



IESO Staff Recommendation to Panel on Exemption Application (General)

All information submitted in this process will be used by the *IESO* solely in support of its obligations under the "Electricity Act, 1998", the "Ontario Energy Board Act, 1998", the *market rules* and associated policies, standards and procedures and its licence. All submitted information will be assigned the appropriate confidentiality level upon receipt.

Terms and acronyms used in this Form that are italicized have the meanings ascribed thereto in Chapter 11 of the *market rules*.

Part 1 – General Information

Market Participant Name: York Energy Centre LP

Location/Site: 18781 Dufferin St. Newmarket, ON L3Y 4V9

Exemption Application ID: 1370

Market Participant ID:

Description of Exemption Requested: York Energy Centre LP (YEC) requests an exemption to MR Ch.7 s. 3.5.29.2. The exemption would allow YEC to continue to offer 30-minute operating reserve by submitting a daily dispatch *minimum loading point* of 0 MW.

Date Exemption Application Received: April 13, 2026

Date all relevant application information supplied by exemption applicant: April 13, 2026

Management Approvals Obtained: Yes No

Are there any outstanding disputes, compliance actions, or pending market rule amendments involving the subject matter of this exemption application? Yes No

Are there any outstanding disputes, compliance actions, or pending market rule amendments involving the exemption applicant? Yes No

Section of the Exemption Application and Assessment Procedure under which the exemption application is made:

- Section 1.4 "Application for Exemption – General"

Market Rule(s) or related Market Manual(s) from which exemption is requested (copy of Market Rule(s) or Market Manual(s) attached):

Third Party Submissions Received: Yes No

Supplemental Assessment Information Attached: Yes No

Related Historical Exemption Application(s) or Related Exemption Application(s) in Process:

Yes No

Part 1 – General Information

Note: If YES, list history of *exemption applications*:

Role of *exemption applicant* in the market as it relates to this *exemption application*:

Part 2 – Recommendation

Recommendation: *IESO* staff recommends that the *exemption* be granted to allow YEC to participate in the operating reserve market by submitting a *minimum loading point* of 0 MW.

As a result of YEC submitting a *minimum loading point* of 0 MW, YEC may receive lost opportunity cost make-whole payments below the registered *minimum loading point*; such payments are not an intended feature of the market design or the exemption and as such, the *IESO* will recover all ineligible make-whole payments.

Criteria Used in Assessment of General Exemption Applications (Section 1.4.2 of Exemption Application and Assessment Procedure):

(If X appears in a box, the criterion is applicable to this *exemption application* and is evaluated in Part 3 - Details of Assessment; if X does not appear in a box, the criterion is not applicable to this *exemption application*.)

Whether the *exemption* that is the subject-matter of the *exemption application* would, if granted, materially:

- impact the ability of the *IESO* to direct the operations and maintain the *reliability* of the *IESO-controlled -grid*;
- impact the ability of the *IESO* to ensure non-discriminatory access to the *IESO-controlled grid*;
- affect the ability of the *IESO* to operate the *IESO-administered markets* in an efficient, competitive, and reliable manner;
- increase costs of *market participants*; or
- increase costs of the *IESO*;

Whether the *exemption* that is the subject-matter of the *exemption application* would, if granted, give the *exemption applicant* an undue preference in the *IESO-administered markets*;

Part 2 – Recommendation

Whether the cost or delay to the *exemption applicant* of complying with the obligation or standard to which the *exemption application* relates is reasonable, having regard to the nature of the obligation or standard, the nature of the *exemption application* and the anticipated impact of non-compliance by the *exemption applicant* in terms of the elements referred to above;

The adequacy of the *exemption* plan submitted by the *exemption applicant*;

Where the *exemption applicant* is the *IESO*, the identification of the benefit to *market participants* of compliance with the obligation or standard relative to the financial and other resources required to achieve compliance within such deadlines as may be applicable;

Where the *exemption applicant* is the *IESO*, the manner in which it proposes to operate in the *IESO-administered markets* or direct the operations and maintain the *reliability* of the *IESO-controlled grid* during the period in which the *exemption* would be in effect;

Whether the *facility* or equipment that is the subject-matter of the *exemption application*:

- was in service or was returned to service on the date on which the obligation or standard to which the *exemption application* relates came into force;
- was ordered by the *exemption applicant* on or prior to the date on which the obligation or standard to which the *exemption application* relates came into force; or
- was in the process of construction on or prior to the date on which the obligation or standard to which the *exemption application* relates came into force; and

The capability of the owner of the *facility* to operate the *facility* consistent with the terms of the proposed *exemption*.

Part 3 – Details of Assessment

York Energy Centre (YEC) is a 456 MW non-quick start dispatchable generation facility. YEC is contracted with the IESO under the Northern York Region Peaking Generation Contract initiative. YEC is contracted to provide both energy and operating reserve to the IESO-controlled grid.

Operating reserve (OR) is stand-by power or demand reduction that can be called on with short notice to deal with an unexpected mismatch between generation and load. Through the administration of operating reserve markets, the IESO ensures that additional supplies of energy are available should an unanticipated event take place in the real-time energy market.

