

Enforcement Modernization – May 22, 2026

Feedback Provided by:

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Date: June 15, 2026

To promote transparency, feedback submitted will be posted on the Enforcement Modernization engagement page unless otherwise requested by the sender.

- Yes – there is confidential information, do not post**
- No – comfortable to publish to the IESO web page**

Following the May 22, 2026 Enforcement Modernization 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 [Enforcement Modernization](#) page.

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 June 15, 2026.

Internal Compliance Programs

Item	Feedback
Do you have any feedback on MACD's design proposal on Internal Compliance Programs?	<p>Hydro Ottawa appreciates flexibility of a non-prescriptive approach and is generally supportive of the initiative. However, Hydro Ottawa suggests that MACD carefully balance costs versus benefits when scoping any compliance program requirements and effective timelines. Focusing on high-risk areas first would be beneficial, —specifically those impacting safety and high market financial outcomes.</p> <p>Hydro Ottawa suggests that the proposed 6 month grace period for implementation is aggressive for establishing robust, formal ICPs.</p> <p>To genuinely incentivize adoption and offset administrative burden, Hydro Ottawa recommends that the IESO consider incorporating a "Safe Harbour" protocol, where if a Market Participant discovers a non-compliance event through its internal ICP and immediately self-reports it, financial penalties should be waived or suspended in favour of a non-punitive, collaborative mitigation plan.</p>

Removal of Ring-fencing Language

Item	Feedback
Do you have any feedback on MACD's design proposal on the Removal of Ring-fencing Language?	Hydro Ottawa supports providing clarity if the current language is causing confusion.

Information Gathering Powers

Item	Feedback
Do you have any feedback on MACD’s design proposal on Information Gathering Powers?	<p>The current proposal appears to have broad authority without providing sufficient operational guardrails for Market Participants to rely on. Hydro Ottawa suggests that the framework should incorporate the structural checks and balances found within the broader legal system, where fairness and objectivity are weighted against the potential for overly expansive or inefficient investigations. Critically, the broader legal system does not operate under a default “adverse inference” assumption. Codifying such an inference, as well as expanding powers to interview former employees and contractors, lacks appropriate legal boundaries. Clear thresholds for the scope, relevance, and reasonableness of information requests must be established to prevent inquiries from inadvertently expanding into unproductive or irrelevant areas.</p> <p>Hydro Ottawa suggests that Market Participants be given a formalized mechanism to challenge or seek review of broad information gathering requests from more senior MACD staff. This would ensure a fair, just and objective evaluation of the requests’s scope. Ultimately, the invocation of Section 36 of the <i>Electricity Act, 1998</i> should be treated as an instrument of last resort, utilized only after an established dispute resolution process.</p>

Information Sharing

Item	Feedback
Do you have any feedback on MACD’s design proposal on Information Sharing?	MACDs should be required to notify market participants in advance of any proposed data sharing, allowing a reasonable window for the participant to review and request confidential treatment of certain proprietary information. In terms of information sharing, the goal should be to ensure any information sharing is reasonable and as limited as possible.

Investigation Process

Item	Feedback
Do you have any feedback on MACD's design proposal on the Investigation Process?	<p>Hydro Ottawa appreciates efforts in ensuring procedural fairness and better understanding of the process.</p> <p>Hydro Ottawa suggests MACD be required to issue a formal notification letter at the start of any investigation to ensure that participants are properly engaged and have the ability to participate at the earliest point.</p> <p>Furthermore, regarding the proposed "Specified Penalties" regime, Hydro Ottawa cautions that fast-tracking financial penalties without a pre-determination meeting compromises the principles of procedural fairness. The framework must allow Market Participants a meaningful opportunity to provide technical and operational context before penalties are levied.</p>

Sanctions

Item	Feedback
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Do you have any feedback on MACD's design proposal on Sanctions?

Increased Limits:

Is there empirical evidence demonstrating that the current limits are failing to drive compliance? Sanctions already possess a wide range of financial impacts designed to encourage compliance.

Hydro Ottawa suggests ensuring that MACD focuses on minimizing the duration between a potential offence and participant notification to prevent non-intentional issues from compounding. Also note the described improvements related to investigation simplification and clarifications.

Proportionality and Class Tiering:

Replacing the current framework with a single penalty table has the potential to inappropriately confuse rate-regulated utilities (such as LDCs and MSPs) with commercial wholesale market participants who can deliberately manipulate markets for profit. To ensure proportionality, it is recommended that the IESO considers establishing an LDC/MSP class scaled tiering system, ensuring that administrative or reporting errors are not subject to the same financial baseline as intentional market-gaming strategies.

