

APRIL 2021

Industrial Conservation Initiative (ICI) Overview

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Agenda

- Initiative Overview and Settlement
- Class A Eligibility
- ICI Timelines
- Defining the Peaks
- Q&A



Initiative Overview and Settlement

Definitions

- **Global Adjustment (GA):** Covers the cost of building new electricity infrastructure in the province, maintaining/refurbishing existing resources, and delivering Ontario's conservation programs
- **Class B:** Customers that pay GA based on amount of electricity they consume in a month (kWh)
- **Class A:** Customers participating in the ICI who pay global adjustment based on their peak-demand factor (PDF)

Definitions (cont.)

- **Peak Demand Factor (PDF):** Class A customer's percentage contribution to the top five peak demand hours in Ontario (adjusted AQEW) during the applicable base period
- **Base period:** May 1-April 30; a customer's consumption during this time period is used to determine their ICI eligibility, and their contribution to the top five peak demand hours in Ontario (i.e. to calculate their PDF for the upcoming adjustment period)
- **Adjustment period:** July 1-June 30; the billing period during which a Class A customer pays GA based on their PDF

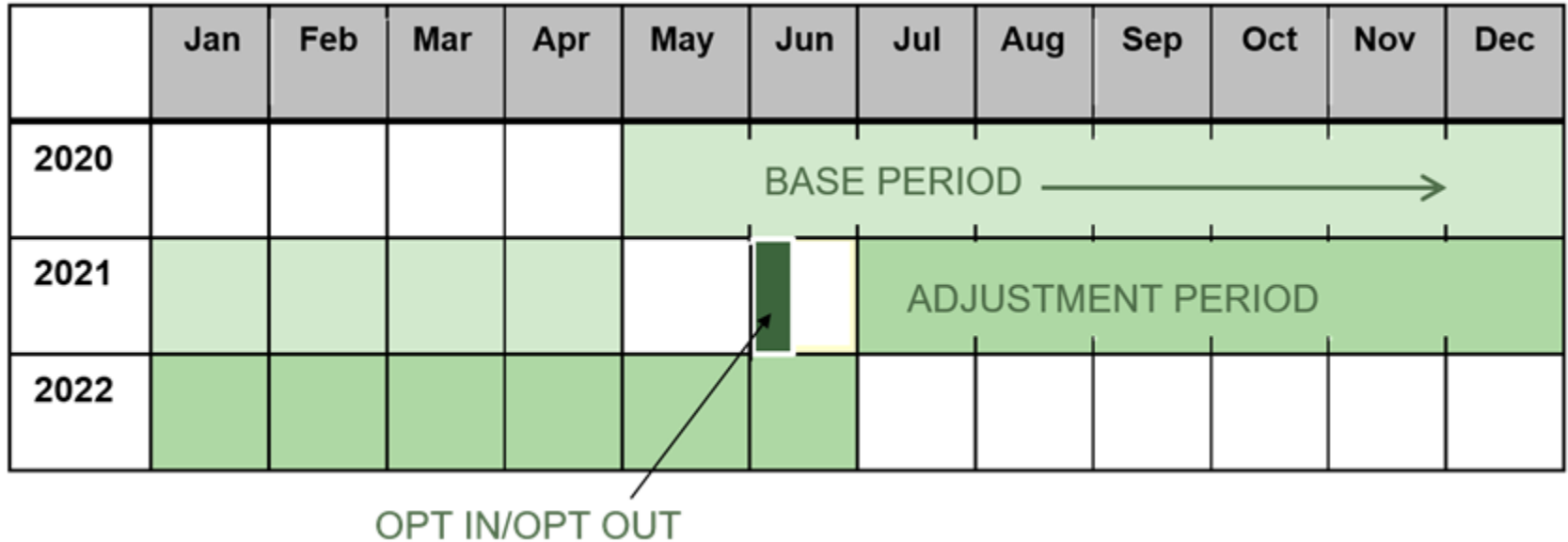
Overview

- ICI first launched in 2010 by Government of Ontario; Regulatory framework for Global Adjustment and ICI is set out in [Ontario Regulation 429/04](#) under *Electricity Act, 1998*
- Changes to rules and requirements of GA and/or ICI must be done by Minister of Energy, Northern Development and Mines through Cabinet-approved regulatory amendment
- [ICI Backgrounder and FAQs](#) available online

What is ICI?

