

March 2 Stakeholder Advisory Committee meeting Agenda Item #4

To: Stakeholder Advisory Committee
From: Mark Schembri
Date: March 2, 2011
Subject: **Sector sector's priorities for 2012-2014**

Global Adjustment Allocation for Class B consumers

Each member on the Stakeholder Advisory Committee has been asked to provide their Sector sector's priorities for 2012-2014.

These priorities are those the sector feels are of greatest importance to evolving the electricity market in Ontario, and are within the mandate and control of the IESO and SAC.

Global Adjustment:

The new Class A / Class B treatment is now in effect.

The issue is with Class B consumers. Each LDC has the option of choosing any one of three different GA estimates for billing purposes.

They can base the GA value on the "first estimate" of the Global Adjustment, or the "second estimate", or the "final" GA calculation. As an example, Toronto and Ottawa have elected to use the 'First Estimate' GA value of 2.884 cents/kWh for Jan. Enersource has elected to use the "2nd estimate" GA value of 3.774 cents/kWh. Other LDC's may choose the Final GA Calculation.

Why these are important;

1. This imposes inconsistent treatment of the GA allocation (especially for portfolio consumers in the Province). These consumers will experience varying total commodity charges, depending on the LDC. This imposes additional complexities for consumers with respect to budget setting and monthly cost and variance tracking.

2. We are left to assume that somehow, all of the GA charges will get reconciled. It would be nice to have the confirmation that such a proper reconciliation will in fact occur.

What they hope to achieve;

The government should extend the Class A treatment of GA allocation to all consumers > 500 kW.

At a minimum, they should apply a consistent GA allocation methodology to Class B consumers (all LDC's should use the second estimate).

How your sector would like the IESO to advance the priorities, and;

The IESO should request a change in the regulation.

How the Stakeholder Advisory Committee can assist in advancing.

Awareness of the issue amongst stakeholders