Amendments to O. Reg. #429/04, ADJUSTMENTS UNDER SECTION 25.33 OF THE ACT under the *Electricity Act*, 1998

1. **Amend Ontario Regulation 206/17 (Adjustments Under the Section 25.33 of the Act) made under the *Electricity Act*, 1998. The amendment is proposed to come into force on July 1, 2018.**

Current Regulation	Proposed Amendment	Rationale for Change
Interpretation and definitions 5. (1) In this Part, “adjustment period” means a 12-month period commencing July 1; “base period” means, in relation to an adjustment period, the 12-month period ending April 30 in the same calendar year in which the adjustment period commences; “Class B consumer” means a consumer in Ontario, (a) who is not a Class A consumer, (b) who is neither a market participant nor an embedded distributor, and (c) to whom electricity is distributed by a licensed distributor;		Provide a definition of energy storage for current and potential future amendments.

Current Regulation	Proposed Amendment	Rationale for Change
	"electricity storage facility" means, subject to subsection (1.1), a facility that is connected to, and withdraws electricity from, the IESO-controlled grid or the distribution system of a licensed distributor for the purpose of storing the electricity temporarily and then conveying only that electricity or a portion of that electricity back into the IESO-controlled grid or the distribution system;	
"financing entity" has the same meaning as in subsection 1 (1) of the Ontario Fair Hydro Plan Act, 2017; "NAICS" means the North American Industry Classification System maintained for Canada by Statistics Canada, as amended or revised from time to time; "one-hour period" means a one-hour period starting on the hour; "peak hours" means, in respect of a base period, the following five one-hour periods in the base period: 1. The one-hour period in the base period in which market participants withdrew		

Current Regulation	Proposed Amendment	Rationale for Change
the greatest total net volume of electricity from the IESO-controlled grid. 2. The one-hour period in the same base period in which market participants withdrew the greatest total net volume of electricity from the IESO-controlled grid if the base period excluded the day in which the one-hour period referred to in paragraph 1 occurred. 3. The one-hour period in the same base period in which market participants withdrew the greatest total net volume of electricity from the IESO-controlled grid if the base period excluded the days in which the one-hour periods referred to in paragraphs 1 and 2 occurred. 4. The one-hour period in the same base period in which market participants withdrew the greatest total net volume of electricity from the IESO-controlled grid if the base period excluded the days in which the one-hour periods referred to in paragraphs 1, 2 and 3 occurred. 5. The one-hour period in the same base period in which market participants withdrew the greatest total net volume		

Current Regulation	Proposed Amendment	Rationale for Change
of electricity from the IESO-controlled grid if the base period excluded the days in which the one-hour periods referred to in paragraphs 1, 2, 3 and 4 occurred. "specified consumer" has the same meaning as in subsection 1 (1) of the *Ontario Fair Hydro Plan Act, 2017.* O. Reg. 398/10, s. 6; O. Reg. 121/12, s. 4; O. Reg. 126/14, s. 1; O. Reg. 447/17, s. 1.		
5. (1) "specified consumer" has the same meaning as in subsection 1 (1) of the Ontario Fair Hydro Plan Act, 2017. O. Reg. 398/10, s. 6; O. Reg. 121/12, s. 4; O. Reg. 126/14, s. 1; O. Reg. 447/17, s. 1.	(1.1) For the purposes of the definition of "electricity storage facility" in subsection (1), a facility is not an electricity storage facility if it is connected behind the meter or is connected to any generator or load facility other than the distribution system of a licensed distributor.	Restrict the rebate of Global Adjustment to stand-alone energy storage facilities.

