Settlements > Guide to Wholesale Electricity Charges
http://www.ieso.ca/en/sector-participants/settlements/guide-to-wholesale-electricity-charges

Guide to Wholesale Electricity Charges

Market participants pay a combination of commodity charges (Hourly Ontario Energy Price and Global Adjustment), wholesale market service charges, wholesale transmission charges and other associated charges. Possible electricity charges that market participants may see on their bill are outlined below.

	Description
Commodity Charges	
HOEP	The HOEP is the hourly price that is charged to local distribution companies (LDCs) and other non-dispatchable loads. HOEP is also paid to self-scheduling generators. HOEP forms the basis of the commodity charges in the retail electricity market. Note: Dispatchable loads pay the 5-minute market clearing price (MCP).
Actual Global Adjustment Class B Rate	The global adjustment rate includes: • Payments based on the difference between HOEP and: • Regulated rates for Ontario Power Generation's nuclear and hydroelectric generating stations; • Payments for building or refurbishing infrastructure such as gas-fired and renewable facilities and other nuclear, as well as the contracted rates paid to a number of generators across the province; • Payments made to local distribution companies for conservation programs. Note: Class A customers who participate in Industrial Conservation Initiative pay global adjustment based on their contribution to the top five Ontario peaks over a 12-month period. Note 2: In order to achieve an average reduction of 25 per cent on eligible customers' bills under the Fair Hydro Plan, the OEB is required to reduce RPP rates, resulting in lower GA costs for affected customers.

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~~Rural and Remote Electricity Rate Protection~~	~~This charge helps to offset the higher cost of providing service to consumers in rural and remote areas.~~
~~Ontario Electricity Support Program Charge (OESP)~~	~~This charge pays for the costs of the program to provide eligible low-income customers with a monthly credit on their electricity bills.~~

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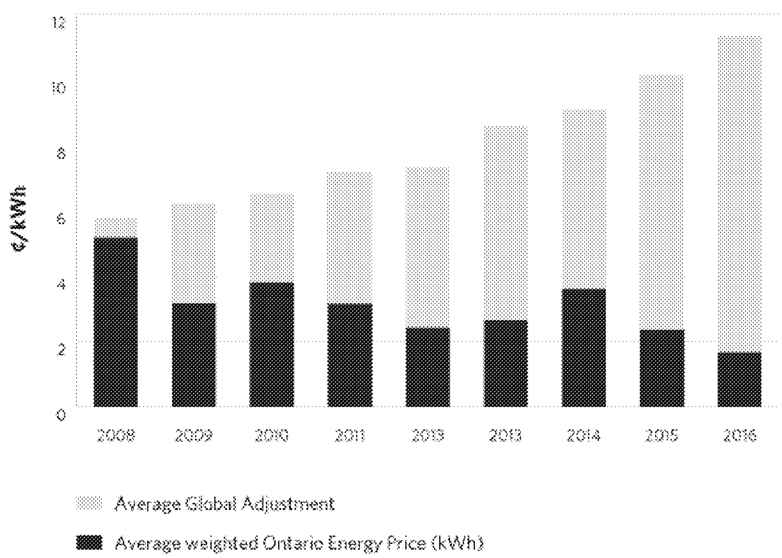
Price Overview > Global Adjustment:
http://www.ieso.ca/en/power-data/price-overview/global-adjustment

Global Adjustment (GA)

HOEP is only one part of the total commodity cost for electricity. The global adjustment (GA) is the component that covers the cost of building new electricity infrastructure in the province, maintaining existing resources, as well as providing conservation and demand management programs.
This graph represents the total commodity portion of electricity on your electricity bill. There is an inverse effect on the two columns--generally when HOEP is lower, GA is higher and vice versa.

Average HOEP plus Average GA



Source Data: Average HOEP plus Average GA

All customers in Ontario pay GA – how they are billed is determined by the type of consumer they are. Consumers that participate in the Industrial Conservation Initiative (ICI), referred to as Class A customers, pay based on an annual determination of their coincident peak demand which in turn specifies their share of GA costs. All other consumers in Ontario pay a share of GA through the Class B GA rate as seen below.

Class B

Wholesale metered Retail contract	Charged 1st estimate, 2nd estimate or actual GA rate based on consumption (determined by LDC or your retail contract) Note: Under the Fair Hydro Plan, the OEB has lowered these rates, resulting in lower GA costs for this group of customers.
Small business and residential	

Time-of-use prices Tiered prices	GA rate included in these prices (determined by the Ontario Energy Board) Note: Under the Fair Hydro Plan, the OEB has lowered these rates, resulting in lower GA costs for this group of customers.

