

Part 1 – Panel Members

Panel Members hearing the application: Robert Wong, David Collie

Part 2 – General Information

1. Exemption Application ID: 1369
2. Market Participant Name: N/A; <i>IESO</i> is the <i>Exemption Applicant</i>
3. Location/Site: N/A
4. Role of Exemption Applicant in the market as it pertains to this exemption application: System Operator
5. Date Exemption Application Heard: April 30, 2026
6. Did Exemption Applicant agree to Terms and Conditions of the IESO Staff Recommendation: Yes
7. Market Rule(s) or related market manual(s) from which the exemption is requested: The <i>IESO</i> is seeking an <i>exemption</i> from portions of the <i>Market Rule</i> Ch.5 s.4.3.1 and Ch.7 s.9.2.1 that limit the <i>IESO</i> to contracting with <i>regulation</i> service providers who have demonstrated an ability to provide those services in accordance with certain technical requirements.
8. Material(s) Reviewed: <ol style="list-style-type: none"> 1. <i>IESO Exemption Application</i> 2. <i>IESO Staff Recommendation</i> 3. <i>IESO Presentation</i>
9. Exemption Applicant’s Position: Please see the attachment <i>IESO Staff Recommendation</i>
10. IESO Staff Recommendation: Please see the attachment <i>IESO Staff Recommendation</i>

Part 3 – Panel Decision

Panel Decision:

Exemption #1369 is granted to the *IESO* subject to the terms and conditions set forth in the Reasons of the Panel below.

Part 4 – Reasons

Reasons of the Panel:

Compliance with the *market rules* for *market participants* and the *IESO* are mandatory. However, when extenuating circumstances are present, it is possible for an *exemption* from the *market rules* to be granted. *Exemption Orders* are exceptional and are granted by an *Exemption Panel* on a discretionary and case-by-case basis.

In rendering the decision, the Panel considered the *IESO Staff Recommendation*, the applicable *market rules* and the responses of *IESO Staff* to the issues and questions raised by us at the hearing of the *Exemption Application*.

The *IESO* requested an *exemption* from portions of the *Market Rule* Ch.5 s.4.3.1 and Ch.7 s.9.2.1 that limit the *IESO* to contracting with *regulation* service providers who have demonstrated an ability to provide those services in accordance with certain technical requirements. The *IESO Staff Recommendation* does not identify any negative impacts on the efficiency, competitiveness or *reliability* of the *IESO-administered markets* or increased costs to *market participants* (or consumers) were the *exemption* to be granted. Rather, *IESO staff* conclude that the requested *exemption* would give the *IESO* needed flexibility to contract for additional *regulation* services to ensure ongoing compliance with *reliability standards*.

The rationale contained in the *IESO Staff Recommendation* satisfies the Panel that granting this *exemption application* will address the practical issues the *IESO* has identified in contracting additional *regulation* services. The Panel agrees that the Terms and Conditions provide appropriate limits and obligations related to the exercise of this expanded contracting power.

Part 5 – Terms and Conditions

<p>Effective Date of <i>Exemption</i> (or event causing exemption to become effective):</p>	<p>Date of approval by <i>Exemption</i> Panel</p>
<p>Date of Expiration of <i>Exemption</i></p> <ul style="list-style-type: none"> • If greater than 5 years, the Panel must be satisfied that the circumstances justify a later date • Circumstances which will cause the <i>exemption</i> to immediately expire 	<p>The <i>exemption</i> will expire at the earlier of:</p> <ul style="list-style-type: none"> • 3 years after the effective date of the <i>exemption</i>; or • if a <i>Market Rule</i> amendment comes into effect that addresses this concern.
<p><i>Market rule(s) or related market manual(s) from which the exemption is granted:</i></p>	<p>The <i>IESO</i> will be exempted from the requirements in <i>Market Rule</i> Ch.5 s.4.3.1 and Ch.7 s.9.2.1 that limit the <i>IESO</i> to contracting with <i>regulation</i> service providers who have demonstrated an ability to provide those services in accordance with the relevant technical requirements in MR Ch.5 s.4.</p>

<p>Restrictions on the manner of operation and/or additional obligations to be met during the term of the exemption, if any:</p>	<p>The <i>IESO</i> will ensure that <i>facilities</i> do not provide <i>regulation</i> service or receive compensation for <i>regulation</i> service until they meet all technical requirements in MR Ch 5 s.4, as well as any other requirements established by the <i>Market Rules</i> and <i>Market Manuals</i>.</p> <p>The <i>IESO</i> will endeavour to contract for <i>regulation</i> services with <i>market participants</i> with <i>facilities</i> that are best positioned to meet the technical and registration requirements to provide <i>regulation</i> services in a timely manner without significant capital expenditure.</p> <p>The <i>IESO</i>'s procurement will be limited to the amount of <i>regulation</i> that is anticipated to be required during the term of the <i>exemption</i>. The 2026 Annual Planning Outlook identified a need for an additional ±30 MW of regulation capacity in 2027, growing to an additional ±110 MW in 2034, which is in addition to the current ±100 MW requirement.</p>
<p>Monitoring Information Required:</p>	<p>N/A</p>
<p>Payment of Costs:</p>	<p>N/A</p>
<p>Reconsideration/Removal:</p>	<p>N/A</p>
<p>Other:</p>	<p>N/A</p>