Current Regulation	Proposed Amendment	Rationale for Change
(2) In this Part, a reference to the net volume of electricity withdrawn from the IESO-controlled grid is a reference to the volume that would be determined in accordance with subsection 1 (4) without taking into consideration,		
Class B rate 10. (1) For the purposes of this Part, the IESO shall determine a Class B rate to the nearest cent for a month using the formula, (M – N) / (P – Q) in which, “M” is the amount of the global adjustment for the month, “N” is the sum of, (a) the amount of the global adjustment for the month allocated under paragraph 1 of subsection 11 (2), (b) the amount of the global adjustment for the month allocated under	**Class B rate** 10. (1) For the purposes of this Part, the IESO shall determine a Class B rate to the nearest cent for a month using the formula, (M – N) / (P – Q – U.1) in which, “M” is the amount of the global adjustment for the month, “N” is the sum of, (a) the amount of the global adjustment for the month allocated under paragraph 1 of subsection 11 (2), (b) the amount of the global adjustment for the month allocated under	The Independent Electricity System Operator allocates a portion of the overall Global Adjustment to Class A and B each month. This proposed amendment will reduce the amount of GA that Class B is allocated by the amount of energy injected into the grid by qualifying energy storage facilities. Currently, the end user of electricity exported from Class B energy storage facilities also pays GA on their consumption, amounting to a “double counting” of Global Adjustment. This proposed amendment would effectively resolve this issue.

Current Regulation	Proposed Amendment	Rationale for Change
subparagraph 2 i of subsection 11 (2) to licensed distributors who are market participants, and (c) the amount of the global adjustment for the month allocated to Class A market participants under paragraph 4 of subsection 15 (5) or under subsection 15 (8), "P" is the sum of, (a) the total net volume of electricity withdrawn from the IESO-controlled grid during the month by market participants, and (b) the total volume of electricity, adjusted for losses as required by the Retail Settlement Code, that was supplied by embedded generators to licensed distributors during the month, and "Q" is the sum of, (a) the total net volume of electricity withdrawn from the IESO-controlled grid during the month by persons or entities that are Class A market participants, and	subparagraph 2 i of subsection 11 (2) to licensed distributors who are market participants, and (c) the amount of the global adjustment for the month allocated to Class A market participants under paragraph 4 of subsection 15 (5) or under subsection 15 (8), "P" is the sum of, (a) the total net volume of electricity withdrawn from the IESO-controlled grid during the month by market participants, and (b) the total volume of electricity, adjusted for losses as required by the Retail Settlement Code, that was supplied by embedded generators to licensed distributors during the month, and "Q" is the sum of, (a) the total net volume of electricity withdrawn from the IESO-controlled grid during the month by persons or entities that are Class A market participants, and	

Current Regulation	Proposed Amendment	Rationale for Change
(b) the total volume of electricity distributed by licensed distributors to Class A consumers during the month.	(b) the total volume of electricity distributed by licensed distributors to Class A consumers during the month. "U.1" is the sum of (a) volume of electricity, if any, conveyed back into the IESO-controlled grid by market participants that are electricity storage facilities during the month. (b) Volume of electricity, if any, conveyed back into the IESO-controlled grid or distribution system by energy storage facilities to licensed distributor during the month	
Section 11 Adjustments by the IESO 11. (1) This section applies to adjustments to be made by the IESO under subsection 25.33 (1) of the Act. O. Reg. 398/10, s. 6. (2) Subject to subsection (3), the IESO shall allocate the global adjustment for a month in an adjustment period as follows: 1. With respect to persons and other entities that are Class A market participants at the beginning of the month, the IESO shall	Section 11 Adjustments by the IESO 11. (1) This section applies to adjustments to be made by the IESO under subsection 25.33 (1) of the Act. O. Reg. 398/10, s. 6. (2) Subject to subsection (3), the IESO shall allocate the global adjustment for a month in an adjustment period as follows: 1. With respect to persons and other entities that are Class A market participants at the beginning of the month, the IESO shall	These proposed amendments will extend the allocation of Global Adjustment on a net basis to Class B market participants

