OEFC NUG Adjustment (Charge Types 143 and 193)

The Ontario Electricity Financial Corporation (OEFC) pays contracted rates to non-utility generators (NUGS) for their generation output. However, the IESO pays the OEFC at wholesale market prices for all NUG output delivered to the IESO-controlled grid. On a monthly basis, the OEFC submits a claim with the IESO for the difference between amounts owed to NUGS as per contract agreements and the monies received from the IESO and other distributors (embedded NUGS) for the generation. This amount is paid (or charged, if necessary) to the OEFC through charge type 143. In turn, this payment is balanced by charge type 193, which is recovered through the Global Adjustment (GA).

Please refer to the following links for more information:

1. Electricity Restructuring Act, 2004, S.O. 2004, c. 23 – (Bill 100) section 78.2: https://www.ontario.ca/laws/statute/S04023
2. Ontario Energy Board Act, 1998, section 78.2 https://www.ontario.ca/laws/statute/98o15#BK107
3. Ontario Regulation 429/04 https://www.ontario.ca/laws/regulation/040429

Regulated OPG Nuclear and Hydroelectric Generation Adjustment (Charge Types 144/145 and 194/195)

Under the Electricity Restructuring Act, 2004 and subsequent regulations, a number of OPG's nuclear and baseload hydroelectric assets receive regulated rates for their generation output. A list of prescribed OPG facilities can be found in Ontario Regulation 53/05. The regulated rates are determined by the Ontario Energy Board (OEB).

The IESO initially compensates OPG at wholesale market prices for the generation output associated with its regulated facilities. Adjustments are then made to reflect the difference between the amount OPG received at market prices and the amount calculated at regulated prices. The settlement of the hydroelectric generation assets includes an adjustment based on the average market prices for the month. Charge type 144 is used to adjust payments to OPG with respect to the regulated nuclear generating stations, and charge type 145 is used to adjust payments to OPG with respect to the regulated hydroelectric generating stations. Amounts calculated under charge types 144 and 145 are balanced by charge types 194 and 195 respectively. Charge types 194 and 195 are recovered through the GA.

Please refer to the following links for more information:

1. Electricity Restructuring Act, 2004, S.O. 2004, c. 23 – (Bill 100) section 78.1: https://www.ontario.ca/laws/statute/S04023

2. Ontario Energy Board Act, 1998, section 78.1
   https://www.ontario.ca/laws/statute/98o15#BK107
3. Ontario Regulation 429/04
   https://www.ontario.ca/laws/regulation/040429
4. OEB Decision and Orders – OPG Payment Amounts for Prescribed Generation Facilities
   http://www.ontarioenergyboard.ca/OEB/Industry/Regulatory+Proceedings/Policy+Initiatives+and+Consultations/OPG+-+Payment+Amounts
5. Ontario Regulation 53/05
   https://www.ontario.ca/laws/regulation/050053

OPA Procurement Contracts

Clean Generation (Charge Types 1400 and 1450)

The IESO has entered into procurement contracts with certain suppliers for clean energy supply. Suppliers are initially paid based on the wholesale market price. Near the end of the month, the IESO will settle the difference between what suppliers should receive based on their respective contracts and what they have already received based on the wholesale market price. This difference is paid through charge type 1400. The corresponding setoff, charge type 1450 is recovered through the GA.

Please refer to the following links for more information:

1. Electricity Act, 1998 part II.2
   https://www.ontario.ca/laws/statute/98e15#BK39
2. Ontario Regulation 429/04
   https://www.ontario.ca/laws/regulation/040429

DR2 (Charge Types 1330-1336 and 1380-1386) - The DR2 program is no longer active. It was last settled in February 2015. Described below for completeness

The IESO implemented a contractual load shifting program for participants who are capable of shifting a load of between 5.0 MW and 125.0 MW from the on-peak period to the off-peak period. DR2 participants were obliged under their contracts with the IESO to load shift according to their DR2 schedule. Each DR2 Schedule specified the quantity of MW that you were contracted to load shift, the on-peak contract period and the term of the schedule (one, three or five years). The DR2 program was settled under charge types 1330-1336. The balancing charge types 1380-1386 were recovered through GA.

DR3 (Charge Types 1340-1348 and 1390-1398) The DR3 program is no longer active. It was last settled in May 2015. Described below for completeness

The IESO implemented a contractual load reduction program for market participants, LDC-connected participants and aggregators who are capable of providing a net electricity load reduction of at least 5 MW and, for aggregators, 25 MW. Participants made a commitment to reduce load during periods of peak demand when program triggers were met. The DR3 program was settled under charge types 1340-1348. The balancing charge types 1390-1398 were recovered through GA.