- The ICI is a program that encourages eligible customers to reduce their consumption during the top five peak demand hours in Ontario during the applicable base period (May 1-April 30) in order to reduce their global adjustment charges during the following adjustment period (July 1-June 30).

ICI Calendar



Calculating a Class A Customer's Peak Demand Factor

Peak	Day	Hour	Customer's Consumption (MWh/h)	Peak System Consumption (MWh/h)*
1	July 5, 2019	HE 17	3.1	22,294.117
2	July 20, 2019	HE 17	4.4	22,103.422
3	July 29, 2019	HE 17	3.9	22,129.068
4	July 19, 2019	HE 12	4.1	22,367.840
5	July 4, 2019	HE 18	4.3	21,683.869
TOTAL			19.8 MW/h	110,578.320

$$\text{PDF} = 19.8/110,578.320 = 0.00017906$$

LDCs must use the Coincident Peak data from the IESO's website when calculating a customer's peak demand factor. The data for the current base period will be posted [here](#) on May 3rd.

ICI Peak Hiatus

- In June 2020 the Ontario Government implemented an ICI peak hiatus in order to allow existing ICI participants to focus on recovering from the impacts of the COVID-19 pandemic. In order to return to full levels of operation, existing Class A customers do not need to anticipate and reduce their electricity demand during the current base period (May 1, 2020 – April 30, 2021). As a result, existing Class A customer's peak demand factors, from the current adjustment period (July 1, 2020 – June 30, 2021), will be used to calculate their Class A global adjustment charges for the upcoming adjustment period (July 1, 2021 – June 30, 2022).
- The ICI peak hiatus will not affect new ICI participants since their eligibility and peak demand factors will need to be calculated based on their consumption during the current base period (May 1, 2020 – April 30, 2021).

ICI Peak Hiatus

LDCs will therefore need to submit the following data for the two applicable base periods via their 2021 submission form “Coincident Peak Data for Class A Consumer Consumption, Embedded Generation and Energy Storage”.

May 1, 2019 – April 30, 2020 Base Period:

- Coincident consumption (with losses) for **existing** Class A consumers minus eligible cogeneration injections
- Please note that the coincident embedded generation values and energy storage injection values are not required to be submitted for the May 1, 2019 – April 30, 2020 base period since they were already submitted during the prior year’s submission window.

May 1, 2020 – April 30, 2021 Base Period:

- Coincident generation values for embedded generation,
- Coincident consumption (with losses) for **new** ICI participants minus eligible cogeneration injections, and
- Coincident energy injection values for energy storage

For the upcoming adjustment period (July 1, 2021 – June 30, 2022), an LDC’s PDF will be equal to the sum of its **existing** Class A customers’ PDFs (those who choose not to opt out of the program) and its **new** Class A customers’ PDFs. For additional information related to the ICI peak hiatus, please refer to the Ministry’s [news release](#) and section 19.2 of [Ontario Regulation 429/04](#).

ICI Peak Hiatus – Coincident Peak Submission Form

Coincident Peak Data for Class A Consumer Consumption, Embedded Generation and Energy Storage

Organization Name

Organization ID

Date Submitted

Settlement Period May 1, 2020 - Apr 30, 2021

Submission Window Apr 1, 2021 - Apr 15, 2021

Submitter ID

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Coincident Peak

#	Date	Hour Ending (HE)	Embedded Generation (kWh)	Class A Consumer Consumption Minus Eligible Cogeneration Injections (kWh)	Energy Storage Injected (kWh)
1	Jul 5, 2019	17			
2	Jul 20, 2019	17			
3	Jul 29, 2019	17			
4	Jul 19, 2019	12			
5	Jul 4, 2019	18			
6	Jul 9, 2020	17			
7	Jul 7, 2020	17			
8	Jul 27, 2020	17			
9	Jul 10, 2020	14			
10	Jul 8, 2020	18			

