As shown in Figure 2 of Chapter 1, the IESO carries a variance account representing the accumulated difference between the actual RPP supply cost and the revenues collected from RPP consumers. Consumers who do not leave the RPP will pay or receive the benefit of the accumulated variance over the next 12 months through the component of the RPP price that reflects past variances,[19] as described in Chapter 3 of this Manual. However, once consumers leave RPP supply,[20] they no longer pay RPP prices and therefore no longer pay or receive the benefit of their share of past cumulative variances. For that reason, these consumers will be responsible for a final RPP variance settlement when they leave RPP supply since the RPP price determination assumed that they would have remained on RPP for the full 12 months.

The final RPP variance settlement amount could be positive or negative. In other words, depending on the status of the variance account held by the IESO, the consumer could either receive a payment (i.e., credit) or be required to make a payment (i.e., debit).

The contents of this chapter are:

- Determination of Final RPP Variance Settlement Amount and Rate; and
- Final RPP Variance Settlement Amount Calculation.

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[19] RPP consumers are also responsible for paying any interest costs incurred by the IESO in relation to the variance account. A consumer leaving the RPP is also responsible for a share of these interest costs. Equation 2 takes into account that such costs are reported monthly to the OEB and are added to the variance that is reported to the OEB by the IESO each month.

[20] That is, move out of Ontario, switch to the spot market option or to a competitive retailer, or cease to be eligible for the RPP.