Current Regulation	Proposed Amendment	Rationale for Change
allocate as follows: i. To every person or other entity that is a Class A market participant throughout the month to whom subsection 8 (5) does not apply, the amount determined by multiplying the global adjustment for the month by the Class A market participant's peak demand factor determined under subsection (4) for the adjustment period. ii. To every person or other entity that is a Class A market participant at the beginning of the month but ceases to be a market participant before the end of the month, the amount that would otherwise be determined under subparagraph i multiplied by the ratio of the number of days in the month during which the person or entity was a market participant to the total number of days in the month. iii. To every person or other entity that is a Class A market participant at the beginning of the month and to whom subsection 8 (5) applies, the amount that would otherwise be determined under subparagraph i, using the Class A market participant's peak demand factor at the beginning of the month, multiplied by the	allocate as follows: i. To every person or other entity that is a Class A market participant throughout the month to whom subsection 8 (5) does not apply, the amount determined by multiplying the global adjustment for the month by the Class A market participant's peak demand factor determined under subsection (4) for the adjustment period. ii. To every person or other entity that is a Class A market participant at the beginning of the month but ceases to be a market participant before the end of the month, the amount that would otherwise be determined under subparagraph i multiplied by the ratio of the number of days in the month during which the person or entity was a market participant to the total number of days in the month. iii. To every person or other entity that is a Class A market participant at the beginning of the month and to whom subsection 8 (5) applies, the amount that would otherwise be determined under subparagraph i, using the Class A market participant's peak demand factor at the beginning of the month, multiplied by the	

Current Regulation	Proposed Amendment	Rationale for Change
ratio of the number of days in the month before the effective date specified by the Minister under subclause 8 (4) (e) (ii) to the total number of days in the month. (2). The IESO shall make the following allocations, as applicable, to a licensed distributor who is a market participant: i. The amount, if any, determined by multiplying the global adjustment for the month by the licensed distributor's peak demand factor determined under subsection (4) for the adjustment period. ii. The amount calculated using the formula, [(M – N) × (R + S – T- SU)] / (P – Q) in which, "M" has the same meaning as in subsection 10 (1), "N" has the same meaning as in subsection 10 (1), "P" has the same meaning as in subsection	ratio of the number of days in the month before the effective date specified by the Minister under subclause 8 (4) (e) (ii) to the total number of days in the month. (2). The IESO shall make the following allocations, as applicable, to a licensed distributor who is a market participant: i. The amount, if any, determined by multiplying the global adjustment for the month by the licensed distributor's peak demand factor determined under subsection (4) for the adjustment period. ii. The amount calculated using the formula, [(M – N) × (R + S – T- SU)] / (P – Q – U.1) in which, "M" has the same meaning as in subsection 10 (1), "N" has the same meaning as in subsection 10 (1), "P" has the same meaning as in subsection	

Current Regulation	Proposed Amendment	Rationale for Change
10 (1), "Q" has the same meaning as in subsection 10 (1), "R" is the net volume of electricity withdrawn during the month by the licensed distributor from the IESO-controlled grid, "S" is the total volume of electricity, adjusted for losses as required by the Retail Settlement Code, that was supplied by embedded generators during the month to the licensed distributor or to a wholly-embedded distributor of which the licensed distributor is the host distributor, and "T" is the total volume of electricity distributed to Class A consumers during the month by the licensed distributor or by a wholly-embedded distributor of which the licensed distributor is the host distributor	10 (1), "Q" has the same meaning as in subsection 10 (1), U.1 has the same meaning as in subsection 10 (1) "R" is the net volume of electricity withdrawn during the month by the licensed distributor from the IESO-controlled grid, "S" is the total volume of electricity, adjusted for losses as required by the Retail Settlement Code, that was supplied by embedded generators during the month to the licensed distributor or to a wholly-embedded distributor of which the licensed distributor is the host distributor, and "T" is the total volume of electricity distributed to Class A consumers during the month by the licensed distributor or by a wholly-embedded distributor of which the licensed distributor is the host distributor "SU" is the volume of electricity, if any, supplied by Class B electricity storage facility during the month to the licensed distributor or to a wholly-embedded distributor of which the	

Current Regulation	Proposed Amendment	Rationale for Change
	licensed distributor is the host distributor.	
(3) The IESO shall allocate for the month to each Class B market participant the amount calculated using the formula, [(M – N) × (U)] / (P – Q) in which, “M” has the same meaning as in subsection 10 (1), “N” has the same meaning as in subsection 10 (1), “P” has the same meaning as in subsection 10 (1), “Q” has the same meaning as in subsection 10 (1), “U” is the net volume of electricity withdrawn from the IESO-controlled grid during the month by the Class B market participant, and	(3) The IESO shall allocate for the month to each Class B market participant the amount calculated using the formula, [(M – N) × (U – SU.1)] / (P – Q – U.1) in which, “M” has the same meaning as in subsection 10 (1), “N” has the same meaning as in subsection 10 (1), “P” has the same meaning as in subsection 10 (1), “Q” has the same meaning as in subsection 10 (1), “U.1” has the same meaning as in subsection 10(1), “U” is the net volume of electricity withdrawn from the IESO-controlled grid during the month by the Class B market participant, and	

