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**ONTARIO REGULATION 429/04**

made under the

**ELECTRICITY ACT, 1998**

Made: December 15, 2004
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**ADJUSTMENTS UNDER SECTION 25.33 OF THE ACT**

**Interpretation**

**1.**(1)  In this Regulation,

“embedded distributor” means a licensed distributor who is not a market participant and to whom a host distributor distributes electricity;

“embedded generator” means a generator who is not a market participant and whose generation facility is connected to a distribution system of a licensed distributor, but does not include a generator who consumes more electricity than it generates;

“host distributor” means a licensed distributor who is a market participant and who distributes electricity to another licensed distributor who is not a market participant;

“licensed distributor” means a distributor who is licensed under Part V of the *Ontario Energy Board Act, 1998*;

“metered market participant” means, in respect of a generation facility, a market participant designated as the metered market participant in accordance with Chapter 9 of the market rules;

“regulated consumer” means a consumer whose price or rate for electricity is determined by regulation or by the Board under subsection 78 (3.1), 79.4 (1) or 79.16 (1) of the *Ontario Energy Board Act, 1998*;

“Retail Settlement Code” means the Retail Settlement Code approved by the Board under the *Ontario Energy Board Act, 1998*;

“settlement amount” means an amount of money to be paid by or to a market participant, determined in accordance with Chapter 9 of the market rules.

(2)  In this Regulation, a reference to a volume of electricity distributed by a licensed distributor includes the volume for total losses, as defined in the Retail Settlement Code, that is attributed to the licensed distributor’s consumers or an embedded distributor.

(3)  Credits and additional charges required by this Regulation are in addition to any payments that may be required by the market rules or the Retail Settlement Code.

(4)  For the purpose of this Regulation, the IESO shall, for every day, determine a preliminary daily adjustment rate in accordance with subsection (5).

(5)  The preliminary daily adjustment rate for a day shall reflect the IESO’s estimate of the part of the global adjustment for the month to be determined under subsection 2 (2) that is attributable to that day.

(6)  Subsection (5) does not apply for a day before a date specified by the Minister.

(7)  The IESO shall publish the preliminary daily adjustment rate for a day not later than 10 business days after that day.

**Monthly adjustments by the IESO**

**2.**(1)  For the purposes of subsection 25.33 (1) of the Act, the IESO shall make adjustments to the settlement amounts on a monthly basis to reflect the portion of the global adjustment for the month to be allocated to each market participant.

(2)  The amount of the global adjustment for a month shall be calculated using the following formula:

(A – B) + (C – D) + (E – F) + G

where,

“A” is the total amount payable by the IESO under section 78.1 of the *Ontario Energy Board Act, 1998* to generators that are prescribed under that Act for the purposes of that section, or to the OPA on behalf of those generators, with respect to output for the preceding month from units at generation facilities that are prescribed under that Act for the purposes of that section,

“B” is the total amount that, but for section 78.1 of the *Ontario Energy Board Act, 1998*, would be payable by the IESO under the market rules to generators referred to in “A”, or to the OPA on behalf of those generators, with respect to the output referred to in “A”,

“C” is the amount payable by the IESO to the Financial Corporation under section 78.2 of the *Ontario Energy Board Act, 1998* for the preceding month, less amounts payable by licensed distributors with respect to output for the preceding month from generation facilities that are prescribed under that Act for the purposes of that section,

“D” is the amount that, but for section 78.2 of the *Ontario Energy Board Act, 1998*, would be payableby the IESO under the market rules for the preceding month with respect to output generated at, and ancillary services provided at, generation facilities that are prescribed under that Act for the purpose of that section and for which the Financial Corporation is the metered market participant,

“E” is the amount payable by the IESO to the OPA under section 78.3 of the *Ontario Energy Board Act, 1998* for the preceding month, less amounts payable by licensed distributors to the OPA for the preceding month in respect of procurement contracts referred to in that section,

“F” is the amount that, but for section 78.3 of the *Ontario Energy Board Act, 1998*, would be payable by the IESO to the OPA under the market rules for the preceding month with respect to output and ancillary services in respect of which the OPA has entered into procurement contracts referred to in that section and that aregenerated or provided at generation facilities for which the OPA is the metered market participant,

“G” is the amount payable by the IESO to the OPA under section 78.4 of the *Ontario Energy Board Act, 1998* for the preceding month.