LDCs Settle Class A Customers Based on their PDFs

- The IESO uses the final coincident peak data submitted by LDCs each year to calculate the aggregated peak demand factor
- LDCs with Class A customers will receive a Class A charge under charge type 147 on their monthly IESO invoice
- The invoiced amount represents the Ontario-wide total GA costs for the month multiplied by the LDC's peak demand factor, which is the aggregate of the LDC's Class A customers' peak demand factors
- **LDCs split this monthly amount amongst their Class A customers based on their respective peak demand factors**
- LDCs access invoices and settlement statements through the confidential IESO Reports site

How to Calculate GA for a Class A Customer

- Multiply the monthly Ontario-wide total GA costs by customer's PDF
- E.g., The Ontario-wide total GA costs for January 2021 were \$883.3M. Using the PDF in the earlier example:
$$\$883.3\text{M} \times 0.00017906 = \$158,163.70$$
 (customer's Class A GA charge for January 2021)
- Total GA can be found on [IESO's global adjustment webpage](#)

Class A Eligibility

Eligibility Criteria (full details: Ontario Regulation 429/04)

- Same Host Distributor: *see section 6.1 (2) of the regulation*
- Peak Demand Threshold: *see sections 6.1(3) and 6.1.1(3)*
- No Net Generation: *see section 6.1(4)*
- Facility Load Aggregation: *see sections 6.1(4) and 7.1(4)*
- Facility Information and Consent: *see section 6.1(5)*
- Continued Status: *see section 6.2(3)*

ICI Key Dates

ICI Key Dates

- **April 1 - April 15:** LDCs submit Class A load (minus eligible cogeneration injections), embedded generation and energy storage injection volumes through the Coincident Peak form through Online IESO
- **April 30:** Current base period ends
- **May 3:** The IESO will post the total system-wide consumption volumes for the top 5 peaks so that LDCs can begin calculating their customers' PDFs
- **May 21:** IESO provides LDCs with their PDFs

ICI Key Dates (cont.)

- **May 31:** Deadline for LDCs to provide eligible customers with their PDFs
- **June 1-15:** LDCs discuss opt-in/opt-out with eligible customers
- **June 15:** Deadline for eligible customers to opt in/out of the ICI
- **June 15 - June 30:** Deadline for LDCs to submit revised coincident peak data based on their customers' opt-in / opt-out decisions
- **July 1:** Adjustment period starts

Opt-in/Opt-out Deadline

- Qualifying customers in the 500 kW – 1 MW range and >1 MW and ≤5 MW range that wish to participate will need to **opt-in** to the ICI by June 15, 2021, unless the conditions in the subsection below are satisfied from Ontario Regulation 429/04 :

500 kW – 1 MW range: Section 6.1.1, subsection (1.2)

>1 MW and ≤5 MW range: Section 6.1.1, subsection (1.1)

- Consumers >5 MW are automatically enrolled and will need to **opt-out** of the ICI by June 15, 2021
- Consumers that opt-in will be billed as Class A starting July 1, 2021 (i.e., the beginning of the next adjustment period)

Peak Demand Factor Revisions

- If a Class A-eligible customer chooses not to participate in the ICI, the host LDC must resubmit the coincident peak form to the IESO to reflect the change during the second submission window (June 15 - June 30)
- If the LDC submission window is still open, the LDC can resubmit their data through [Online IESO](#). If the submission window has closed, the LDC must send a request, including explanation for missing submission window, to settlement.pdf@ieso.ca for the submission window to be re-opened. The IESO will then notify the LDC when the window is open for the revised data to be submitted
- The IESO will subsequently provide the LDC with its revised peak demand factor, which will be used for monthly settlements for the upcoming adjustment period



Defining the Peaks

Peak Determination

- The top five peak demand hours in a year are those occurring on different days in which the greatest number of MWh of electricity was withdrawn from the IESO-controlled grid by all market participants in Ontario
- The measurement for this is allocated quantity of energy withdrawn (AQEW)
- The IESO publishes tools and information to help identify top five peak demand hours of the current ICI base period here:
<https://www.ieso.ca/peaktracker>

Peak Determination (cont.)