Current Regulation	Proposed Amendment	Rationale for Change
	"SU.1" is the volume of electricity, if any, conveyed back into the IESO-controlled grid by the Class B market participant that is an electricity storage facility during the month.	
The IESO shall not allocate any amount for a month to,	The IESO shall not allocate any amount for a month to,	
(a) Ontario Power Generation Inc. in respect of the net volume withdrawn from the IESO-controlled grid at the Sir Adam Beck Pump Generating Station;	(a) Ontario Power Generation Inc. in respect of the net volume withdrawn from the IESO-controlled grid at the Sir Adam Beck Pump Generating Station;	
(b) Fort Frances Power Corporation in respect of the net volume withdrawn by it during the month from the IESO-controlled grid under its physical bilateral contract with Abitibi-Consolidated Hydro Limited Partnership; or	(b) Fort Frances Power Corporation in respect of the net volume withdrawn by it during the month from the IESO-controlled grid under its physical bilateral contract with Abitibi-Consolidated Hydro Limited Partnership; or	
(c) a market participant in respect of the net volume withdrawn from the IESO-controlled grid in the course of providing ancillary services in accordance with the market rules. O. Reg. 398/10, s. 6.	(c) a market participant in respect of the net volume withdrawn from the IESO-controlled grid in the course of providing ancillary services in accordance with the market rules. O. Reg. 398/10, s. 6.	
(4) For the purposes of subparagraph 1 i of subsection (2), the peak demand factor of a Class A market participant for an adjustment period is the amount calculated to eight	(4) For the purposes of subparagraph 1 i of subsection (2), the peak demand factor of a Class A market participant for an adjustment period is the amount calculated to eight	

Current Regulation	Proposed Amendment	Rationale for Change
decimal places using the formula, V/W in which, "V" is the net volume of electricity withdrawn by the Class A market participant from the IESO-controlled grid during the peak hours in the applicable base period, and "W" is, subject to subsection (6), the sum of, (a) the total net volume of electricity withdrawn by market participants from the IESO-controlled grid during the peak hours in the applicable base period, and (b) the total volume of electricity, adjusted for losses as required by the Retail Settlement Code, that was supplied by embedded generators to licensed distributors during the peak hours in the applicable base period.	decimal places using the formula, V/W in which, "V" is the net volume of electricity withdrawn by the Class A market participant from the IESO-controlled grid during the peak hours in the applicable base period, and "W" is, subject to subsection (6), the sum of, (a) the total net volume of electricity withdrawn by market participants from the IESO-controlled grid during the peak hours in the applicable base period, and (b) the total volume of electricity, adjusted for losses as required by the Retail Settlement Code, that was supplied by embedded generators to licensed distributors during the peak hours in the applicable base period.	
Adjustments by licensed distributors re Class B consumers	**Adjustments by licensed distributors re Class B consumers**	These proposed amendments will extend the allocation of Global Adjustment on a net basis to Class B consumers.