Class A

Consumers that participate in the ICI	An annual determination of their coincident peak demand specifies their share of GA costs

Learn > Electricity Pricing >For Residents and Small Businesses http://www.ieso.ca/en/learn/electricity-pricing/for-residents-and-small-businesses

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How TOU rates are set

The Ontario Energy Board (OEB) reviews and sets TOU rates every six months. New rates take effect each May 1 (summer period) and November 1 (winter period). These regulated rates are based on projections of consumption – that is how much electricity consumers will use – combined with the estimated cost of electricity over that time period. If the projection for the previous period was too high or low, it will be accounted for in the rates for next period. TOU rates also incorporate the global adjustment charge.

Read more about global adjustment.

Tiered pricing

Residential and small business customers without a smart meter pay a set rate for electricity up to certain level of consumption. The rate increases for all additional electricity used when consumption by these customers exceeds that threshold. The tiers are different for home and business consumers.

The OEB determines the new tiered rates every six months at the same time as it sets the TOU rates. The global adjustment is incorporated into tiered pricing.
See OEB website: Electricity Rates for tiered prices for the current period.

Under the Fair Hydro Plan, the OEB is required to set rates that will lower electricity bills by an average of 25 per cent for residential and small business customers as well as farms.

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Retail contracts

Electricity consumers can choose to buy their electricity from a retailer. If a consumer signs a retail contract, they elect to pay a fixed rate that is independent of TOU and tiered pricing. These customers will also pay the global adjustment in addition to the rate of their retail contract.
See OEB website: Energy Contracts for more information about retail contracts.

Learn > Electricity Pricing >What is Global Adjustment?
http://www.ieso.ca/en/learn/electricity-pricing/what-is-global-adjustment

What is Global Adjustment?

Global adjustment covers the cost of building new electricity infrastructure in the province, as well as delivering Ontario's conservation programs – ensuring that enough electricity supply will be available over the long term.

The global adjustment is set monthly to reflect:

- The differences between the wholesale market price for electricity, known as Hourly Ontario Energy Price (HOEP) and:
- Regulated rates for Ontario Power Generation's nuclear and hydroelectric generating stations
- Payments for building or refurbishing infrastructure such as gas-fired and renewable facilities and other nuclear, as well as the contracted rates paid to a number of generators across the province
- The cost of delivering conservation programs

Responding to changes in the HOEP, the global adjustment varies from month to month – generally, when the HOEP is lower, the global adjustment is higher in order to cover the costs of regulated and contracted generation.

Under the Fair Hydro Plan, the OEB is required to set rates that will lower electricity bills by an average of 25 per cent for residential and small business customers as well as farms, resulting in lowered GA costs for this group of customers.

For more information and frequently asked questions, see Understanding Global Adjustment.

How is global adjustment charged to electricity consumers?

All Ontario electricity customers pay for global adjustment.

Global adjustment is incorporated into time-of-use and tiered rates and will not be seen as a line item on the electricity bills of small customers of distributors (also known as local distribution companies or utilities).

For mid-sized and large businesses, as well as residential and business consumers on retail contracts, the global adjustment will appear as a separate line on their electricity bill.

Large consumers pay the global adjustment in two ways, either as a Class A or Class B customer:

- Customers with a peak demand of 50 kilowatts (kW) and up to and including 5 MW will typically pay the global adjustment through their regular billing cycle with their local distribution company – these customers are referred to as Class B. See Global Adjustment for Mid-sized and Large Businesses.
- Many customers with an average peak demand of above 5 megawatts (MW) have the opportunity pay global adjustment based on how much their peak demand use contributes to provincial peak demand – these customers are referred to as Class A under the Industrial Conservation Initiative. See Global Adjustment Class A Eligibility for more information.
- As of January 1, 2017, Class B customers with an average peak demand of above 1 MW and up to and including 5 MW can opt to be charged as a Class A customer under the Industrial Conservation Initiative. Learn more at Global Adjustment Class A Eligibility.
- In April 2017, the ICI threshold was further reduced from 1 MW to 500 kW to make Ontario consumers/market participants in targeted manufacturing and industrial sectors, including greenhouses, (i.e., with NAICS codes commencing with the digits "31", "32", "33" or "1114") with an average monthly peak demand of greater than 500 kW and less than 1 MW eligible to opt-in to the ICI. See Ontario Regulation 429/04.
- Under the Fair Hydro Act, the OEB is required to set lower rates for residential, small businesses and farms, to achieve average bill reductions of 25 per cent. As a result, these customers pay lower GA costs.