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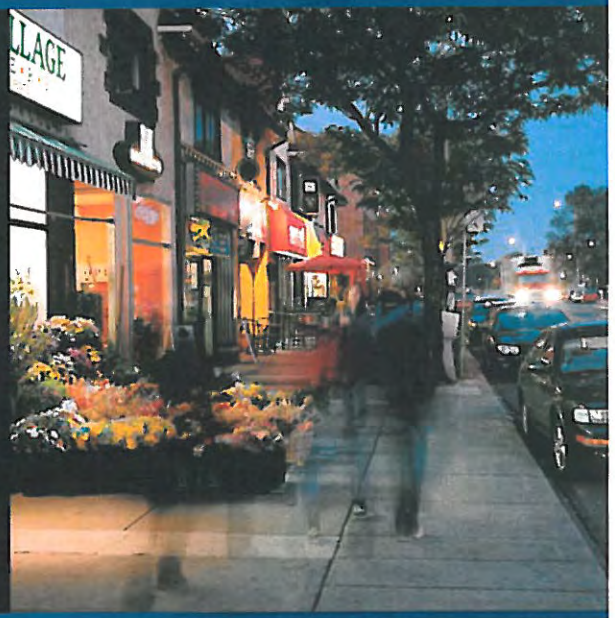
Changes to Ontario Regulation 429/04

IESO Settlement Timeline to Implement Global Adjustment Recovery for LDCs

Susan Harrison, Account Manager, Customer & Stakeholder Relations
Brad Misner, Manager, Settlement Support
December 14, 2010



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Agenda

- Status update
- Components of Global Adjustment
- IESO settlement process
  - Class A
  - Class B
- Changes within an Adjustment Period
- Forms
- Implementation timeline – update
- Questions

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Global Adjustment Changes

GA regulation passed by the Ministry of Energy recovers Global Adjustment costs based on share of customer's demand in five Ontario system peak hours for large consumers

ie hour 16 = hour ending Eastern Time

- **Base Period:** the timeframe when the peaks, the coincident consumption, and the "Class A" consumers are determined
- **Adjustment Period**: the timeframe for billing the GA through this new method (Peak Demand Factor established for this period)

Base Period	Adjustment Period
May 1, 2010 to October 31, 2010	January 1, 2011 to June 30, 2011
May 1, 2010 to April 30, 2011	July 1, 2011 to June 30, 2012
May 1, 2011 to April 30, 2012	July 1, 2012 to June 30, 2013
May 1, (Year X) to April 30, (Year X+1)	July 1, (Year X+1) to June 30, (Year X+2)

Implementation Timeline

	Date	Submission
*	Nov 3/10	LDC Coincident Peak Data Submission – Form 1722 - Completed
*	Nov 15/10	IESO to communicate Peak Demand Factor – Completed
N/A	Nov 30/10	LDC notify embedded customer of Peak Demand Factor – Completed
	Dec 8/10	Current Embedded Generation Form on the IESO portal will be replaced with a form to collect both Embedded generation and Class A Consumer loads (kWh) for each month - Completed
	Dec 15/10	Class A Customers can opt out of new GA charge mechanism for Jan-June Adjustment period (and by May 15, 2011 for subsequent Adjustment Period)
	Dec 20/10	Revised Form 1722 (including opted out consumers), if applicable
	Dec 20/10	LDCs with Class A Consumers must submit Class A consumer load for November using new Embedded Generation form to support GA estimates
	Dec 31/10	IESO publish 1st Estimate GA for January 2011 (formerly Fixed GA)
	Jan 31/11	IESO to publish 2nd Estimate GA for January 2011
	Feb 14/11	IESO Preliminary Settlement Statement will include new GA Charges; CT 147 – Class A; CT 148 – Class B

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Reaching Out

- With assistance from LDCs, all Class A customers notified/contacted
  - Backgrounder for Eligible Loads distributed
- Website updated – http://www.ieso.ca/imoweb/b100/b100_GA.asp
- Twelve information sessions held across the province well attended
  - Additional information session to be held January 20, 2011

Components of Global Adjustment

- Non Utility Generator (NUG) Contract Adjustment Settlement Amount
- Regulated Nuclear Generation Adjustment Amount
- Regulated Hydroelectric Generation Adjustment Amount
- Renewable Energy Standard Offer Program Settlement Amount
- Feed-In Tariff Program Settlement Amount
- Hydroelectric Contract Initiative Settlement Amount
- OPA Contract Adjustment Settlement Amount
- DR3 Program Payments to Participants
- DR2 Program Payments to Participants
- Clean Energy Standard Offer Program Settlement Amount
- Conservation and Demand Management – Compensation Settlement Credit (new for Jan 1, 2011)