Current Regulation	Proposed Amendment	Rationale for Change
16. (1) This section applies to adjustments to be made by licensed distributors under subsection 25.33 (2) of the Act with respect to Class B consumers. O. Reg. 398/10, s. 6. (1.1) In this section, "low-volume consumer" means a low-volume consumer as defined in section 56 of the Ontario Energy Board Act, 1998. O. Reg. 311/13, s. 2 (1). (2) In determining an adjustment under this section, a licensed distributor shall use, (a) the first estimate of the Class B rate for the month made by the IESO and published no later than the last business day of the previous month; (b) the second estimate of the Class B rate for the month made by the IESO and published no later than the last business day of the month; or (c) the Class B rate for the month as finally determined by the IESO. (3) If a licensed distributor chooses to use the estimate of a Class B rate described in clause	16. (1) This section applies to adjustments to be made by licensed distributors under subsection 25.33 (2) of the Act with respect to Class B consumers. O. Reg. 398/10, s. 6. (1.1) In this section, "low-volume consumer" means a low-volume consumer as defined in section 56 of the Ontario Energy Board Act, 1998. O. Reg. 311/13, s. 2 (1). (2) In determining an adjustment under this section, a licensed distributor shall use, (a) the first estimate of the Class B rate for the month made by the IESO and published no later than the last business day of the previous month; (b) the second estimate of the Class B rate for the month made by the IESO and published no later than the last business day of the month; or (c) the Class B rate for the month as finally determined by the IESO. (3) If a licensed distributor chooses to use the estimate of a Class B rate described in clause	

Current Regulation	Proposed Amendment	Rationale for Change
(2) (a) or (b) in determining the amount to be allocated for a month to the account of a Class B consumer, it must do the following: 1. Use the same Class B rate in respect of all Class B consumers who are included in the same consumer class in an order issued by the Board under subsection 78 (2) of the Ontario Energy Board Act, 1998. 2. Establish and maintain, in accordance with any protocols established by the Board, such variance accounts as may be necessary to record all differences arising by reason of using the estimate of the Class B rate instead of the actual Class B rate as finally determined by the IESO. O. Reg. 398/10, s. 6. (4) Every licensed distributor shall make adjustments with respect to its Class B consumers who are not low-volume consumers in accordance with the following rules: 1. For each Class B consumer whose electricity use is measured by an interval meter and who is neither a regulated consumer nor a consumer who has a contract	(2) (a) or (b) in determining the amount to be allocated for a month to the account of a Class B consumer, it must do the following: 1. Use the same Class B rate in respect of all Class B consumers who are included in the same consumer class in an order issued by the Board under subsection 78 (2) of the Ontario Energy Board Act, 1998. 2. Establish and maintain, in accordance with any protocols established by the Board, such variance accounts as may be necessary to record all differences arising by reason of using the estimate of the Class B rate instead of the actual Class B rate as finally determined by the IESO. O. Reg. 398/10, s. 6. (4) Every licensed distributor shall make adjustments with respect to its Class B consumers who are not low-volume consumers in accordance with the following rules: 1. For each Class B consumer whose electricity use is measured by an interval meter and who is neither a regulated consumer nor a consumer who has a contract	

Current Regulation	Proposed Amendment	Rationale for Change
with a retailer who uses retailer-consolidated billing, the licensed distributor shall, i. for each month in the Class B consumer's billing period, multiply the specified Class B rate for that month by the volume of electricity that was distributed to the Class B consumer by the licensed distributor in that month, ii. add the monthly amounts determined under subparagraph i for the billing period, and iii. adjust the invoice that the licensed distributor issues to the Class B 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 Class B consumer whose	with a retailer who uses retailer-consolidated billing, the licensed distributor shall, i. for each month in the Class B consumer's billing period, multiply the specified Class B rate for that month by the volume of electricity that was distributed to the Class B consumer by the licensed distributor in that month , after subtracting, in the case of a Class B consumer that is an electricity storage facility, the volume of electricity, if any, that was conveyed into the distribution system of the licensed distributor by the Class B consumer in that month ii. add the monthly amounts determined under subparagraph i for the billing period, and iii. adjust the invoice that the licensed distributor issues to the Class B 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 Class B consumer whose	

