

Memorandum

To: Technical Panel

From: Jo Chung

Date: July 7, 2026

Re: 2026 Capacity Auction Enhancements

Background

Attached for Technical Panel review and consideration are two amendments to the market rules related to the 2026 Capacity Auction Enhancements. The first proposed amendment is to the settlement application of the In-Period Cleared UCAP Adjustment Charge where a notice of disagreement is filed. The second proposed amendment is to the Emergency Activation Payment formula to adjust for an edge-case scenario that can result in an hourly demand response (HDR) resource receiving no Emergency Activation Payments during a successful activation.

At its meeting on June 9, 2026, the Technical Panel received an overview of the proposed updates to settlement formulas and processes, including a high-level summary of the corresponding market rule amendments and market manual changes.

The deadline for written stakeholder comments on the proposed market rule amendments and market manual changes presented at the May 28, 2026 engagement closed on June 11, 2026. No concerns or suggested edits were raised. One written comment from a stakeholder indicated that the draft market rule and manual content reflects the design agreed to at the March 31, 2026 engagement, and expressed appreciation for the IESO's responsiveness in expediting the changes. The draft market rule and manual content remain unchanged since their presentation at the May 28, 2026 engagement.

All stakeholder engagement materials are available on the [Capacity Auction Enhancements](#) webpage.

Recommendation - Priority

The IESO recommends that the Technical Panel assign a regular priority to the development of these market rule amendment proposals.

Panel Action and Next Steps

The IESO recommends that the Technical Panel vote to post the proposed market rule amendment MR-00493-R00 for a stakeholder review and comment period ending on July 31,

2026. At the September 15, 2026 Technical Panel meeting, the IESO will request a Technical Panel vote to recommend the draft market rule amendments.

The target for IESO Board approval is October 30, 2026.

Accompanying Materials

- Market Rule Amendment Proposal – MR-00493-R00: 2026 Capacity Auction Enhancements
- Market Manual 5.5: [IESO-Administered Markets Settlement Amounts](#): (for information purposes only)
- Market Manual 12: [Capacity Auctions](#) (for information purposes only)
- [IESO Charge Types and Equations](#) (for information purposes only).