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IESO/LDC Settlement

- Charge type 146 discontinued
- Replaced with:
  - Charge type 147 (Class A) and
  - Charge type 148 (Class B)
- GA continues to appear on month end settlement statements
- LDC submits monthly kWh related to Embedded Generation and Class A consumer consumption

Settlement
Class A Global Adjustment

Class A Global Adjustment - Charge Type 147

- Total Monthly Global Adjustment Amount x Peak Demand Factor (PDF)

[*Regulation gives LDCs the option to apply the 2^{nd} *Estimate* or *Actual* Global Adjustment amount.]

Settlement
Class B Global Adjustment

Class B Global Adjustment - Charge Type 148

- Class B GA Dollar Amount[1] x $\frac{\text{LDC Class B Consumption}}{\text{Total Class B Consumption}}$

[1] Class B GA Dollar Amount = Total monthly GA – Total Class A GA amount

- Class B Consumption =

  AQEW + Embedded Generation - Class A AQEW – Fort Frances AQEW - Beck PGS AQEW - Generator AQEW providing Ancillary Services

Will not be able to verify / validate this equation

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Class B Rates for Distributor Billing

Exiting Name	Name effective January 1, 2011	Date posted
Fixed Preliminary Daily Global Adjustment	1st Estimate	Last business day of the month (forecast for next month)
Estimated Global Adjustment	2nd Estimate	Last business day of the month (estimate of previous month's amount)
Global Adjustment	Actual	10th business day of the following month (actual costs for previous month)

✳ *Provincial Benefit* will be replaced with *Global Adjustment*

Class B Global Adjustment Rate 1st Estimate

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Class B Global Adjustment Amount	Class B Consumption
Estimated Global Adjustment for the previous month (for March apply 1st Estimate for February)	Estimated Load for the month
Plus/Minus corrections for the estimates used in previous month calculations	Plus/Minus Corrections to Estimates from previous month calculations
Multiplied by [1- Total Peak Demand Factors for current Adjustment Period]	Plus Embedded Generation values used in the settlement of the month two months prior (Estimate for March based on submission for January)
	Minus Class A Market Participant and Consumer load used in the settlement of the month two months prior
	Minus Fort Frances load for the month
	Minus Sir Adam Beck PGS load used in the settlement of the month two months prior
	Minus Load associated with the provision of Ancillary Services used in the settlement of the month two months prior

- LDC can choose 1 of 3 billing rates
-

Class B Global Adjustment Rate 2nd Estimate

Class B Global Adjustment Amount	Class B Consumption
Estimated Global Adjustment for the month	Estimated Load for the month
Plus/Minus Final Adjustment of previous months Global Adjustment	Plus Embedded Generation values used in the settlement of the previous month
Plus/Minus corrected Global Adjustment for prior periods (results from Global Adjustment distribution corrections related to revenue metering adjustments for prior periods)	Minus Class A Market Participant and Consumer load used in the settlement of the previous month
Multiplied by [1- Total Peak Demand Factors for current Adjustment Period]	Minus Fort Frances load for the month * *
	Minus Sir Adam Beck PGS load used in the settlement of the previous month.
	Minus Load associated with the provision of Ancillary Services used in the settlement of the previous month.

Class B Global Adjustment Rate Actual

Class B Actual Global Adjustment Amount	Class B Consumption
Preliminary Global Adjustment for the month	Preliminary Settlement Load for the month
Plus/Minus Final Adjustment of previous months Global Adjustment	Plus Embedded Generation values used in the settlement of the month
Plus/Minus corrected Global Adjustment for prior periods (results from Global Adjustment distribution corrections related to revenue metering adjustments for prior periods)	Minus Class A Market Participant and Consumer load used in the settlement of the month
Multiplied by [1- Total Peak Demand Factors for current Adjustment Period]	Minus Fort Frances load for the month
	Minus Sir Adam Beck PGS load used in the settlement of the month
	Minus Load associated with the provision of Ancillary Services used the settlement of the month.