Current Regulation	Proposed Amendment	Rationale for Change
electricity use is not measured by an interval meter and who is neither a regulated consumer nor a consumer who has a contract with a retailer who uses retailer-consolidated billing, the licensed distributor shall, i. determine a weighted average rate applicable to the consumer's billing period, based on the specified Class B rate for each month in the billing period and the hourly net system load shape determined in accordance with the Retail Settlement Code for each month in the billing period, ii. multiply the weighted average rate determined under subparagraph i by the volume of electricity that was distributed to the Class B consumer during the billing period, and iii. adjust the invoice that the licensed distributor issues to the Class B consumer for the billing period by giving a credit for	electricity use is not measured by an interval meter and who is neither a regulated consumer nor a consumer who has a contract with a retailer who uses retailer-consolidated billing, the licensed distributor shall, i. determine a weighted average rate applicable to the consumer's billing period, based on the specified Class B rate for each month in the billing period and the hourly net system load shape determined in accordance with the Retail Settlement Code for each month in the billing period, ii. multiply the weighted average rate determined under subparagraph i by the volume of electricity that was distributed to the Class B consumer during the billing period, after subtracting, in the case of a Class B consumer that is an electricity storage facility, the volume of electricity, if any, that was conveyed into the distribution system of the licensed distributor by the Class B consumer in that month, and iii. adjust the invoice that the licensed distributor issues to the Class B consumer for the billing period by giving a credit for	

Current Regulation	Proposed Amendment	Rationale for Change
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 Class B consumer 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 month in the Class B consumer's billing period, multiply the specified Class B rate for that month by the volume of electricity that was distributed to the Class B consumer by the licensed distributor in that month, ii. add the monthly amounts determined under subparagraph i for the billing period, and iii. adjust the accounts between the	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 Class B consumer 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 month in the Class B consumer's billing period, multiply the specified Class B rate for that month by the volume of electricity that was distributed to the Class B consumer by the licensed distributor in that month, after subtracting, in the case of a Class B consumer that is an electricity storage facility, the volume of electricity, if any, that was conveyed into the distribution system of the licensed distributor by the Class B consumer in that month ii. add the monthly amounts determined under subparagraph i for the billing period, and iii. adjust the accounts between the	

Current Regulation	Proposed Amendment	Rationale for Change
licensed distributor and the retailer with whom the Class B 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 Class B consumer 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 rate applicable to the consumer's billing period, based on the specified Class B rate for each month in the billing period and the hourly net system load shape determined in accordance with the Retail Settlement Code for each month in the billing period, ii. multiply the weighted average rate determined under subparagraph i by the volume of electricity that was distributed to the Class B consumer during the billing period, and	licensed distributor and the retailer with whom the Class B 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 Class B consumer 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 rate applicable to the consumer's billing period, based on the specified Class B rate for each month in the billing period and the hourly net system load shape determined in accordance with the Retail Settlement Code for each month in the billing period, ii. multiply the weighted average rate determined under subparagraph i by the volume of electricity that was distributed to the Class B consumer during the billing period, after subtracting, in the case of a Class B consumer that is an electricity	

Current Regulation	Proposed Amendment	Rationale for Change
	storage facility, the volume of electricity, if any, that was conveyed into the distribution system of the licensed distributor by the Class B consumer in that month, and	
iii. adjust the accounts between the licensed distributor and the retailer with whom the Class B 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.	iii. adjust the accounts between the licensed distributor and the retailer with whom the Class B 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.	

Current Regulation	Proposed Amendment	Rationale for Change
Adjustments by host distributors re wholly-embedded distributors 12. (1) This section applies to adjustments to be made by host distributors under subsection 25.33 (2) of the Act with respect to wholly-embedded distributors. (2) Every host distributor shall allocate for a month to the account of a wholly-embedded distributor, in respect of the wholly-embedded distributor's Class A consumers, the amount calculated using the formula, Y × Z/AA in which, "Y" is the amount allocated to the host distributor for the month under subparagraph 2 i of subsection 11 (2), "Z" is the peak demand factor of the wholly-embedded distributor as determined under subsection (3) for the adjustment period, and "AA" is the peak demand factor of the host distributor as determined under subsection 11	**Adjustments by host distributors re wholly-embedded distributors** 12. (1) This section applies to adjustments to be made by host distributors under subsection 25.33 (2) of the Act with respect to wholly-embedded distributors. (2) Every host distributor shall allocate for a month to the account of a wholly-embedded distributor, in respect of the wholly-embedded distributor's Class A consumers, the amount calculated using the formula, Y × Z/AA in which, "Y" is the amount allocated to the host distributor for the month under subparagraph 2 i of subsection 11 (2), "Z" is the peak demand factor of the wholly-embedded distributor as determined under subsection (3) for the adjustment period, and "AA" is the peak demand factor of the host distributor as determined under subsection 11	This proposed amendment would reduce the amount of Global Adjustment allocated to embedded distributors by host distributors by the volume of electricity injected into the grid by energy storage facilities within the embedded distributor's territory.

