Equation 1 below shows the calculation of the RPP supply cost.

Equation 1

$$C_{RPP} = M + \alpha\ [(A - B) + (C - D) + (E - F) + G] + H, \text{ where}$$

- C_{RPP} is the RPP supply cost;
- M is the amount that the RPP supply would have cost under the Market Rules;
- α is the RPP proportion of the total global adjustment costs;[5]

[5] The expression in square brackets is the global adjustment. "G" in the expression in square brackets integrates two separate components of the global adjustment formula (G and H) as set out in O. Reg. 429/04 (Adjustments under Section 25.33 of the Act) made under the Electricity Act.

Prior to January 1, 2011, the global adjustment was allocated to RPP supply costs according to the share of total Ontario load represented by RPP consumers, denoted here as α.

O. Reg. 429/04 has been amended to revise how global adjustment costs are allocated to consumers. O. Reg. 429/04 defines two classes of consumers: Class A, comprised of consumers whose maximum hourly demand for electricity in a month is at least 5 MW, or at least 3 MW for customers in certain industries; and Class B consumers, comprised of all other consumers, including RPP consumers.

Therefore, as of January 1, 2011, α is defined as follows:

$$\alpha = (RPP_d / \text{Class } B_d) \times 1/(1-\beta)\ \text{, where}$$

β = the proportion of Global Adjustment costs attributed to Class A consumers;

RPP_d = the total load of RPP consumers;