

# Memorandum

**To:** Stakeholders

**From:** IESO

**Date:** June 5 2026

**Re:** Response to Stakeholder Feedback – Changes to the Establishment and Publication of Market Parameters

The IESO thanks all stakeholders who provided feedback on the proposed changes to the establishment and publication requirements for market parameters. The input received from the Association of Power Producers of Ontario (APPrO), Brookfield Renewable, Ontario Power Generation (OPG), and TransAlta Corporation recognizes the shared commitment to ensuring transparency, accountability, and operational integrity in Ontario’s electricity markets.

## Summary of Stakeholder Feedback

Stakeholders expressed strong opposition to removing the requirement that the IESO Board directly establish certain technical market parameters<sup>1</sup>. Stakeholders expressed the following views:

- Technical expertise is not a prerequisite for effective governance - oversight, transparency and accountability are;
- Stakeholder engagement cannot replace governance, especially for parameters that materially impact market outcomes, settlements, and operational tools like the dispatch and scheduling optimizer (DSO);
- Stakeholder comments could be ignored if direct IESO Board oversight over technical parameters is removed;
- IESO lead consultation process does not meet industry best practices;
- Recommendation that the IESO’s Technical Panel/market rule amendment process be used to revise and approve market parameters; this existing process provides a defined, transparent, and accountable process for all stakeholders.

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<sup>1</sup> The technical market parameters specified in MR Ch.7 s.1.6 include the maximum market clearing price (MMCP), maximum operating reserve price (MORP), constraint violation penalties (CVPs), the settlement floor price for energy, and floor prices for energy offers from variable generators and flexible nuclear generation.

## **IESO Response**

The IESO has proposed to remove a legacy market rule requirement that the IESO Board directly set certain technical market parameters. This proposed change was initiated at the request of the IESO Board of Directors on the grounds that IESO management is better positioned to establish the parameters, through its established processes, than is the IESO Board. The IESO had also proposed to include the relevant parameters in market manuals. Historically, these parameters were not included in either market rules or manuals, and changes to them were not subject to stakeholder review or input. The IESO's objectives in proposing these two changes was: i) to ensure that the parameters were memorialized in governing market documents, ii) to bring the management of the parameters into alignment with the way in which other technical requirements in the market rules and manuals are governed, and iii) to increase transparency and the opportunity for stakeholder input into future changes. The IESO maintains its position that the proposed changes represent an improvement to the governance of the relevant market parameters and brings their management into alignment with the treatment of other such parameters in the market rules and market manuals. Based on the comments received in response to the initial engagement, however, the IESO understands that stakeholders do not believe the proposed changes make a significant enough improvement to the governance of the market parameters.

The IESO therefore proposes an alternative proposal that the following market parameters be included in the market rules, rather than the market manuals:

- Maximum Market Clearing Price (MMCP): \$2,000/MWh;
- Maximum Operating Reserve Price (MORP): \$2,000/MWh;
- Settlement Floor Price: -\$100/MWh; and
- Floor prices for variable generation: -\$3/MWh and -\$15/MWh and flexible nuclear generation: -\$5/MWh.

Including these parameters in the market rules guarantee that any future changes would go through significant stakeholder engagement, Technical Panel review, and be reviewed and approved by the IESO Board.

The IESO continues to propose that Constraint Violation Penalties be included in the market manuals, where they were introduced as part of the market renewal project. Any future changes to these parameters would be to further minimize risks to maintaining grid reliability and would be primarily informed by the IESO's operational assessments. Memorializing these parameters in the market manuals, rather than the market rules, is in the IESO's opinion also most consistent with the drafting principles for market rules and manuals.