
MAY 22, 2026

Enforcement Modernization Project Design Proposal

Lisa Barnett

Director, Enforcement & Legal Services

Welcome and Introduction

- Today's session will be recorded and available for viewing online
- The recording and presentation for this engagement can be found on the [Enforcement Modernization page](#)

Territory Acknowledgement

The IESO acknowledges the land from where we are delivering today's webinar is the traditional territory of many nations including the Mississaugas of the Credit, the Anishinaabeg, the Chippewa, the Haudenosaunee and the Wendat peoples, and is now home to many diverse First Nations, Inuit and Métis peoples. We also acknowledge that Toronto is covered by Treaty 13 with the Mississaugas of the Credit First Nation.

As we have attendees from across Ontario, the IESO would also like to acknowledge all the traditional territories across the province, which include those of the Algonquin, Anishinaabeg, Ojibwe, Cree, Oji-Cree, Huron-Wendat, Haudenosaunee, Métis, and Inuit peoples.

Shared Commitment to Respectful Participation

To support a focused and constructive discussion:

- **We will hold comments to the end of the presentation**
- We will take questions one at a time; please use the raise-hand feature to enter the speaking queue
- We encourage concise and focused comments to allow time for multiple perspectives
- Participants are encouraged to raise relevant points for clarification during the Q&A and provide more detailed feedback through the written submission process
- We ask that all participants maintain a respectful and professional tone throughout
- Facilitators will guide the discussion and manage participation to stay aligned with today's focus and agenda
- Where necessary, we may disable a participant's microphone to manage participation

Agenda

1. Background of Enforcement Modernization
2. Objectives of Modernization
3. Stakeholder Feedback
4. Alignment with Administrative Law
5. Overview of Design Proposal
6. Q&As
7. Next Steps

Background – Enforcement Modernization

- The specifics of the enforcement regime in Ontario are set out in Chapter 3 of the Market Rules
- Most of the rules related to enforcement have not changed since they were drafted around 25 years ago
- The market has changed; technologies have evolved; we have new entrants in the market (over 600 market participants); \$20+ billion in transactions are settled through our market
- Modernization will move us forward in fulfilling our role supporting reliability, market integrity and market efficiency

Background – Enforcement Modernization

- We took a targeted approach and proposed a handful of changes to the enforcement rules in 2023/2024
- We had similar objectives: to modernize and clarify, but more limited in scope – targeted rule amendments as opposed to a project reviewing the enforcement regime in Ontario
- The main changes involved changes to confidentiality provisions, increasing the lower penalty table and providing clarity
- What we heard: stakeholders were very engaged, wanted more engagement, and a more comprehensive amendment package

Objectives of Modernization

Our modernization objectives are to:

- Improve the efficiency of the enforcement regime, including through:
 - Reducing the regulatory burden
 - Streamlining the investigation process
 - Making the dispute resolution process more efficient and effective
- Improve the effectiveness of the enforcement regime, including through:
 - Driving shared compliance
 - Ensuring penalties are calibrated for sufficient deterrent effect
 - Simplifying the penalty assessment factors
- Clarify the enforcement regime, including through:
 - Further definition and specificity of terms, concepts and authorities

Feedback – Enforcement Modernization

- Design Proposal was published on the [Engagement Page](#) on April 30
- Input provided in 2023/2024 with respect to amending Chapter 3 of the Market Rules will continue to be considered, as relevant
- Additional stakeholder input received, shaping the areas of focus
- Looking for additional input here and beyond
- What we are looking for: feedback and proposals that advance the objectives of this project, providing a fair, efficient and effective enforcement regime for the benefit of all Ontarians

Feedback – Upcoming Opportunities

Time	Action
October 2025	Launch of Enforcement Modernization Project
January – March 2026	Stakeholder Meetings
April 2026	Publish Proposed Design
May 2026 (today)	Engagement Webinar – Proposed Design
May 22 – June 15	Written Feedback on Proposed Design
July 2026	Response to Written Feedback
October & November 2026	Publish Proposed Market Rules & Webinars
Q4	Written Feedback on Proposed Market Rules

Administrative Law

- Paul Daly – an introduction
- Design proposals informed by administrative law principles
 - Procedural fairness
 - Reasonable exercise of regulatory power
- Proposals bring MACD into alignment with the best practices of other regulators, for example:
 - Transparency
 - Effectiveness

1. Internal Compliance Programs

Proposed Change: Promote and strengthen compliance and increase the effectiveness of the enforcement regime by requiring all MPs to have an Internal Compliance Program (ICP).

