Market Rule Amendment Proposal Form

Part 1 - Market Rule Information

Identification No.:	MR-00489-R00
Subject:	Changes to the Establishment and Publication of Market Parameters
Title:	Changes to the Establishment and Publication of Market Parameters
Nature of Proposal:	☒ Alteration ☐ Deletion ☐ Addition
Chapter:	7
Appendix:	
Sections:	1.6
Sub-sections proposed for amending:	1.6.1 & 1.6.2
Current Market Rules Baseline:	55.1

Part 2 - Proposal History

Version	Reason for Issuing	Version Date
1.0	Draft for Stakeholder Review	September 16, 2025
2.0	Revised Draft for Stakeholder Review	June 18, 2026
3.0	Draft for Technical Panel Review	September 8, 2026
4.0	Posted for Stakeholder Review and Comment	September 17, 2026

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

The IESO proposes to amend the market rules to revise the determination and publication framework for certain market parameters used by the day-ahead, pre-dispatch, and real-time calculation engines. The proposed amendments would codify certain foundational market parameters values directly in the market rules and authorize IESO management to establish and maintain constraint violation penalties (CVPs) through the market manual change process. The amendments do not change the existing values of these market parameters.

Further information can be found on the [Changes to the Establishment and Publication of Market Parameters] stakeholder engagement webpage.

Background

Section 1.6 of Chapter 7 currently requires that certain market parameters used by the IESO's calculation engines are established by the IESO Board. This requirement for IESO Board determination was included in the market rules at market opening and was not changed as part of the Market Renewal Program.

In September 2025, the IESO initiated a stakeholder engagement on a proposal to remove the legacy requirement for the IESO Board to directly establish the market parameters. During stakeholder discussions, participants expressed concerns regarding the potential reduction in governance, transparency and oversight associated with removing Board involvement from parameters that may materially affect market outcomes, settlements and dispatch scheduling. Stakeholders also recommended that future changes to such parameters continue to be subject to the market rule amendment process, including stakeholder engagement, Technical Panel review and IESO Board approval.

Following consideration of stakeholder feedback, the IESO reviewed and revised its approach. The revised proposal distinguishes between market parameters that are foundational elements of market design and those that serve operational and reliability functions. The IESO is proposing to specify the values of foundational market parameters directly within the market rules, while maintaining CVPs within the market manuals with any future changes subject to the established market manual change process.

The proposed amendments are related solely to how the market parameters are established and published and do not alter the current values of any market parameter.

Discussion

Foundational Market Parameters

The maximum market clearing price, maximum operating reserve price, settlement floor price and variable generation offer floor prices are foundational market parameters that establish key pricing limits and market design features.

The IESO proposes to specify the following values directly in the market rules:

- Maximum Market Clearing Price: $2,000/MWh;
- Maximum Operating Reserve Price: $2,000/MWh;
- Settlement Floor Price: -$100/MWh;
- Variable Generation Offer Floors:
    - Wind & Solar: -$3/MWh and -$15/MWh[1]; and
    - Flexible Nuclear Generation Offer Floor: -$5/MWh.

By placing these values directly in the market rules, any future modification would require completion of the market rule amendment process, including stakeholder engagement, Technical Panel consideration and IESO Board approval. This approach responds directly to stakeholder feedback regarding transparency and oversight while preserving the existing market parameter values.

Constraint Violation Penalties

CVPs are operational parameters that assist the calculation engines in determining how constraints should be prioritized when a feasible solution cannot be found that satisfies all system, market and reliability requirements simultaneously. Their purpose is to manage reliability risks and establish a hierarchy for constraint violations based on their relative reliability impacts.

The ordering and relative values of CVPs guide the sequence in which constraints may be violated and therefore support real-time operational decision making and reliability management.

The proposed amendment provides that future changes to CVPs will be determined by IESO management and maintained in the applicable market manual through the established market manual change process (Market Manual 2.13: Market Document Baseline Management). Moving forward, CVPS will not be set by the IESO Board. This approach preserves transparency while

[1] See section 2.1.1.1 of Market Manual 4.1 for requirements that further specify the offer floor prices for wind and solar resources.

allowing the IESO to make timely updates to operational parameters when required to support reliability and market operations.

Part 4 - Proposed Amendment

Chapter 7

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1.6 IESO Authorities and Obligations Regarding the Operation of the IESO-Administered Markets

1.6.1 The following parameters of the *day-ahead market calculation engine*, *pre-dispatch calculation engine* and *real-time calculation engine* shall be as specified from time to time by the *IESO* ~~*Board*~~:

1.6.1.1 the *maximum market clearing price* shall be $2,000/MWh;

1.6.1.2 the *maximum operating reserve price* shall be $2,000/MWh;

1.6.1.3 the constraint violation penalties as specified in the applicable *market manual*; and

1.6.1.4 the *settlement floor price* for *energy* shall be -$100/MWh.

1.6.2 The *IESO* ~~*Board*~~ shall establish floor prices of -$3/MWh and -$15/MWh for *energy offers* from a *registered market participant* associated with a *variable generation resource* and a floor price of -$5/MWh for *energy offers* from a *generation resource* that has a component classified as *flexible nuclear generation*, in accordance with the applicable *market manual*.