

IESO

Market Renewal Program (MRP)



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The Future of Ontario's Electricity Market



The Independent Electricity System Operator (IESO) will officially launch the Market Renewal Program (MRP) on May 1, 2025, ushering in a major transformation for Ontario's electricity market. Designed to address structural inefficiencies, the MRP introduces new settlement mechanisms, nodal pricing, and real-time enhancements to improve transparency, reliability, and price formation.

The Future of Ontario's Electricity Market



The key changes include the establishment of a **Day-Ahead Market (DAM)** that enables participants to buy and sell electricity a full day in advance through financially binding transactions. This shift offers greater price certainty and system stability. The **Locational Marginal Pricing (LMP)** framework replaces the existing systemwide Hourly Ontario Energy Price (HOEP), exposing participants to localized price signals based on real grid congestion and conditions.

Meanwhile, the transition to a **Single Schedule Market (SSM)** eliminates Ontario's legacy two-schedule system, ensuring dispatch and price alignment and removing inefficient **Congestion Management Settlement Credits (CMSC)**.

Additionally, the **Enhanced Real-Time Unit Commitment (ERUC)** process allows for cost-based scheduling, where startup, no-load, and energy costs are optimized across multiple hours rather than hour-by-hour.

Overall, these reforms align Ontario's electricity market more closely with mature ISO/RTO markets such as NYISO, MISO, and PJM .

Participants impact and opportunities



01 New Responsibilities for Generators

With the adoption of Locational Marginal Pricing (LMPs), generators must submit offers that reflect both their real-time locational constraints and full operational cost structures. Bids must now account for startup costs, no-load costs, and energy costs. Financially binding commitments from the Day-Ahead Market (DAM) expose generators to new risks if actual operations deviate from scheduled quantities.

02 Expanded trading for market participants

For the first time, Ontario's market allows virtual trading, enabling participants to take financial positions based on the spread between day-ahead and real-time prices. However, virtual trades are limited to zonal aggregates rather than individual nodes. Traders must adapt to the new liquidity structure and manage congestion-driven volatility without internal FTRs to hedge localized risks.

03 Impact of Non-Dispatchable Loads (NDLs)

Large energy consumers classified as Non-Dispatchable Loads (NDLs) will no longer settle strictly at a uniform province-wide price. Instead, settlement will be based on the **Day-Ahead Ontario Zonal Price (DA-OZP)** and adjusted through the **Load Forecast Deviation Adjustment (LFDA)**. This introduces a level of variability in final charges, especially for passive loads that are not actively participating in the market.

Impact and Opportunities

04 Strategic Opportunities for Active Loads

Active loads that participate directly in the DAM can leverage the new market structure to hedge price risks and gain more financial certainty. By locking in day-ahead pricing, these loads can avoid exposure to real-time price spikes. Active participation offers significant advantages but requires careful forecasting and bid management to remain effective.

05 New Risks and Basis Challenges

Market participants will now encounter real congestion risks between zones and nodes. Without internal FTRs available for congestion hedging, basis differences between actual generation/load points and zonal averages can introduce material financial risks. Success in the renewed market will depend on managing these risks through sophisticated modeling, operational flexibility, and responsive market strategies.



Preparing you for MRP – Takeaways



Forecasting that
reflects real
conditions



Optimized
participation in
Day-ahead and
Real-time Markets



Congestion Risk
Management



Settlement Validation
& Deviation Tracking



Scenario Planning for
High-Impact Loads &
Strategic Readiness
Consulting



OPERATIONAL READINESS FOR IESO'S MARKET RENEWAL PROGRAM



Forecasting and Participation

- **Nodal Price Forecasting:** Arcus has rebuilt its forecasting models to operate under Ontario's new nodal structure. Our algorithms use Locational Marginal Prices (LMPs) to predict both Day-Ahead and Real-Time prices at the node and zone level, helping participants identify congestion trends and basis risk before they affect operations.
- **Bid strategy & execution:** Our tools help generators and traders structure cost-reflective, competitive offers in the new Day-Ahead Market (DAM), including full support for three-part bidding (startup, no-load, and energy costs). For active loads, Arcus supports hedging strategies that lock in DAM pricing to avoid real-time volatility.
- **Resource Allocation:** Allocate resources (financial, human, and time) strategically to support your chosen strategies. Prioritize investments that have the most significant impact on your goals.



- **Real-Time Congestion Analysis:** With LMPs now reflecting actual system constraints, congestion risk becomes central to operations. Arcus provides visualization and analytics to anticipate and react to localized pricing anomalies, including differences between zonal averages and nodal prices, enabling better trading and load positioning.

OPERATIONAL READINESS FOR IESO'S MARKET RENEWAL PROGRAM



Scenario Planning & Strategic Readiness

- **Two-Settlement Compliance:** Our platform monitors and validates settlement results across DAM and RTM, including Load Forecast Deviation Adjustments (LFDA) for non-dispatchable loads. We flag anomalies and help users ensure alignment with IESO pricing and dispatch outcomes, reducing financial risk from unforeseen adjustments.
- **Support for Large Step Loads:** As Ontario anticipates future demand spikes from data centers and other large facilities, Arcus models how these new loads may affect local price volatility and procurement strategies. Our simulations help energy managers and asset operators prepare for integration risks and market stress points.



- **Market Transition Guidance:** Arcus will deliver support for asset owners, traders, and large consumers. Our support teams and our in-house modeling experts are ready to help you operate confidently under the new rules from Day 1

Arcus Power

Contact us to
learn more



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