To ensure flexibility and scalability, MACD will not specify ICP content.

Benefits: Efficiency, Effectiveness, Clarity

2. Removal of Ring-fencing Language

Proposed change: Underscore MACD's independence from the IESO by introducing a new market rule to replace language in Market Manual 2.6 to better capture the nature of the relationship between MACD and the rest of the IESO.

Benefits: Clarity

3. Information Gathering Powers

Proposal: Provide greater certainty around the requirement for market participants to respond to MACD's requests for information for enforcement purposes (may facilitate early resolution).

- Makes outcomes clear from the outset: sanctions, adverse inference
- The proposed amendment would further transparency by providing examples of the types of information MACD would collect

Benefits: Clarity, Efficiency

4. Information Sharing

Proposal: Support increased effectiveness in enforcement through introducing an amendment to provide an exception to confidentiality for enforcement purposes.

To make clear how this exception will be used, MACD will abide by defined principles that will guide its work in this area.

Benefits: Effectiveness

5. Investigation Process

Proposal: Create greater certainty by improving the clarity of the investigation process.

- Substantive changes that will put in place the appropriate procedural rights that correspond with the issue under investigation:
 - Specified penalty regime (“ticketing” provisions)
 - Simplified process to reduce regulatory burden (smaller matters)
 - Investigation process enhancements for non-specified, non-simplified matters
- Market participants will retain the ability to dispute in all cases

Benefits: Efficiency, Effectiveness and Clarity

6. Sanctions

Proposal: Introducing significant changes to the penalty regime with a desire to clarify, make more efficient and effective.

- Update penalty amounts, including new max penalty: \$1,500,000 per breach per day or variable penalty; indexed to inflation
- One penalty table – three tiers

	Nature of the Breach		
	Low	Medium	High
Sanctioning Factors	\$0 – \$200,000	\$200,000 – \$700,000	\$700,000 – Maximum Penalty

6. Sanctions - continued

- Update the sanctioning factors:

impact	intent
compliance history	cooperation and commitment to compliance
deterrence – general and specific	other matters, as appropriate

- Clarify and update the non-financial sanctions
- Introduce specified penalty regime

Benefits: Efficiency, Effectiveness and Clarity

7. Publication of Enforcement Outputs

Proposal: Advance transparency and deter future non-compliance by creating a new rule that would publish enforcement outcomes (unless not in the public interest) and include the ability to publish early-stage documents (e.g. a Notice of Investigation) where disclosure is in the public interest.

- Retain discretion – may decide not to publish if not in the public interest

Benefits: Clarity, Effectiveness

8. Settlements/Dispute Resolution Process

Proposal: Create a more streamlined dispute resolution process (e.g., removal of mandatory mediation), and early opportunities for good faith negotiation that provides Market Participants with clear options for a more efficient resolution of enforcement matters.

Benefits: Clarity, Efficiency, Effectiveness

9. MACD Service Standards

Proposal: Proactively share MACD's service standards so Market Participants can understand how long it may take to respond to common requests, thereby increasing transparency.

Benefits: Clarity, Efficiency

Discussion – Q&As

- We want your input on the design proposals and to know how your proposed feedback will improve the efficiency, effectiveness, and clarity of enforcement in the wholesale electricity markets and the IESO-controlled grid for the benefit of Ontarians
- Window for written feedback on the design proposals is open now and will be open until **June 15**
- There will be future webinars and opportunities to provide written feedback on the draft Market Rules associated with the design proposals

Next Steps

Timing

Engagement Activity

June 15, 2026

Written Feedback Due

July 2026

Response to Written Feedback

October 2026

Draft Market Rule Amendments

Oct. & Nov. 2026

Stakeholder Engagement Webinars

Q4 2026

Window for Written Feedback

January 2027

Response to Written Feedback

Thank You

ieso.ca

1.888.448.7777

customer.relations@ieso.ca

engagement@ieso.ca



[@OntarioIESO](https://www.instagram.com/OntarioIESO)



[linkedin.com/company/IESO](https://www.linkedin.com/company/IESO)