Stakeholder Feedback and IESO Response

Capacity Auction Enhancements

Following the Capacity Auction Enhancements webinar on May 28, 2026, the Independent Electricity System Operator (IESO) invited stakeholders to provide comments and feedback on the materials presented by June 11, 2026.

The presentation materials and stakeholder feedback submissions have been posted on the Capacity Auction Enhancements engagement webpage for this engagement. Please reference the material for specific feedback as the below information provides excerpts and/or a summary only.

Proposed Amendments to Market Rules and Market Manuals

Stakeholder Feedback	IESO Response
Stakeholders requested clarity regarding the current capacity test requirements, specifically the obligation to secure a day-ahead commitment in the existing test process.	The IESO would like to clarify that CA participants will not fail a test based on the energy market schedule they receive to conduct a test. This does not remove the requirement to follow the usual bidding and scheduling protocols all market participants are obligated to follow and the requirements associated with following dispatch instructions. The test will be assessed as a pass or fail based on the parameters found in Table 5-2 of Market Manual 12.

General Comments/Feedback

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Regarding the Capacity Auction testing requirements, a stakeholder requested to know	The purpose of the capacity test is to verify the resource's maximum capability, which is the installed capacity or ICAP value.

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why a resource is tested to its cleared ICAP value instead of its obligation.	Performance during a test is incorporated into future capacity qualification calculations through the Performance Adjustment Factor, ultimately affecting the resource's qualified UCAP. The UCAP is the amount the resource can reliably provide considering availability and performance. By validating a resource's ICAP value during capacity testing, the IESO gains more assurance that the capability which is underpinning the resource's qualification is valid and dependable. For additional information on the requirements to deliver to cleared ICAP during capacity tests and the rationale for the testing framework, participants can refer to the 2023 Design Memo 2.1 – Testing Framework. These requirements were also presented to stakeholders at the January engagement webinar presentation in 2023.
A stakeholder expressed support for the IESO's commitment to continuing to investigate using an alternative methodology for the standby trigger and reiterated that the current standby trigger is currently an unreliable operational signal for hourly demand response (HDR) resources.	The IESO has reviewed the standby trigger price using an alternative methodology where capacity margin (a system condition where the available system capacity is ≤ 500 MW) was used as the proxy for system stress/scarcity conditions. This methodology yielded a standby trigger price of $350/MWh, up from the current $200/MWh trigger price. The IESO believes that a trigger price of $350/MWh appropriately signals system stress and the need to put HDRs on standby. For more information, please see the June 24, 2026 stakeholder engagement.
A stakeholder expressed concern that market participants with HDR resources continue to maintain financial and operational risk while participating in a program with unresolved issues related to the MRP transition. The stakeholder noted that the transition has had a significant impact on program usage, operational stress, and uncertainty within the Capacity Auction program, resulting in participant	The IESO appreciates this feedback. Over the last few months, and in response to recent stakeholder feedback, the IESO has implemented several measures to provide immediate clarity and operational support to participants. This includes providing guidance aimed at reducing the likelihood of partial activations, providing certainty around emergency activation payments, and adjusting the standby

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fatigue and decisions to opt out of participation. The stakeholder suggested that these changing participant behaviours and expectations may have contributed to recent auction outcomes and noted that participants continue to face uncertainty and misaligned expectations as they prepare to make commitments for upcoming delivery years. To address these concerns, the stakeholder recommended that the IESO consider the timing of the program changes and expectations relative to when market participants are required to make commitments for the upcoming delivery year, otherwise the risk of declined participation could increase.	notice price trigger to $350/MWh to strengthen its effectiveness as an operational signal. Longer-term enhancements focused on activation of HDR resources in the market will continue to be evaluated and considered alongside related initiatives, including the Enabling Resources Program. A key goal of these longer-term enhancements will be to investigate how greater activation certainty for participants can lead to improved operational excellence. The IESO recognizes the importance of providing participants with clear expectations as they prepare for future Capacity Auction commitments. We will continue to engage with stakeholders on proposed Capacity Auction enhancements to help ensure participants have the opportunity to provide input as changes are developed and implemented.