(3)  Subject to subsection (4), the amount of the global adjustment for a month to be allocated to a market participant shall be determined using the following formula:



where,

“H” is the net volume of electricity withdrawn by the market participant from the IESO-controlled grid during the month plus, if the market participant is a licensed distributor, the sum of,

(a) the total volume of electricity supplied by embedded generators during the month to the market participant, adjusted for losses as required by the Retail Settlement Code, and

(b) the total volume of electricity supplied by embedded generators during the month to all embedded distributors for whom the market participant is the host distributor, adjusted for losses as required by the Retail Settlement Code,

“I” is the sum of all amounts of “H” for the month for every market participant,

“J” is the amount of the global adjustment for the month.

(4)  The volume of electricity supplied to Fort Frances Power Corporation Distribution Inc. by Abitibi-Consolidated Inc. shall be excluded from any calculation under subsection (3).

(5)  The amount of the global adjustment for a month that is allocated to a market participant who is not a regulated consumer shall be shown on the invoice issued by the IESO to the market participant for the month as a credit if the amount is negative or as an additional charge if the amount is positive.

(6)  A host distributor shall, for each embedded distributor in the host distributor’s service area and for each month, allocate to the embedded distributor a portion of the allocation determined under subsection (3) for the host distributor, using the following formula to determine the amount of the allocation to the embedded distributor:



where,

“K” is the net volume of electricity distributed to the embedded distributor by the host distributor during the month, plus the total volume of electricity supplied by embedded generators during the month to the embedded distributor, adjusted for losses as required by the Retail Settlement Code,

“L” is the sum of,

(a) the net volume of electricity withdrawn by the host distributor from the IESO-controlled grid during the month,

(b) the total volume of electricity supplied by embedded generators during the month to the host distributor, adjusted for losses as required by the Retail Settlement Code, and

(c) the total volume of electricity supplied by embedded generators during the month to any embedded distributor for whom the host distributor is the host distributor, adjusted for losses as required by the Retail Settlement Code,

“M” is the amount of the global adjustment for the month allocated to the host distributor.

(7)  A host distributor shall, for each embedded distributor in the host distributor’s service area and for each month, adjust the accounts between the host distributor and the embedded distributor by giving a credit for the amount of the allocation to the embedded distributor determined under subsection (6) if the amount is negative or by adding the amount of the allocation to the embedded distributor determined under subsection (6) as an additional charge if the amount is positive.

(8)  The IESO or the Board may establish protocols authorizing or requiring interim determinations of any amount referred to in this section and the subsequent adjustment of those interim determinations to reflect differences between interim and actual amounts.

**Adjustments by licensed distributors**

**3.**(1)  For the purposes of subsection 25.33 (2) of the Act, every licensed distributor shall make adjustments in accordance with the following rules:

1. For each consumer in the licensed distributor’s service area whose electricity use is measured by an interval meter and who is not a regulated consumer or a consumer who has a contract with a retailer who uses retailer-consolidated billing, the licensed distributor shall,

i. for each day of the consumer’s billing period, multiply the preliminary daily adjustment rate determined by the IESO for that day by the volumeof electricity that was distributed to the consumer by the licensed distributor on that day,

ii. total the amounts determined under subparagraph i for all the days in the consumer’s billing period, and

iii. adjust the invoice that the licensed distributor issues to the consumer for the billing period by giving a credit for the amount determined under subparagraph ii if the amount is negative or by adding the amount determined under subparagraph ii as an additional charge if the amount is positive.

2. For each consumer in the licensed distributor’s service area whose electricity use is not measured by an interval meter and who is not a regulated consumer or a consumer who has a contract with a retailer who uses retailer-consolidated billing, the licensed distributor shall,

i. determine a weighted average adjustment rate applicable to the consumer’s billing period, based on the preliminary daily adjustment rates determined by the IESO for the billing period and the hourly net system load shape determined in accordance with the Retail Settlement Code for the billing period,

ii. multiply the weighted average adjustment rate determined under subparagraph i by the volumeof electricity that was distributed to the consumer during the consumer’s billing period, and

iii. adjust the invoice that the licensed distributor issues to the consumer for the billing period by giving a credit for the amount determined under subparagraph ii if the amount is negative or by adding the amount determined under subparagraph ii as an additional charge if the amount is positive.

3. For each consumer in the licensed distributor’s service area whose electricity use is measured by an interval meter and who has a contract with a retailer who uses retailer-consolidated billing, the licensed distributor shall,

i. for each day of the consumer’s billing period, multiply the preliminary daily adjustment rate determined by the IESO for that day by the volumeof electricity that was distributed to the consumer by the licensed distributor on that day,

ii. total the amounts determined under subparagraph i for all the days in the consumer’s billing period, and

iii. adjust the accounts between the licensed distributor and the retailer with whom the consumer has a contract by giving a credit for the amount determined under subparagraph ii if the amount is negative or by adding the amount determined under subparagraph ii as an additional charge if the amount is positive.

