- A is the amount paid to prescribed generators in respect of the output of their prescribed generation facilities;[6]
- B is the amount those generators would have received under the Market Rules;
- C is principally the amount paid to the OEFC with respect to its payments under contracts with the non-utility generators (NUGs);
- D is principally the amount that would have been received under the Market Rules for electricity and ancillary services supplied by those NUGs;
- E is the amount paid to the IESO with respect to its payments under certain contracts with renewable generators;[7]
- F the amount that would have been received under the Market Rules for electricity and ancillary services supplied by those renewable generators;
- G is (a) the amount paid by the IESO for its other procurement contracts for generation (both conventional and certain renewable) or for demand response or conservation and demand management ("CDM"), [8] and (b) the sum of any amounts approved by the OEB for conservation and demand management programs approved by the OEB that are payable by the IESO to;[9]and
- H is the interest paid to or earned by the IESO in relation to the RPP variance account.

The forecast per unit cost of the RPP supply is C_{RPP} divided by the total forecast energy demand of RPP consumers. RPP prices are based on that forecast per unit cost. For that per unit cost forecast, all the terms in Equation 1 must be forecast. The remainder of this chapter describes the methodology for forecasting these terms, the average per unit cost of RPP, and the methodology for setting the base RPP price.