Part 3 – Details of Assessment

The three types of operating reserve classes that can be offered by dispatchable generators and dispatchable loads are:

- 10-minute synchronized (spinning) reserve
- 10-minute non-synchronized (non-spinning) reserve
- 30-minute reserve (non-synchronized)

Operating Reserve is further described in MR Ch.5 s.4.5.1 and App.5.1

York Energy Centre is a non-quick start dispatchable generation resource. As a non-quick start dispatchable generation resource, YEC is required to submit a minimum loading point greater than 0.0MW, in accordance with MR Ch.7 s.3.5.29. YEC is asking for an exemption from this section of the market rules.

Ch.7 s.3.5.29:

3.5.29 A registered market participant for a dispatchable generation resource that is a non-quick start resource and is not a nuclear generation resource, shall submit a minimum loading point. Minimum loading point shall be submitted only in accordance with this section:

3.5.29.1 For a steam turbine resource that is registered with a combined cycle plant and not registered for resource aggregation, the registered market participant shall submit a minimum loading point for each combustion turbine resource within that generation facility, to reflect the n-on-1 minimum loading point. A registered market participant shall submit at least one n-on-1 minimum loading points and no more than the lesser of (i) four or (ii) the number of combustion turbine resources within that generation facility. N-on-1 minimum loading points shall be submitted in increasing numerical order;

3.5.29.2 Minimum loading point shall be greater than 0.0 MW, up to one decimal place, and shall not exceed the lesser of: a. 9999.9 MW; or b. the maximum registered generation capacity in accordance with section 3.5.9.1 and the applicable market manual.

This exemption is required, because in order to submit offers for operating reserve, a resource must submit a price-quantity pair of 0.0MW in accordance with MR Ch.7 s.3.6.2:

3.6.2 Each submitted offer to provide operating reserve must contain at least two and may contain up to five price-quantity pairs. The price in each such price-quantity pair shall be not more than the maximum operating reserve price and not less than zero and shall be expressed in dollars and whole cents per MW. The quantity in each such price-quantity pair shall:

3.6.2.1 in the case of a resource other than a boundary entity resource, be expressed in MW to one decimal place and shall not be less than 0.0 MW; or

Part 3 – Details of Assessment

3.6.2.2 in the case of a boundary entity resource, be expressed in whole MW and shall not be less than 0 MW.

The quantity in the first price-quantity pair shall be 0.0 MW (or 0.0 MWh/hour) or 0 MW (or 0 MWh/hour) as applicable. The price in the second price-quantity pair shall be the same as the price in the first price-quantity pair. Notwithstanding the requirement for non-quick start dispatchable resources to submit a minimum loading point greater than 0.0 MW, due to its operating characteristics, YEC is technically capable of, and has been, providing operating reserve.

The IESO had intended for YEC to continue providing operating reserve. If YEC is unable to provide operating reserve, the IESO would need to acquire operating reserve from other, potentially more expensive resources. This increased cost would be directly passed onto consumers.

The IESO has implemented a settlement solution, further described below, to claw-back any unintended make whole payments resulting from YEC submitting a 0.0 MW minimum loading point. YEC has agreed to the IESO recovering these make-whole payments.

Part 4 – Terms and Conditions

<p>Effective Date of Exemption (or event causing <i>exemption</i> to become effective)</p>	<p>Upon approval of the IESO Exemption Panel.</p>
<p>Date of Expiration of Exemption</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><i>Exemption</i> is for life of the facility.</p>
<p>Market Rule(s) or related Market Manual(s) from which the <i>Exemption</i> is granted.</p>	<p>Market Rules Ch.7 s. 3.5.29.2</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>N/A</p>
<p>Monitoring Information Required</p>	<p>N/A</p>

Part 4 – Terms and Conditions

<p>Information required to be provided by the <i>exemption applicant</i> for monitoring by the <i>IESO</i>.</p>	
<p>Payment of Costs</p> <ul style="list-style-type: none"> • Processing costs (when introduced) • Incremental <i>exemption costs</i> • <i>Settlement amounts</i> to be withheld or repaid. 	<p>A real-time Lost Opportunity Cost (LOC) make-whole payment can be triggered where the real-time LOC economic operating point (EOP) is greater than the resource’s dispatch scheduled MWs. The intent of the design is for these payments to occur in instances where dispatches and MW quantities are at or above the <i>minimum loading point</i> in accordance with MR Ch.7, s.3.5.29.2. In the settlement solution, where the real-time LOC EOP MW is less than YEC’s registered <i>minimum loading point</i>, the real-time LOC EOP will be set as equal to the real-time dispatch scheduled MWs, such that the LOC make-whole payment calculation will not be triggered.</p>
<p>Reconsideration/Removal</p> <ul style="list-style-type: none"> • Date on which the <i>exemption</i> will be reconsidered (if applicable). • Circumstances under which the <i>exemption</i> will be reconsidered (if applicable) other than unforeseen future change in circumstances. 	<p>The <i>exemption</i> may be reconsidered, at the sole discretion of the <i>IESO</i>.</p>
<p>Transferability</p> <ul style="list-style-type: none"> • List the terms and conditions that need to be met to allow for a transfer of this <i>exemption</i> to be approved by <i>IESO</i> staff. 	<p>The transfer of this <i>exemption</i> will require Exemption Panel approval.</p>
<p>Other:</p>	<p>N/A</p>