

Memorandum

To: Technical Panel

From: Adam Cumming

Date: June 3, 2025

Re: MR-00483-R00 – 2025 Capacity Auction Enhancements

In the IESO's Resource Adequacy Framework (the "Framework"), the Capacity Auction serves as the short-term balancing mechanism, helping to secure capacity needed to meet Ontario's resource adequacy needs. The Capacity Auction enables participation from a diverse range of resources that compete annually to be available for two six-month obligation periods (summer and winter).

The goals of 2025 Capacity Auction Enhancements are to reduce the occurrence of unfulfilled commitments. The following changes are being proposed:

- Obligation transfers will now be allowed to occur between all resource types.
- The buy-out charge will increase from ~30% to ~50% of the total capacity obligation value.
- Removal of the option for a participant to only forfeit their deposit if mandatory registration requirements are not met prior to the start of the obligation period. Instead, this change requires that a participant must buy-out of the obligation. This change will ensure that all instances of unfulfilled commitments are subject to the buy-out charge process.

Additionally, the 2025 Capacity Auction Enhancements will move system-backed imports to the self-scheduling capacity test framework which was previously implemented for other resource types as part of the 2023 Capacity Auction Enhancements.

Stakeholder Feedback

In total, five engagement sessions were held every second month to discuss the 2025 Capacity Auction Enhancements. Feedback was requested following each engagement session and considered by the IESO. In the case of the buy-out charge amendment, the final design reflects a formula proposed through stakeholder feedback. Following the posting of draft amendments to market rules and manuals in April 2025, there was limited stakeholder feedback, and no additional revisions were proposed by stakeholders.

All stakeholder engagement materials can be found on the [Capacity Auction Enhancements webpage](#).

Panel Action and Next Steps

The IESO recommends that the Technical Panel vote to post the proposed market rule amendment MR-00483-R00 for stakeholder review and comment for a period of two weeks, ending on June 24, 2025.

Accompanying Materials

- Market Rules Amendment Proposal Form - MR-00483-R00