Feedback Form

Make-Whole Payments (MWP) for Energy Limited Resources (ELR)

Meeting Date: October 14, 2026

Feedback Provided by:

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Following the **October 14** session, the Independent Electricity System Operator (IESO) is seeking feedback on the items discussed during the webinar. The presentation and recording can be accessed from the engagement web page.

Please submit feedback to engagement@ieso.ca by **October 28, 2026**. If you wish to provide confidential feedback, please submit it as a separate document, marked "**Confidential**." Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

Stakeholder Feedback: **Feedback Question**	**External Feedback**
Principles For Determining Day-Ahead Make-Whole Payments	Energy Storage Canada (ESC) appreciates the IESO's efforts to further articulate the principles underlying Day-Ahead Lost Cost Make-Whole Payments for Energy-Limited Resources. ESC agrees that make-whole payments should support cost recovery while avoiding overcompensation and appropriately reflecting the operational characteristics of energy-limited resources. The recognition of intertemporal relationships is particularly important for storage resources, whose operating decisions are inherently linked through state of charge constraints. ESC notes that the IESO has responded to stakeholder concerns by moving away from a broad daily netting concept toward an approach that seeks to align the assessment period with the duration over which constraints are binding. This represents a constructive evolution of the design and provides greater clarity regarding how linked operating decisions will be evaluated. As implementation progresses, ESC encourages the IESO to clearly define the methodology used to identify linked hours and assessment periods, including illustrative examples across a range of storage operating conditions. Transparency regarding these determinations will be important to support participant understanding, validation, and confidence in settlement outcomes.

Operating Profits and Calculation of Make-Whole Payments	ESC appreciates the additional examples demonstrating how operating profits are calculated for energy-limited resources and how Day-Ahead Lost Cost Make-Whole Payments are determined through comparison between DSO schedules and Economic Operating Points (EOPs). ESC recognizes the IESO's rationale that where uneconomic operating decisions create opportunities for larger positive operating profits in later linked intervals, those outcomes should be assessed together rather than in isolation. The examples presented help illustrate how state of charge constraints can create dependencies between charging and discharging decisions that span multiple hours. At the same time, ESC encourages the IESO to continue providing practical examples and supporting documentation that demonstrate how linked operating profits will be identified and attributed in more complex market conditions. Additional examples reflecting varying state of charge profiles, reliability-driven dispatch outcomes, and interactions with ancillary services would help market participants assess how the framework may apply in practice. ESC also reiterates the importance of providing sufficient settlement transparency and access to underlying calculation inputs so that participants can independently validate outcomes and understand the drivers behind make-whole payment determinations. Consistent

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	with previous feedback, transparent settlement inputs remain important for facilitating confidence in the evolving settlement framework.

Applying the Make-Whole Payment Principles to Different Constraints	ESC supports the IESO's objective of applying consistent make-whole payment principles across different categories of intertemporal constraints, including maximum daily energy limits, maximum starts, and state of charge limitations. A principles-based approach can help promote consistency across resource classes while recognizing resource-specific operating characteristics. ESC appreciates the examples provided demonstrating how state of charge constraints create temporal dependencies between charging and discharging intervals. The examples help clarify the IESO's position that opportunities to earn positive operating profits may result directly from preceding operating decisions that incurred negative operating profits. Moving forward, ESC encourages the IESO to ensure that the methodology for identifying linked intervals remains transparent, predictable, and administratively workable. In particular, stakeholders would benefit from a clear understanding of how linked hours will be identified in practice, how overlapping constraints will be treated, and how the framework will perform under a broad range of storage operating strategies and market conditions. ESC welcomes the IESO's commitment to providing updated settlement documentation and additional stakeholder engagement on the revised equations before final implementation. Continued engagement will be important to ensure the design appropriately balances settlement accuracy, transparency, and

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	operational practicality for storage resources.

General Comments/Feedback

ESC appreciates the IESO's responsiveness to stakeholder feedback and the additional effort undertaken to explain the principles underpinning the proposed Day-Ahead Lost Cost Make-Whole Payment framework for Energy-Limited Resources. The October session provided greater transparency regarding the IESO's rationale for recognizing intertemporal constraints and linking operating profits across related intervals. ESC is encouraged by the IESO's commitment to provide revised equations, additional design documentation, and a further engagement session prior to finalizing the approach. These additional opportunities for review will help stakeholders better understand how the framework will function in practice and assess its implications for storage operations and investment decisions. As Ontario's storage fleet continues to grow, it will be important that settlement frameworks remain transparent, predictable, and reflective of the operational realities of energy-limited resources. ESC looks forward to continued collaboration with the IESO as this work advances and as additional settlement, regulation service, and uplift exemption designs progress through the ERP.