

Metering and Settlement Activities

Revenue Metering Standing Committee
October 28, 2010



Metering and Settlement Activities



- Number of initiatives driving Metering and Settlement activities. These include:
 - MR-00367 - Settlements - Maximum Adjustment Period (MAP)
 - Global Adjustment
 - AMPCO High 5 Proposal

Maximum Adjustment Period (MAP)



- Feb. 23, 2010
 - IESO introduced proposal to establish a Maximum Adjustment Period for settlement adjustments to IESO Technical Panel
 - Support for the proposal was received from Oct. 28, 09 Stakeholder Advisory Committee meeting (SAC)
 - High level presentation regarding MAP was delivered to RMSC on April. 2010
- May 11, 2010
 - Technical Panel meeting warrants consideration MR amendment for introduction of Maximum Adjustment Period
 - Simplification of the market and/or reduce participant or IESO costs
- July 6, 2010
 - TP informed that IESO is working through it's ability to apply a maximum adjustment period for charges imposed under government regulation

Maximum Adjustment Period (MAP)



- Aug. 9, 2010
 - IESO completed review and determined that the IESO is unable to apply a maximum adjustment period for charges imposed under government regulation (i.e. MR's cannot override statutes and regulation that govern Global Adjustment or other charges imposed under regulation)
- Impacts as a result of discovery
 - One of the benefits of the introduction of MAP was the reduction of risk to participants from prior period adjustments impacting current year financial results. Benefit to participants is reduced because regulation cannot be included under MAP.
 - Efficiency related to maintaining systems and meter data to calculate and verify long duration settlement are no longer valid. These will need to be maintained in order for charges assessed under regulation to be resettled for the entire period of time, further reducing benefit of MAP.
 - If MAP was to be implemented, some market charges would be subject to maximum adjustment period while others would not, complicating the calculation and verification and of long duration settlement adjustment for both the IESO and market participants
- IESO and TP agreed that this market rule amendment no longer warrants consideration

Global Adjustment

- Global adjustment is an existing cost recovery mechanism to enable contract or regulated electricity generation and system costs to be recovered from all Ontario consumers
- Draft regulation introduces significant changes to existing regulation. This includes:
 - Identification of two separate classes of electricity consumers
 - Class A consumer – average monthly peak demand > 5MW over specified periods and registered as market participant with IESO or customer of LDC
 - Class B consumer – all remaining consumers
 - All new consumers initially classified as Class B
 - Consumers evaluated each year to establish if they qualify as Class A or Class B

Global Adjustment

- Class A consumers will be charged GA based on percentage contribution to overall system demand during the five peak hours (occurring on different days) identified by the IESO. If participant contributed 1% of peak demand during reporting period, they will be allocated 1% of the total system-wide GA cost throughout the subsequent billing period.
- Class B consumers will be charged a GA rate calculated by dividing the remaining total global adjustment cost (less portion paid by Class A consumers) by the total volume of consumption from Class B consumers. Class B consumers will continue to be charged GA on a flat rate basis.
- LDC's will be required to provide to IESO the following information with regards to five peak hours:
 - Quantity of embedded generation
 - Volume of electricity distributed to LDC's Class A consumers
- IESO to publish total system demand during the peak hours

Global Adjustment

- Other changes include greater operational flexibility for LDC's to ensure GA rate applied to Class B consumers is as accurate as possible (use of estimated GA rate, subject to conditions); Name consistency on consumer bills – Provincial Benefit is now Global Adjustment
- Proposed regulation to come into effect January 1, 2011.

AMPCO High 5 Proposal

- Proposal submitted to OEB for a new and different Transmission Network rate design
- Current Ontario Transmission Network charge determinant for Provincial Transmission Service customers is based on energy consumed during the clock hour (hourly demand) and is defined as the higher of:
 - The customer's coincident peak demand at the time of the Ontario system peak demand; or
 - 85% of the customer's non-coincident peak demand between 7:00 AM and 7:00 PM on weekdays excluding holidays

AMPCO High 5 Proposal

- During the Hydro One Network Inc's transmission rate proceeding EB-2008-0272, the Association of Major Power Consumers in Ontario (AMPCO) made the High 5 Proposal as an alternative rate design:
 - A customer's monthly transmission demand charges for Network Services to be determined on the basis of the average of that customer's metered hourly coincident peak demand on the days of the 5 highest peaks in Ontario demand in the previous year
 - For a newly connected customer, the transmission network charge will be based on the customer submitted load forecast during the connection assessment and approval process
- IESO will be required to assess implementation requirements