

Memorandum

To: Technical Panel

From: Jo Chung, Supervisor Market Rules and Manuals Group

Date: February 3, 2026

Re: Expected Market Rule Amendments - 2026

The following is a highlight of potential market rule amendments which are currently expected to be brought before the Technical Panel in 2026, to provide the Panel with a sense of the scope of items that will come before it. The timing of amendments coming to Technical Panel will change over the year and other amendments not currently anticipated may need to be addressed in 2026. The Panel will be updated through the course of the year on the timing of amendments by the Prospective Schedule provided at each meeting.

Adjustments to Real-Time Make-Whole Payments

Through the ongoing monitoring and review of the renewed market, unwarranted make-whole payments (MWPs) have been observed in specific, limited circumstances. The instances giving rise to the unwarranted MWPs relate to the interaction between payments for energy and operating reserves.

Status: Stakeholder Engagement activities commenced in November and were completed in December 2025. The IESO has completed the Technical Panel education and vote to post votes and will seek a Technical Panel vote to recommend at its February 2026 meeting.

Update to Contingency Event Definitions

The IESO is proposing an administrative update to the market rules to align the terminology and defined terms related to contingency events with the defined terms used by the Northeast Power Coordinating Council (NPCC) and the North American Electric Reliability Corporation (NERC).

Status: An education item and a vote for warrants consideration will be brought to the Technical Panel in February, and a vote to post and vote to recommend in the second quarter (Q2) of 2026.

Synchrophaser Requirements for Electricity Storage Facilities

The IESO is proposing to expand synchrophaser data requirements to electricity storage facilities. Currently synchrophaser data requirements, which provide a high-speed snapshot of grid conditions, are only applicable to generation and transmission facilities.

Status: Stakeholder engagement took place in June and December of 2025. The IESO anticipates bringing proposed market rule amendments to the Technical Panel as an education item in the first quarter (Q1) of 2026, and a vote to post and vote to recommend in Q2 of 2026.

Changes to Governance of Approval of Market Parameters

The IESO is proposing market rule amendments to amend a legacy requirement that the IESO Board directly set certain technical market parameters used in the calculation engines. The relevant parameters include: the maximum market clearing price, maximum operating reserve price, constraint violation penalties, settlement floor price for energy, and floor prices for offers for variable generation and flexible nuclear generation.

Status: The IESO introduced the initiative and brought proposed market rule amendments to stakeholders in September of 2025. Based on stakeholder concerns with shifting the governance of setting key market parameters within the dispatch algorithm from the IESO Board to IESO management, the IESO plans to re-engage with stakeholders to address their concerns at the end of Q1/beginning of Q2. Upon completion of stakeholdering, the IESO anticipates educating the Technical Panel and bringing market rule amendments for a vote to post and a vote to recommend in Q2/third quarter (Q3) of 2026.

2026 Capacity Auction Enhancements

The IESO has begun its annual engagement of potential enhancements to the Capacity Auction market design, which will result in amendments to the market rules and corresponding market manuals.

Status: Stakeholder engagement on these items began at the end of January, with potential Technical Panel education anticipated at the end of Q2, and a vote to post and a vote to recommend in Q3 of 2026.

Chapter 3 Market Rule Amendment and Dispute Resolution Refresh

The IESO plans to make revisions in two sections in Chapter 3 of the market rules, to refresh and simplify the descriptions of existing processes. These sections set out the processes related to market rule amendments and dispute resolution.

- (1) Market Rule Amendments:** The Technical Panel has identified variation in the way in which market rule Chapter 3 and the Technical Panel Terms of Reference ('TOR') describe the same market rule amendment processes. The IESO intends to update the market rule descriptions to better reflect the way in which the processes operate based on current practices that reflect an enhanced engagement process and a procedural efficiency set out in the TOR (e.g. explicitly reference the "deemed warrants consideration" provision in the market rules). Since the market rule amendment process in Chapter 3 has not been meaningfully updated since market opening, the IESO will take a broader look at the market rule amendment process market rule sections with a more holistic review and identify any other sections that warrant an update. Changes to the TOR may also be required.
- (2) Dispute Resolution:** Since market opening, the dispute resolution provisions have become increasingly complex and difficult to navigate. Market rule amendments will be proposed to simplify the existing provisions by re-organizing some of the content and reducing the number of cross-references. The IESO does not intend to make substantive changes to the existing dispute resolution process itself.

Status: Stakeholder engagement will commence in late Q1/Q2 of 2026, and it is anticipated that these amendments will go to the Technical Panel for education, a vote to post and vote to recommend in Q2/Q3 of 2026.

Chapter 3 Enforcement Modernization

A new stakeholder engagement has commenced relating to a Chapter 3 Enforcement Modernization project. This engagement is seeking input from market participants, consumers, community representatives, and other stakeholders with respect to modernizing the enforcement processes to support reliability, market efficiency, and market integrity. The new engagement is being launched in direct response to stakeholder feedback raised during the 2023 Market Rule Amendments: Chapter 3 engagement, which focused on specific, targeted enhancements to Chapter 3, "Administration, Supervision and Enforcement" of the market rules. Those who participated in the previous engagement shared that they would benefit from being able to review and respond to a more comprehensive package of amendments with the opportunity for further engagement.

The intended changes coming out of this review will include market rule amendments to drive the following outcomes:

- Improve the efficiency of the enforcement regime (e.g. reduce regulatory burden, streamline the dispute resolution process);
- Improve the effectiveness of the enforcement regime (e.g. incentivize compliance, ensure penalties are calibrated for sufficient deterrent effect, simplify the penalty assessment factors); and
- Clarify the enforcement regime (e.g. further definition and specificity of terms, concepts and powers).

Status: Stakeholder engagement will commence in Q1 and continue into Q3 2026. It is anticipated that this will be brought to the Technical Panel for education, a vote to post and vote to recommend in Q3/fourth quarter (Q4) of 2026.

Enabling Resources Program

The Enabling Resources Program is a set of projects that will further enable key emerging resources, specifically electricity storage ("storage"), hybrid generation-storage pairings ("hybrids") and aggregations of Distributed Energy Resources ("DERs") into the IESO-administered markets. Changes to the IESO's market rules, tools, and processes are needed to enable these resources to provide required system services and contribute to the safe and reliable operation of the bulk power system in Ontario. The design and integration of storage will be organized in a "build-to-bill" format. The scope of the program will likely require amendments to most chapters of the market rules and changes to many market manuals.

Status: Phase I of ERP, the Storage and Hybrid integration project, began in 2025 and is expected to go-live in 2028, requiring internal market rules and manual drafting throughout 2026 and leading into 2027. Public webinars on the rules are expected in 2026 with Panel rule reviews taking place in 2027. The DER stream is expected to have ongoing public engagement throughout 2026-28 with market rule amendments and market manual changes will follow several months after the Storage and Hybrid project's timeline.