Class A Consumer Changes

- Ont. Reg. 429/04 states a number of potential situations where Class A Consumers can change during an Adjustment Period
  - Class A customer ceases operation
  - Class A customer moves either from being a Market Participant to a Distributor Customer or vice-versa
  - A Class A customer's load changes ownership in full or in part
  - A Class A customer elects to become a Class B customer due to "Extraordinary Circumstances" under provisions set out in the regulation. ↳ Strike, Fire, Natural Disaster
- Inform the IESO as soon as possible in order to recalculate the Peak Demand Factor

Embedded Generation Form Amended

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Embedded Generation Information

(Formerly Boxes 57 to 60 of Form 1598)

Market Participant Name:	
Market Participant ID:	Submitter:
Date Submitted:	Settlement Period:

Submit | Submission Window: 12/01/2010 - 12/06/2010

Actual Monthly Amount For: November 2010

Volume of electricity supplied by embedded generators to a licensed distributor	kWh	
Volume of electricity supplied by embedded generators to an embedded distributor	kWh	
Volume of electricity distributed to Class A consumers during the month	kWh	
Volume of electricity distributed to Class A consumers by an embedded distributor	kWh	

Monthly Forecast Amount For: December 2010

Volume of electricity to be supplied by embedded generators to a licensed distributor	kWh	
Volume of electricity to be supplied by embedded generators to an embedded distributor	kWh	
Volume of electricity to be distributed to Class A consumers during the month	kWh	
Volume of electricity to be distributed to Class A consumers by an embedded distributor	kWh	

Submit | Submission Window: 12/01/2010 - 12/06/2010

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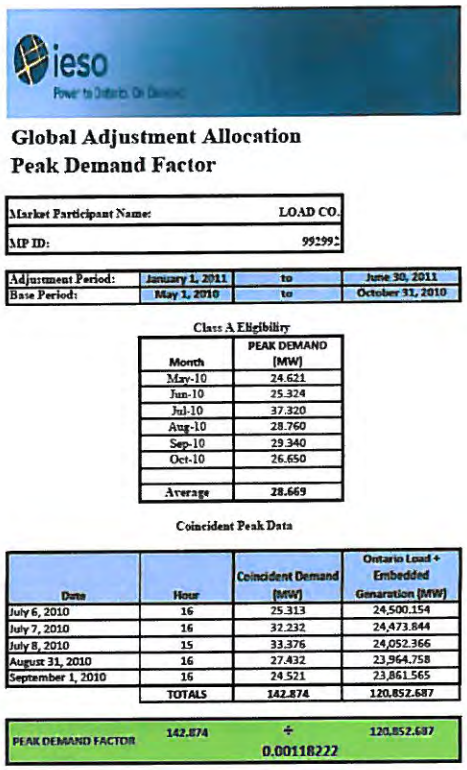
Peak Demand Factor

Peak Demand Factor =

$$\frac{\text{Sum of Coincident Demands}}{\text{Sum of Five System Peak Hourly Demands in Base Period}}$$



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Global Adjustment Allocation
Peak Demand Factor

Market Participant Name:	LOAD CO.
MP ID:	99299?

Adjustment Period:	January 1, 2011	to	June 30, 2011
Base Period:	May 1, 2010	to	October 31, 2010

Class A Eligibility

Month	PEAK DEMAND (MW)
May-10	24.621
Jun-10	25.324
Jul-10	37.320
Aug-10	28.760
Sep-10	29.340
Oct-10	26.650
Average	28.669

Coincident Peak Data

Date	Hour	Coincident Demand (MW)	Ontario Load + Embedded Generation (MW)
July 6, 2010	16	25.313	24,500.154
July 7, 2010	16	32.232	24,473.844
July 8, 2010	15	33.376	24,052.366
August 31, 2010	16	27.432	23,964.758
September 1, 2010	16	24.521	23,861.565
	TOTALS	142.874	120,852.687

PEAK DEMAND FACTOR	142.874	÷	120,852.687
		0.00118222	

Should have received a report from IESO ?

Form 1722
LDC Coincident Peak Data Submission

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LDC Coincident Peak Data Submission - 2010

LDC Name:			
Market Participant ID:		**Submitter:**	
Date Submitted:	Month Day Year	**Version Number:**	V1

Coincident Peak Data

Date	Hour	Embedded Generation (kW)	Class A Consumer Load (kw)
July 6, 2010	16		
July 7, 2010	16		
July 8, 2010	15		
August 31, 2010	16		
September 1, 2010	16		
		Please do not use commas.	Please do not use commas.

- Sent by Fax to settlement.support@ieso.ca

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→ First Settlement with new GA
→ Market manual updated (v. 5.5)

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Questions?

IESO Customer Relations:

customer.relations@ieso.ca

Tel: 1-888-448-7777 or 905-403-6900

Thank You