4. For each consumer in the licensed distributor’s service area whose electricity use is not measured by an interval meter and who has a contract with a retailer who uses retailer-consolidated billing, the licensed distributor shall,

i. determine a weighted average adjustment rate applicable to the consumer’s billing period, based on the preliminary daily adjustment rates determined by the IESO for the billing period and the hourly net system load shape determined in accordance with the Retail Settlement Code for the billing period,

ii. multiply the weighted average adjustment rate determined under subparagraph i by the volumeof electricity that was distributed to the consumer during the consumer’s billing period, and

iii. adjust the accounts between the licensed distributor and the retailer with whom the consumer has a contract by giving a credit for the amount determined under subparagraph ii if the amount is negative or by adding the amount determined under subparagraph ii as an additional charge if the amount is positive.

(2)  If, under paragraph 3 or 4 of subsection (1), a licensed distributor adjusts the accounts between the licensed distributor and a retailer with respect to a consumer who is not a regulated consumer, the retailer shall adjust the invoice that the retailer issues to the consumer by,

(a) giving a credit in the same amount, if the licensed distributor gave a credit under paragraph 3 or 4 of subsection (1) with respect to the consumer; or

(b) adding an additional charge in the same amount, if the licensed distributor added an additional charge under paragraph 3 or 4 of subsection (1) with respect to the consumer.

(3)  If, under paragraph 1 or 2 of subsection (1) or under subsection (2), an invoice issued to a consumer is adjusted to give a credit or add an additional charge, the licensed distributor or retailer who issues the invoice to the consumer shall ensure that the invoice,

(a) clearly labels the credit or additional charge as “Provincial Benefit”;

(b) clearly indicates the amount of the credit or additional charge;

(c) clearly indicates the volume of electricity that was used to calculate the amount of the credit or additional charge; and

(d) clearly indicates the rate, in cents per kilowatt hour, that the volume referred to in clause (c) would have to be multiplied by to give the amount of the credit or additional charge.

(4)  If subsection (3) applies to an invoice to which section 10 of Ontario Regulation 275/04 (Information on Invoices to Low-Volume Consumers of Electricity) made under the *Ontario Energy Board Act, 1998* also applies, the licensed distributor who issues the invoice shall ensure that the glossary referred to in that section includes the following term and meaning, in the following language:

|  |  |
| --- | --- |
| Provincial Benefit | The price of generation in Ontario is set by a competitive market. Certain generators receive payments through regulation or contract that differ from the market price. Your portion of the net adjustment arising from these different payments is included on your bill.  |

(5)  Despite subsections (3) and (4), if a licensed distributor or retailer is, for technical or operational reasons, unable to adapt its invoices to conform to those subsections by the date this Regulation comes into force, it shall do so as soon as possible after that date but, in any event, no later than a date specified by the Minister.

**Information**

**4.**(1)  The Financial Corporation, the OPA and every licensed distributor who is a market participant shall give the IESO such information as the IESO may require for the purposes of this Regulation in the form specified by the IESO and before the expiry of the period specified by the IESO.

(2)  Every embedded distributor shall give its host distributor such information as the IESO may require from the host distributor for the purposes of this Regulation and shall do so before the expiry of the period specified by the host distributor.

(3)  Every retailer who uses retailer-consolidated billing shall give a licensed distributor such information as the IESO may require for the purposes of this Regulation and shall do so before the expiry of the period specified by the licensed distributor.

(4)  Upon request by the Board, the IESO, a licensed distributor, an embedded generator, a retailer, the Financial Corporation or the OPA shall give the Board such information relating to this Regulation as the Board may require, in the form and within the period specified by the Board.

**Reliance on certain information**

**5.**(1)  For the purposes of this Regulation, the IESO shall rely on the information provided to it by licensed distributors.

(2)  For the purposes of this Regulation, host distributors shall rely on the information provided to them by their embedded distributors.

(3)  For the purposes of this Regulation, licensed distributors shall rely on the information provided to them by retailers who use retailer-consolidated billing.

**Transition**

**6.**If a consumer’s billing period includes the day section 25.33 of the Act comes into force and a period preceding that day, a licensed distributor or a retailer who uses retailer-consolidated billing may, for the purpose of this Regulation, estimate the volume of electricity distributed to the consumer during the billing period that is to be allocated to the portion of the billing period that precedes that day and the volume of electricity distributed to the consumer during the billing period that is to be allocated to the portion of the billing period that is on or after that day.

**Commencement**

**7.  This Regulation comes into force on the later of the day section 37 of Schedule A to the *Electricity Restructuring Act, 2004* comes into force and the day this Regulation is filed.**

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