- For the ICI only, the regulation requires that the following volumes be subtracted from the AQEW:

AQEW
(allocated quantity of energy withdrawn):
Value representing the actual quantity of electricity withdrawn from the grid

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Amounts withdrawn from the grid at Sir Adam Beck PGS

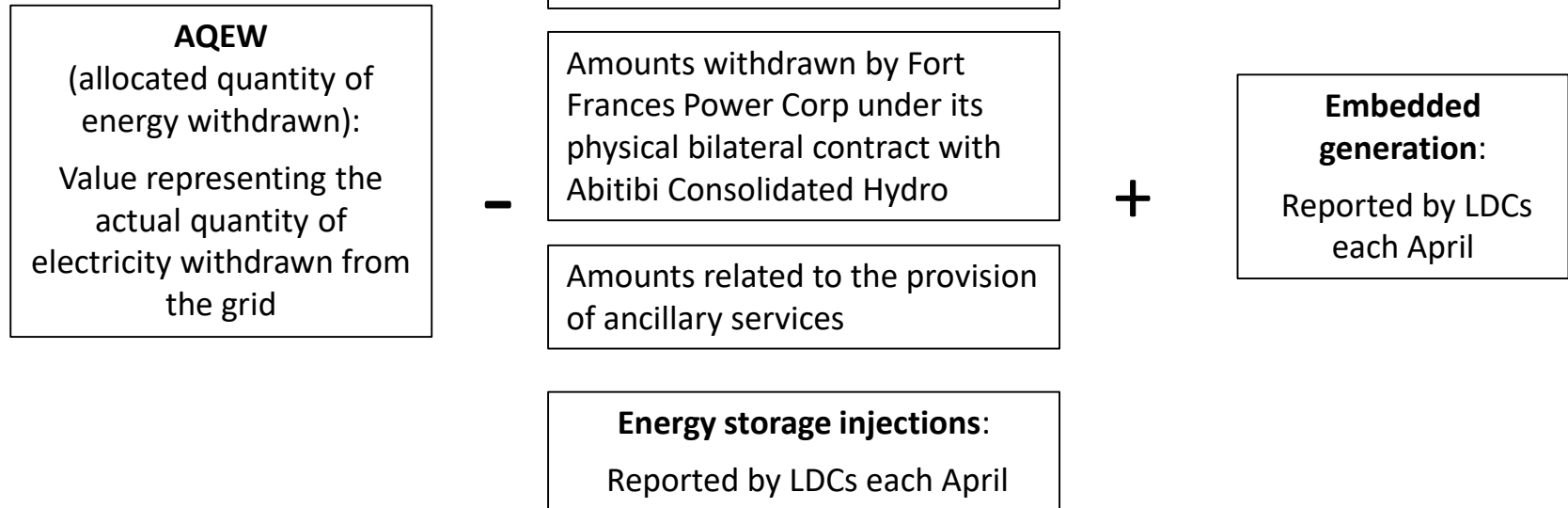
Amounts withdrawn by Fort Frances Power Corp under its physical bilateral contract with Abitibi Consolidated Hydro

Amounts related to the provision of ancillary services

PDF Values

- PDFs are calculated based on overall consumption, not simply the amount withdrawn from the IESO-controlled grid (i.e., AQEW)
 - This means generation consumed (i.e., embedded generation) and energy storage injections at the distribution level must also be included in the total values used to calculate PDFs

PDF Values (cont.)



Questions?

If you have any questions regarding this presentation, please contact settlement.pdf@ieso.ca

For all other inquiries, please contact IESO Customer Relations at customer.relations@ieso.ca