RPP Variance Process

Under the Regulated Price Plan (RPP), eligible low-volume and designated consumers in Ontario pay the commodity cost of energy based on rates set by the Ontario Energy Board (OEB). Eligibility rules are defined in O. Reg. 95/05: CLASSES OF CONSUMERS AND DETERMINATION OF RATES. The RPP program started on April 1, 2005.

LDCs charge their RPP-eligible customers for the commodity cost of energy based on the RPP rates set by the OEB. The OEB regularly sets RPP rates for two different RPP pricing structures:

a. Tiered-pricing (i.e. customers using conventional meters)
b. Time-of-use pricing (i.e. customers using smart meters)

A component of RPP prices corrects for past variances between the RPP supply cost and the amount collected from the RPP customers. As such, when a customer leaves the RPP, the LDC also needs to calculate a "final variance settlement amount" (FVSA). The FVSA is a credit or charge to the customer to reflect their fair share of accumulated historical variance. **NOTE:** The OEB suspended the FVSA effective July 1, 2017.

Steps to settle the RPP:

1. Each month, LDCs must calculate the difference (imbalance) between:
   i. the wholesale (commodity) cost of power attributed to their RPP customers; and
   ii. the payments received from regulated customers subject to the RPP

   The difference could be a surplus or a shortfall, depending on market prices for that month.

   In the past, LDCs would also need to calculate the FVSA for customers who had left the RPP.

2. Each month, LDCs must submit claims to the IESO, noting the surplus or shortfall they have accumulated in respect of their RPP customers for that month. The claims reflect the amount they are paying to, or, requesting from the IESO to settle the imbalance. The claims are made using the following four forms on the IESO Portal:
   i. Regulated Price Plan vs. Market Price – Variance for Conventional Meters
   ii. Regulated Price Plan vs. Market Price – Variance for Smart Meters
   iii. Retailer Payments for Contract Price vs. HOEP for Regulated Consumers with a Retail Contract

iv. Regulated Price Plan – Final Variance Settlement Amount (**Note:** No longer in use)

3. The IESO pays or charges LDCs for their RPP monthly claims. RPP Claims are settled under the following 3 charge types (CT):

    i. CT 142: Regulated Price Plan Settlement Amount (**NOTE:** Used prior to the implementation of the Ontario Fair Hydro Plan)
    ii. CT 149: Regulated Price Plan Retailer Settlement Amount
    iii. CT 1142: CT Ontario Fair Hydro Plan Eligible RPP Consumer Discount Settlement Amount (**NOTE:** Used to settle RPP after the implementation of the Ontario Fair Hydro Plan)

4. Settling the LDC RPP claims leaves the IESO with a net variance each month. As such, the IESO balances the settlement of the LDC RPP claims using the following 3 complementary charge types :

    i. CT 192: Regulated Price Plan Balancing Amount (**NOTE:** Used prior to the implementation of the Ontario Fair Hydro Plan)
    ii. CT 199: Regulated Price Plan Retailer Balancing Amount
    iii. CT 1192: CT Ontario Fair Hydro Plan Eligible RPP Consumer Discount Balancing Amount (**NOTE:** Used to settle RPP after the implementation of the Ontario Fair Hydro Plan)

    Prior to the merger of the IESO and the former Ontario Power Authority (OPA) in 2015, the IESO would credit or charge the OPA each month for the net variance accumulated under CT 149 and 199 that month. These amounts would appear on the OPA's invoice from the IESO.

    Since the merger, the monthly RPP variances are held by the IESO.