Presumption of Good Faith:

The broader legal system operates on a presumption of good faith. Given MACD's significantly expanded data-gathering and sharing authority, the framework must explicitly adopt a baseline presumption of "Good Faith" compliance.

Procedural Fairness and Data Protection:

A Market Participant's caution or due diligence regarding the disclosure of sensitive data must not be misconstrued as an adverse act or lack of compliance. The framework should explicitly protect solicitor-client privilege and proprietary commercial trade secrets.

Reasonableness Thresholds and Administrative Burden:

Item	Feedback
	<p>Hydro Ottawa suggests that MACD should establish clear “reasonableness and relevancy” thresholds for data requests, taking into account standard record retention timelines as well as the substantial financial and administrative burdens placed on participants when retrieving historical or large datasets. Additionally, if a participant disagrees with a disclosure request, a formalized mechanism should be provided to allow for an objective review by senior MACD staff.</p>

Publication of Enforcement Outputs

Item	Feedback
<p>Do you have any feedback on MACD’s design proposal on the Publication of Enforcement Outputs?</p>	<p>Market Participants should have the right to review proposed publications and request confidential treatment of sensitive technical or proprietary aspects. Any outstanding areas of disagreement regarding disclosure should be subject to a formal review process, - e.g. the OEB could manage areas of disagreement.</p>

Settlements/Dispute Resolution Process

Item	Feedback
<p>Do you have any feedback on MACD’s design proposal on the Settlements/Dispute Resolution Process?</p>	<p>Compressing the dispute filing window from two years to 20 days is aggressive and severely limits a Market Participant’s capacity to thoroughly evaluate a determination and formulate a meaningful response.</p> <p>In addition, has the cost of this capacity of Market Participants managing a limited 20 business day rule been assessed against the benefits?</p> <p>Market Participants may lack the immediate, specialized resources required to manage an inquiry in such a compressed window, meaning standard operational constraints or temporary key personal absences could inadvertently result in missing deadlines within the 20 day window.</p> <p>Hydro Ottawa furthermore suggests that MACD should be bound by a symmetric constraint to balance the proposed expedited timelines. Specifically, a two-year sunset clause should be established that would prohibit MACD from pursuing historically known infractions that were known to MACD but not formally communicated to the Market Participant as an active compliance review. Implementing this limitation period would naturally align with existing settlement limitation periods and provide long-term regulatory certainty across the sector.</p> <p>Mediation should always be an option for the Market Participant.</p>

MACD Service Standards

Item	Feedback
<p>Do you have any feedback on MACD’s design proposal on MACD Service Standards?</p>	<p>The framework should establish maximum timelines for MACD to review and make determinations on known potential issues. The currently proposed non-binding targets could risk leaving Market Participants in regulatory limbo. Without timely communication and addressing compliance issues, a compliance issue could continue unintentionally, directly undermining the core purpose of an effective compliance program. Specifically, the goal is to maintain a safe, efficient and well managed grid through proactive correction, rather than a potentially delayed penalization process. While the absence of a strict limitation period in the <i>Electricity Act</i> provides flexibility, it is reasonable to assume this is intended to capture undiscovered, intentional non-compliance, rather than known potential compliance issues potentially not being pursued for indeterminate periods of time.</p> <p>To ensure transparency and procedural fairness, it is suggested that MACD be required to adhere to certain mandatory service standards, such as issuing a formal letter of notification to a Market Participant prior to the commencement of any investigation. Furthermore, the framework should require that any potential non-compliance event be communicated to the affected Market Participant within a specified and reasonable timeline.</p>

General Comments/Feedback

Item	Feedback
<p>Do you have any additional feedback not addressed above related to the proposed design to modernize enforcement to support the efficiency, effectiveness, and clarity of the enforcement regime?</p>	<p>Hydro Ottawa recommends introducing another round of stakeholder consultation to allow Market Participants to comment directly on the specific text of the drafted Market Rule amendments once initial feedback has been integrated.</p> <p>It is important to ensure that the compliance investigation process remains fair, objective and unbiased. At the investigation stage, a Market Participant is simply under investigation and is not an offender. Approaching an investigation with a premature assumption of non-compliance can introduce systemic bias, compromising the integrity, due process and fairness of the review.</p> <p>More broadly, the cumulative impact of these proposed updates - including mandatory ICPs, a heavily compressed dispute window, and severe per-day penalty exposures - has the potential to inflate compliance and administrative costs across the sector. For rate-regulated utilities, these escalating administrative and legal burdens ultimately create upward pressure on ratepayers and risk diverting critical capital away from localized grid modernization, reliability projects, and essential infrastructure upgrades.</p> <p>Thank you for providing the opportunity to participate and offer constructive feedback on this foundational modernization initiative.</p>