Feedback Form

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

Meeting Date: October 14, 2026

Feedback Provided by:

Name: Faizan Farooqi

Title: Founder & Principal

Organization: Sedona Renewables Inc.

Email:

Date: October 28, 2026

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.

SEDONA RENEWABLES INC.
Development | Procurement | Delivery

FORMAL STAKEHOLDER FEEDBACK

Make-Whole Payments for Energy-Limited Resources

October 14, 2026 engagement | Day-ahead lost-cost settlement

Submitted by	Faizan Farooqi | Founder & Principal, Sedona Renewables Inc.
Submission date	October 28, 2026
Consultation deadline	October 28, 2026

Position in brief. Sedona supports compensating verifiable scheduling losses, while preventing overcompensation when a negative operating profit in a charging hour enables a greater gain in a later discharge hour. A bankable mechanism must reflect physically feasible state-of-charge (SoC) trajectories and must be capable of independent reconciliation by market participants.

Basis of this feedback. I am Faizan Farooqi, Founder & Principal of Sedona Renewables. I draw on more than 15 years in the power and renewable-energy sector, including owner-side development and delivery, and collaboration with investors, lenders, technical advisers, equipment suppliers and asset operations teams. Recent direct discussions at industry events reinforce the importance of settlement rules that can be reconciled against real resource constraints. These are my recommendations, not views attributed to others.

Five actions requested of the IESO

- Define the linked-hour assessment period and each exclusion from day-ahead (DA) make-whole netting.
- Publish fully reconciled positive-payment and zero-payment cases, including multiple-cycle and cross-day SoC cases.
- State how efficiency, initial/final SoC, OR, derates and operator-directed changes enter the equations.
- Provide resource-level settlement traces and a pre-implementation shadow-settlement period.
- Release revised SMSR design equations and redlined Market Rules with enough time for validation.

1 | Linked-hour logic: what is the counterfactual?

The IESO correctly distinguishes between an hour with negative operating profit and an inter-temporally linked sequence with a net positive outcome. The October 14 session states that the DA optimization uses a 24-hour horizon, while the financially relevant assessment may be shorter than the full day when binding constraints link a distinct set of hours. That distinction is fundamental to fair settlement.

Request. Publish a deterministic rule for identifying linked hours, whether non-contiguous hours may be part of one assessment period, and when independent profitable hours must be excluded. The counterfactual economic operating point (EOP) must not assume the use of stored MWh that the resource could not physically have acquired under the stated path.

2 | The IESO example should become an auditable settlement test

The IESO illustrates an SMSR in which uneconomic withdrawal during hours ending (HE) 2-5 produces **-$4,340** of operating profit, and related discharge during HE20-23 generates **+$31,000**, for a linked net benefit of **+$26,660**. A make-whole payment for the withdrawal alone would not be justified; the illustrated payment is $0 (slide 32). This is a useful safeguard against double recovery.

Request. Add companion examples that actually generate positive DA lost-cost make-whole payments: (i) system-driven charge/discharge changes causing a net loss; (ii) a partial-cycle ending with residual SoC; (iii) two economically separate battery cycles; and (iv) an operating constraint spanning midnight. For each, provide the per-hour offer/bid, LMP, DSO schedule, EOP, energy inventory and final payment.

3 | Operational boundary conditions that affect both investors and dispatch

SoC is carried between intervals and the actual cash-flow exposure may depend on initial inventory, minimum and maximum SoC, charging/discharging efficiency and reserve commitments. The settlement rules should state explicitly how these are modeled, rather than assuming all charging and discharging within one operating day form a single economic cycle.

Request. Clarify initial-SoC carry-in, final-SoC value, charging efficiency, degradation-related limits where submitted, derates, outages, energy attributed to each charging tranche, and how an IESO dispatch instruction changing SoC is reflected. Confirm treatment of simultaneous energy and operating reserve commitments without paying twice for the same opportunity cost.

4 | Published calculation trace, dispute rights and implementation

Commercial financing and ratepayer confidence benefit from the same discipline: a clear audit trail. A resource owner should be able to reproduce the settlement from published equations and the inputs available to it.

Request. Provide a sample settlement statement listing assessment hours, excluded hours with reason codes, inter-temporal constraints, EOP versus dispatch-scheduling-optimization profits, adjustments and final DA MWP. Make a back-testing data set available before go-live, provide a defined correction process for telemetry or calculation errors, and identify the participant dispute route.

5 | Publish implementation milestones before codifying

The October 14 deck anticipates revised SMSR settlement equations and an additional engagement in early November. Publish redline equations, examples and a response-to-comments table in advance of the next engagement. Allow sufficient implementation lead time for commercial systems, settlement analysts and project financiers to test the outcome.

Closing position

The IESO can strengthen market confidence and reliability by publishing rules that are independently testable, administratively feasible, and capable of being priced and delivered by accountable proponents. I would welcome continued technical engagement on these implementation details.

Faizan Farooqi
Founder & Principal
SEDONA RENEWABLES INC.
[redacted]

Reference material reviewed

IESO, Make-Whole Payments webinar, October 14, 2026 (slides 9-10, 27-34) | Official source (click to open)

IESO, ERP engagement and consultation timetable | Official source (click to open)