Feedback Form

Intertie Offer Guarantee (IOG) - Adjustments to Payment Conditions

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To promote transparency, feedback submitted will be posted on the IOG engagement page unless otherwise requested by the sender. ☐ **NO - There is confidential information, do not post** ☑ **YES - Comfortable to publish to the IESO web page**

Following the August 18th IOG – Adjustments to Payment Conditions engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed. The presentation and recording can be accessed from the engagement webpage.

Note: The IESO will accept additional materials where it may be required to support your rationale provided below. When sending additional materials, please indicate if they are confidential.

Please submit feedback to engagement@ieso.ca by September 4, 2026.

Conditional IOG – Future Method

1. Do you have any questions/feedback on the proposed conditional IOG?

TransAlta has significant concerns with the proposed conditional IOG framework. As an importer, TransAlta views the IOG as an important mechanism that helps manage the settlement risk created when import transactions are scheduled based on pre-dispatch prices but settled at real-time prices. Removing or materially limiting IOG eligibility will increase the risk that importers are exposed to losses after committing to flow energy into Ontario. This risk is particularly acute because importers must make commercial and scheduling decisions before final real-time system conditions and prices are known.

This concern is amplified by the fact that imports are generally transacted outside of the day-ahead market and closer to real time. Importers require the greater certainty that comes with offering into the real-time energy market, including a clearer view of expected real-time environmental conditions, supply availability, demand levels and other operational factors that may affect both the feasibility and economics of an import transaction.

The IOG is intended to encourage imports by providing reasonable assurance that an importer will not be economically harmed by adverse price movements between the time of scheduling and real-time settlement. If that assurance is removed in circumstances where importers cannot reliably determine whether the IOG will apply, importers may rationally reduce participation, price additional risk into offers or avoid imports during periods when Ontario most benefits from competitive external supply. This could reduce competition in the IESO-administered markets, increase reliance on internal supply and diminish the market-efficiency benefits that imports provide.

2. Do you have any questions/feedback on the proposed IOG eligibility notification process?

TransAlta is concerned that the proposed notification process does not provide sufficient certainty for importers to make informed commercial decisions. If IOG eligibility depends on whether an IESO declaration is in effect, importers need clear, timely and operationally reliable notice before they commit to import transactions. This is particularly important because import transactions are often evaluated and offered closer to real time, when market participants have a more reliable understanding of expected real-time environmental, supply and demand conditions. A post hoc determination or late declaration process would not address the commercial risk faced by importers at the time offers and schedules are submitted.

It is also unclear how IOG eligibility would be treated if the IESO initially issues a declaration or Energy Emergency Alert and subsequently cancels it. Importers that submit offers in good faith based on the reasonable expectation that IOG applies should not lose IOG eligibility because of a later cancellation or change in system conditions. The framework should clearly preserve IOG eligibility for offers made while the relevant declaration or Energy Emergency Alert was in effect.

Any change to IOG eligibility should therefore be delayed until the IESO can demonstrate, through transparent evidence and defined performance expectations, that its processes and operational practices provide reasonable assurance that declarations will be issued ahead of Energy Emergency Alert events. Importers should not be expected to assume additional settlement risk based on a declaration framework unless the declaration is consistently made early enough to inform import scheduling decisions.

To support this assessment, the IESO should provide historical analysis showing how its declaration processes have performed in practice, including how often declarations were issued in advance of Energy Emergency Alerts and, more importantly, whether they were issued sufficiently ahead of applicable real-time energy market offer submission windows. This analysis should identify the timing between the declaration, the relevant offer submission deadline and the subsequent Energy Emergency Alert event, so stakeholders can assess whether the proposed eligibility framework would provide importers with actionable notice before they make commercial and scheduling decisions.

Real-Time Energy Lost Cost (ELC) MWP Eligibility for Imports

Do you have any questions/feedback on applying the ELC MWP Eligibility to Imports and the examples provided?

General Feedback:

- Example 1: IOG vs ELC Payments
- Example 2: System Adequacy with ELC MWP & IOG in the same interval
- Example 3: Normal Conditions with ELC MWP & No IOG

TransAlta has no specific comments on the examples at this time. However, the examples reinforce the importance of providing clear advance notice to importers regarding IOG eligibility. The commercial decision to import is made before real-time settlement outcomes are known and therefore the relevant question is not only whether a payment is appropriate after the fact, but whether the market participant had sufficient information at the time of scheduling to understand the applicable risks.

Update Intertie Congestion Methodology

Do you have any questions/feedback on the rationale for updating the methodology?

TransAlta is also concerned that the IESO has not provided sufficiently open and transparent analysis to support the recommended changes. The IESO should publish the analysis, assumptions, historical examples and market outcomes that underpin its conclusion that IOG payments should be limited in the proposed manner. Without that information, stakeholders cannot assess whether the proposal is proportionate, whether it targets a clearly demonstrated concern or whether it could create unintended consequences for import participation and competition.

General Comments/Feedback

Do you have additional feedback to share with the IESO?

TransAlta recommends that the IESO delay implementation of the proposed IOG changes until it has completed and shared a more robust analysis of the expected impacts on import participation, competition and market efficiency. The IESO should also demonstrate that its declaration processes are capable of providing timely and reliable advance notice before Energy Emergency Alert events so that importers can make informed decisions about whether to engage in import transactions. The framework should further clarify that importers will retain IOG eligibility for offers submitted in good faith while a declaration or Energy Emergency Alert is in effect, even if the IESO subsequently cancels or revises that declaration. Until those conditions are met, the proposed changes risk discouraging imports, reducing competitive supply and increasing uncertainty for market participants that contribute to the reliability of the Ontario electricity system and market efficiency. Reduced import participation could also tighten supply and demand conditions in Ontario, diminish electricity system reliability, increase real-time price volatility and ultimately result in higher prices for ratepaying consumers.