also highlights a broader participation risk that has not yet been explicitly addressed: the cumulative operational burden being placed on industrial demand response customers is eroding confidence in the HDR program at a time when load growth and resource adequacy needs make demand-side participation increasingly critical to Ontario's grid reliability. Activation frequency remains unpredictable, partial dispatch measurement adversely affects performance evaluations, and standby notices do not provide adequate signal quality to warrant operational mobilization. Rodan recommends that the IESO incorporate structural changes within the 2027–2028 enhancements to support a resilient and expanding HDR participant base in Ontario.