CDM (Charge Types 1416 and 1466)

Under section 78.5 of the Ontario Energy Board Act, 1998, the IESO is required to make payments to a distributor (or LDC) for amounts approved by the OEB relating to conservation and demand management (CDM). Specifically, these payments relate to the recovery of costs for Board-approved CDM initiatives that are undertaken by LDCs to meet the CDM targets set out in their licenses, and to associated performance incentives. The IESO will make these payments, as directed by the OEB, through charge type 1416. The balancing charge type 1466 is recovered through the GA.

Please refer to the following links for more information:

1. Ontario Energy Board Act, 1998 section 78.5
   https://www.ontario.ca/laws/statute/98o15
3. Ontario Regulation 429/04
   https://www.ontario.ca/laws/regulation/040429

RESOP (Charge Types 1410 and 1460) Detail provided as no longer available due to replacement by Feed-in Tariff Program

Renewable Energy Standard Offer Program (RESOP) is a program developed for small generators that use renewable resources outlined in the Renewable Energy Supply II RFP such as wind, hydro, solar, and biomass technologies. These generators connect to electricity distribution systems at distribution voltages (50kV or less). The program offers a standard rate for generators that meet the eligibility criteria. Contracts relating to RESOP are typically 20 years and generators (other than solar facilities) are paid 11.13 cents per kilowatt hour for the first year. If generators can demonstrate generation control, they are eligible for an additional 3.52 cents per kilowatt hour during on-peak hours. For solar photovoltaic projects, a price of 42 cents per kWh was established to conduct price discovery on this technology.

Generators are paid directly for every kilowatt hour they produce as per contract terms. Distributors must calculate the difference between the contract payments to the supplier and the amount calculated at wholesale market prices for the same volume of electricity. This amount is then submitted to IESO and settled under charge type 1410. The balancing charge type 1460 is recovered through GA.

As of October 1, 2009, RESOP was replaced by the Feed-in Tariff (FIT) program under the Green Energy Act, 2009. No new applications are being accepted.

FIT (Charge Types 1412 and 1462)

The IESO has entered into procurement contracts under the Feed-in Tariff (FIT) Program with certain suppliers to encourage renewable generation. The FIT Program supports renewable energy generating alternatives including wind, hydro, solar, biomass, biogas and landfill gas. For suppliers that are directly connected to the IESO-controlled grid, the IESO will settle these contracts directly. For suppliers embedded within a distribution system, the distributors will settle these contracts with the embedded generators.

Distributors are required to calculate the difference between the contract payments and the amount calculated at wholesale market prices for the same amount of electricity. The adjustment can be either positive or negative, charged or paid to the distributors who will settle the contracts with the individual suppliers. The difference is submitted to the IESO and settled under charge type 1412. The balancing charge type 1462 is recovered through GA.

Please refer to the following link for more information:

1. Feed-in Tariff Program
   http://fit.powerauthority.on.ca/what-feed-tariff-program

HCI (Charge Types 1414 and 1464)

The IESO has entered into procurement contracts under the Hydroelectric Contract Initiative (HCI) with qualified existing hydroelectric generation facilities to increase Ontario's supply of clean, renewable generation. The HCI supports new contracts for hydroelectric facilities that are connected to the IESO-controlled grid but not owned by OPG. For facilities that are directly connected to the IESO-controlled grid, the IESO will settle these contracts directly. For facilities embedded within a distribution system, the distributors will settle these contracts with the participating embedded generators.

Distributors are required to calculate the difference between the contract payments to the supplier and the amount calculated at wholesale market prices for the same amount of electricity. This difference is submitted to the IESO and settled under charge type 1414. The balancing charge type 1462 is recovered through GA.

Please refer to the following link for more information:

1. Hydroelectric Contract Initiative Program
   http://www.powerauthority.on.ca/hci

Biomass NUG and Energy from Waste (EFW) Contracts (Charge Types 1418-1419 and 1468-1469)

The IESO has entered into individual procurement contracts for renewable generation supplied by biomass non-utility generation (NUG) and energy from waste (EFW) suppliers. Each contract will be settled directly by the respective local distribution company (LDC). The LDC will submit the difference between the contracted price and the wholesale market price to the IESO on a monthly basis. The difference is submitted to the IESO and settled under charge type 1418 (biomass NUG) and charge type 1419 (energy from waste). The respective balancing charge types 1468 and 1469 are recovered though the GA.

Capacity Agreement (Charge Types 1421 and 1471)

This is a payment to Ontario related to a energy contracted entered into between Ontario and Quebec.

Please refer to the following links for more information:

1. Electricity Act, 1998 part II.2
   https://www.ontario.ca/laws/statute/98e15#BK39
2. Ontario Regulation 429/04
   https://www.ontario.ca/laws/regulation/040429