Market Rule Amendment Proposal Form

Part 1 - Market Rule Information

Identification No.:	MR-00488-R00
Subject:	Capacity Auction Tie-break methodology
Title:	Capacity Auction Tie-break methodology
Nature of Proposal:	☒ Alteration ☐ Deletion ☐ Addition
Chapter:	7
Appendix:	
Sections:	18
Sub-sections proposed for amending:	18.7.5
Current Market Rules Baseline:	Renewed Market Rules for the Ontario Electricity Market – Issue 2.0 - Issued in advance of Baseline 53.1

Part 2 - Proposal History

Version	Reason for Issuing	Version Date
1.0	Issued for stakeholder review	June 19, 2025
2.0	Submitted for Technical Panel vote	September 30, 2025

Approved Amendment Publication Date:

Approved Amendment Effective Date:

Part 3 - Explanation for Proposed Amendment

Provide a brief description that includes some or all of the following points:

- The reason for the proposed amendment and the impact on the *IESO-administered markets* if the amendment is not made.
- Alternative solutions considered.
- The proposed amendment, how the amendment addresses the above reason and impact of the proposed amendment on the *IESO-administered markets*.

Summary

In the capacity auction clearing optimization, a tie-break can occur when two or more offers are submitted at the same price but the remaining available capacity cannot satisfy all tied offers. In these instances, a set of criteria must be used, the tie-break methodology, to determine how the capacity is awarded to the tied offers. Historically, the offer that was first submitted has been awarded the available capacity. The IESO is proposing to introduce a multi-step tie-break process that should result in a more equitable division of available capacity.

Background

In the past, stakeholders have identified issues with the existing tie-break methodology, including that it doesn't award *auction capacity* to competing *offers* based on quantity or other market-based criteria, but rather rewards the participant who submitted the offer the fastest (earliest time stamp). As part of the 2025 Capacity Auction Enhancements work plan, the *IESO* agreed to conduct a review of the existing tie-break methodology with the objective of determining if a more equitable solution, one that encourages participants to submit the most competitive offers possible, could be implemented.

Discussion

18.7.5 - The previous time stamp methodology for resolving tie-breaks is being replaced with a multi-step process which should result in a more equitable distribution of *auction capacity.*

Part 4 - Proposed Amendment

Chapter 7

18.7 Capacity Auction Clearing Prices and Quantities

18.7.1   The *IESO* shall determine a *capacity auction* demand curve to be utilized for each *obligation period* based upon the *capacity auction* parameters detailed in the pre-auction report pursuant to section 18.5 and in accordance with the applicable *market manual*.

18.7.2   The *IESO* shall, in each *capacity auction*, determine for each *obligation period* the *capacity auction clearing price* in accordance with the applicable *market manual*.

18.7.3   The *IESO* shall, in each *capacity auction*, determine for each obligation period the *capacity obligation* for each *capacity auction* participant's *capacity auction resource(s)* in accordance with section 18.7.5 and the applicable *market manual*.

18.7.4   The *IESO* shall, for each *capacity auction*, determine for each *obligation period* associated with the *capacity auction*:

18.7.4.1   the *capacity auction clearing prices* for each electrical zone identified in the pre-auction report; and

18.7.4.2   the zonal *capacity obligation* for each *capacity auction participant's capacity auction resource(s)*.

18.7.5   ~~If two or more *capacity auction participants* submit a *capacity auction offer* at the same price, for the last available quantity, the *capacity auction offer* with the earlier time stamp shall be selected as the successful *capacity auction offer*, in accordance with the applicable *market manual*.~~ Where multiple *capacity auction offer* laminations share the same price and cannot all be fully awarded based on the available *auction capacity* remaining to be awarded, the awarding of such available *auction capacity* will be determined in accordance with the following:

18.7.5.1   divide the available *auction capacity* by the number of *capacity auction offer* laminations involved in the tie, rounding the calculated value down to one decimal place.

a.   for any *capacity auction offer* lamination for a quantity that is less than or equal to the share determined in accordance with s.18.7.5.1, such *capacity auction offer* lamination will be allotted *auction capacity* equal to such *capacity auction offer* lamination.

b.   for any *capacity auction offer* lamination for a quantity which greater than the share determined in accordance with s.18.7.5.1 and was identified as being for the full amount *offered* in the lamination, in accordance with s.18.6.3.4, such *capacity auction offer* lamination will not be allotted *auction capacity* and such *capacity auction offer* lamination will not be considered further in the tie break methodology outlined in this section.

c.   for any *capacity auction offer* lamination for a quantity greater than the share determined in accordance with s.18.7.5.1 and identified as including consideration of partial amounts *offered* in its lamination, in accordance with s.18.6.3.4, it will be allotted *auction capacity* equal to the share determined in accordance with s.18.7.5.1.

18.7.5.2   If there is available *auction capacity* after completing the process in s.18.7.5.1, each *capacity auction offer* lamination referred to in section s.18.7.5.1(c) will be allotted a proportional share, rounded down to one decimal place, of the remaining *auction capacity* based on the unallotted

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quantity of the *capacity auction offer* lamination relative to the remaining available *auction capacity*.

18.7.5.3　If there is available *auction capacity* after completing the process in s.18.7.5.2, such unallotted *auction capacity* shall be allotted in accordance with the following using the time stamp determined in accordance with the applicable *market manual*:

a.　rank the *capacity auction offer* laminations referred to in s.18.7.5.1(c) that remain partially allotted after the process described in s.18.7.5.2, from earliest to latest time stamp; and

b.　allot the remaining *auction capacity* to the *capacity auction offer* lamination with the earliest time stamp. If the *capacity auction offer* lamination with the earliest time stamp is fully met and there is still *auction capacity* remaining, continue allotting the remaining *auction capacity* in rank order from earliest to latest time stamp.

18.7.5.4　Where the application of ss.18.7.5.1 to 18.7.5.3 would result in a total *capacity obligation* of less than 1MW being awarded to a *capacity auction resource*:

18.7.5.4.1　the *capacity auction offer* lamination which was alloted the lowest amount of auction capacity of the tied *capacity auction offers* will be eliminated and the process in ss.18.7.5.1 to 18.7.5.3 will be repeated to allot the *auction capacity* that would have otherwise been allotted to such *capacity auction offer* lamination.

18.7.5.4.2　If there are two or more *capacity auction offer* laminations that are tied in regards to the lowest *capacity obligation* allotted, the *capacity auction offer* eliminated will be the one with the latest time stamp.

18.7.5.5　If any constraint, as published in accordance with ss.18.5.3, 18.5.5 or 18.5.6, would be violated by any allotment in the process outlined in this s.18.7.5, then the *IESO* will use the process set out in such section to allot the remaining quantity of the applicable constraint among the *capacity auction resource* types that are limited by such constraint. If two or more constraints are simultaneously violated, the constraint with the lower remaining *auction capacity* quantity shall be allotted. After such allotment the *IESO* will restart the process to allot the remaining available *auction capacity* among the remaining eligible *capacity auction offer* laminations.

18.7.5.6　Following the completion of the tie-break process outlined in this section, the *IESO* shall award *capacity obligations* to *capacity auction resources* in the amounts such *auction capacity* was allotted to such *capacity auction*

resources as determined in accordance with the tie-break process outlined in this section in addition to the *capacity obligation* it is awarded for the entirety of the auction process. Where there is unallotted *auction capacity* after completing the tie-break process in this section such remaining *auction capacity* will not be awarded to any *capacity auction resource.*