Current Regulation	**Proposed Amendment**	**Rationale for Change**
(5) for the adjustment period. (3) The peak demand factor of a wholly-embedded distributor for an adjustment period is the amount calculated to eight decimal places using the formula, BB/W in which, “BB” is the total volume of electricity distributed by the wholly-embedded distributor during the peak hours in the applicable base period to consumers who are Class A consumers for the adjustment period, and “W” has the same meaning as in subsection 11 (4). (4) Every host distributor shall allocate for a month to the account of a wholly-embedded distributor, in respect of the wholly-embedded distributor’s Class B consumers, the amount calculated using the formula, R × [(CC+ DD) – EE]	(5) for the adjustment period. (3) The peak demand factor of a wholly-embedded distributor for an adjustment period is the amount calculated to eight decimal places using the formula, BB/W in which, “BB” is the total volume of electricity distributed by the wholly-embedded distributor during the peak hours in the applicable base period to consumers who are Class A consumers for the adjustment period, and “W” has the same meaning as in subsection 11 (4). (4) Every host distributor shall allocate for a month to the account of a wholly-embedded distributor, in respect of the wholly-embedded distributor’s Class B consumers, the amount calculated using the formula, R × [(CC+ DD) – EE - SU.2]	

Current Regulation	Proposed Amendment	Rationale for Change
in which, "R" is the actual Class B rate for the month as finally determined by the IESO, "CC" is the volume of electricity distributed by the host distributor to the wholly-embedded distributor during the month, "DD" is the total volume of electricity, adjusted for losses as required by the Retail Settlement Code, supplied by embedded generators during the month to the wholly-embedded distributor, and "EE" is the total volume of electricity distributed by the wholly-embedded distributor to Class A consumers during the month. (5) A host distributor shall do the following in respect of each wholly-embedded distributor for which it is the host distributor: 1. The host distributor shall provide written notice to the wholly-embedded distributor of	in which, "R" is the actual Class B rate for the month as finally determined by the IESO, "CC" is the volume of electricity distributed by the host distributor to the wholly-embedded distributor during the month, "DD" is the total volume of electricity, adjusted for losses as required by the Retail Settlement Code, supplied by embedded generators during the month to the wholly-embedded distributor, and "EE" is the total volume of electricity distributed by the wholly-embedded distributor to Class A consumers during the month. "SU.2" is the total volume of electricity supplied by Class B energy storage facilities during the month to the wholly-embedded distributor (5) A host distributor shall do the following in respect of each wholly-embedded distributor for which it is the host distributor: 1. The host distributor shall provide written notice to the wholly-embedded distributor of	

Current Regulation	Proposed Amendment	Rationale for Change
its peak demand factor, as calculated under subsection (3) for each adjustment period, as follows: i. If the adjustment period commences January 1, 2011, the notice must be given on or before November 30 , 2010. ii. If the adjustment period commences July 1 in 2011 or a later year, the notice must be given on or before May 31 of the same year. 2. The host distributor shall, for each month, adjust the accounts between the host distributor and the wholly-embedded distributor by giving a credit for the amount of each allocation to the wholly-embedded distributor determined for the month under this section that is negative or by adding as an additional charge the amount of each allocation to the wholly-embedded distributor that is positive.	its peak demand factor, as calculated under subsection (3) for each adjustment period, as follows: i. If the adjustment period commences January 1, 2011, the notice must be given on or before November 30 , 2010. ii. If the adjustment period commences July 1 in 2011 or a later year, the notice must be given on or before May 31 of the same year. 2. The host distributor shall, for each month, adjust the accounts between the host distributor and the wholly-embedded distributor by giving a credit for the amount of each allocation to the wholly-embedded distributor determined for the month under this section that is negative or by adding as an additional charge the amount of each allocation to the wholly-embedded distributor that is positive.	