

# Stakeholder Feedback and IESO Response

## Capacity Auction Enhancements

Following the Capacity Auction Enhancements webinar on June 26, 2025, the Independent Electricity System Operator (IESO) invited stakeholders to provide comments and feedback on the materials presented.

The presentation materials and stakeholder feedback submissions have been posted on the IESO [Capacity Auction engagement webpage](#). Please reference the material for specific feedback as the information below provides excerpts and/or a summary only.

### Proposed Amendments to Market Rules and Market Manuals

Feedback	IESO Response
Two stakeholders support the intent of the proposed amendments related to the enhanced tie-break methodology. One stakeholder appreciated the IESO's responsiveness to stakeholder input and noted the proposed changes will help reduce the potential for exercise of market power and strengthen confidence in the integrity of the auction.	Thank you for supporting the enhanced tie-break methodology and related amendments to the Market Rules and Market Manuals.
One stakeholder believes that the proposed enhancements to the tie-break methodology could incentivize parent organizations to register multiple subsidiaries to secure more capacity in tie-break scenarios.	Section 5.2.2 of Market Manual 0.12: Capacity Auctions (issue 1.0, renewed Market Rules and Manuals) states that a capacity market participant with a virtual capacity obligation is only able to have a maximum of one resource per contributor type (residential or

	<p>commercial/industrial/institutional) per zone.</p> <p>Registering a parent organization as well as subsidiaries of that parent organization as capacity auction participants, each with a virtual resource in the same zone, would appear to circumvent the intent of section 5.2.2 of Market Manual 0.12. The tie-break enhancement was developed presuming the intent of section 5.2.2 would be respected. Utilizing subsidiaries of the same parent organization, contrary to the clear intent and spirit of both section 5.2.2 and the tie-break enhancement, may be in circumvention of these rules, a relevant consideration of the General Conduct Rules (Ch. 1 s. 10A).</p> <p>Instances in which the IESO becomes aware of potential violations of the Market Rules will be reported to the IESO's Market Assessment and Compliance Division (MACD) for further consideration.</p> <p>Given the concerns expressed through this stakeholder engagement, the Capacity Auction team will consider the upcoming Capacity Auction with a high degree of scrutiny and take appropriate action if any inappropriate conduct is observed.</p>
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## General Comments/Feedback

Feedback	IESO Response
<p>One stakeholder suggested that the IESO should establish a 2025 Capacity Auction target which would eliminate the need for the IESO to enter into long-term contracts for new fossil fuel generation capacity.</p> <p>This stakeholder also suggested that the IESO should offer multi-year contracts to demand</p>	<p>Thank you for feedback related to the 2025 Capacity Auction. The firm target for the 2025 auction was published earlier this year in the <a href="#">2025 Annual Planning Outlook (APO) Report</a>. The APO describes in more detail the factors that influence system needs and planned actions required to prepare for a reliable, cost-effective, and sustainable electricity future in Ontario that</p>

<p>response (DR) resources.</p>	<p>includes upcoming acquisitions within the <a href="#">Resource Adequacy Framework</a>.</p> <p>The annual Capacity Auction is the competitive procurement mechanism within Ontario’s Resource Adequacy Framework that secures the capacity needed to meet the balance of Ontario’s resource adequacy needs on a short-term basis. At this time, the IESO is not considering implementing multi-year commitments through the Capacity Auction.</p>
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