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**Compliance Office**

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Information Bulletin 200509

To: All Licensed Electricity Distributors and Licensed Electricity Retailers

Re: Billing and Accounting for the Global Adjustment/Provincial Benefit for Consumers that are not on the Regulated Price Plan ("RPP")

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**This Bulletin contains important information regarding the manner in which licensed electricity distributors are to bill and account for the Global Adjustment/Provincial Benefit and in which licensed electricity retailers that use retailer-consolidated billing are to bill for the Global Adjustment/Provincial Benefit. This Bulletin applies only to consumers that are not on the RPP. For consumers that are on the RPP, an estimate of the Global Adjustment is included in the RPP price and is not invoiced separately.**

The *Adjustments Under Section 25.33 of the Act Regulation*, O. Reg. 429/04, (the "*Regulation*") made under the *Electricity Act, 1998* prescribes how distributors are to adjust invoices issued to consumers that are not on the regulated price plan ("GA-invoiced consumers") or to adjust accounts with retailers who use retailer-consolidated billing ("RCB") in relation to GA-invoiced consumers. These adjustments relate to the Global Adjustment ("GA"), which largely reflects the difference between wholesale market prices and amounts paid to certain generators whose prices are determined by regulation or contract.

Under the *Regulation*, the Independent Electricity System Operator ("IESO") is required to adjust its own settlement amounts (issued to market participants, including distributors) on a monthly basis based on its calculation of the GA for the applicable month. By contrast, distributors are required to adjust the invoices that they submit to GA-invoiced consumers (or to adjust the accounts that they have with retailers that use RCB in relation to GA-invoiced consumers) based on "preliminary daily adjustment rates" calculated by the IESO. The "preliminary daily adjustment rate" for each day is posted on the IESO's website. For the time being, the "preliminary daily adjustment rate" is the same for each day of a month, but changes from month to month. (In the

period January 1, 2005 to June 30, 2005, the “preliminary daily adjustment rate” remained fixed at \$0.1/MWh.)

Under the *Regulation*, a distributor must therefore do the following for each GA-invoiced consumer:

1. use the “preliminary daily adjustment rates” to determine the amount of the adjustment applicable to that GA-invoiced consumer for the billing period, in the manner specified in the *Regulation*; and,
2. adjust the invoice issued to that GA-invoiced consumer (or the account with the retailer using RCB in relation to that GA-invoiced consumer) to reflect the adjustment amount determined under paragraph 1. That adjustment amount may be a credit or a debit, and must be shown on the consumer’s invoice as the “Provincial Benefit” (“PB”).

Where a distributor adjusts its account with a retailer using RCB as described in paragraph 2, the retailer is required to adjust the invoice that it issues to the GA-invoiced consumer accordingly.

In general, there will be a difference between the IESO’s estimated “preliminary daily adjustment rates” for a month and the amount of the GA that appears on the IESO’s monthly settlement statement to the distributor. Consequently, the amount of the PB that is indicated on invoices issued to GA-invoiced consumers by a distributor (or the amount of the adjustment for the GA reflected in a distributor’s account with a retailer that uses RCB) will generally be different from the amount that is subject to settlement between the distributor and the IESO. As a result, on February 15, 2005 the Board authorized a sub-account of Retail Settlement Variance Account 1588, RSVA Power – sub-account Global Adjustment to record this variance (i.e., the difference in the GA amounts settled with the IESO and the PB amounts settled with GA-invoiced consumers or with retailers that use RCB).

Based on information provided by distributors, it is apparent that a number of distributors have not been applying the appropriate rate in determining the amount of the PB that is reflected on invoices issued to GA-invoiced consumers, and consequently have not been recording the proper amounts in Account 1588, RSVA Power – sub-account Global Adjustment. A distributor that has not calculated the proper PB amount in relation to a GA-invoiced consumer should address this by applying a correction to the next invoice issued to that GA-invoiced consumer (or by applying a correction to its account with the retailer using RCB in relation to that GA-invoiced consumer) and adjusting its variance account accordingly. A retailer that uses RCB and that receives a correction to its account from a distributor should similarly apply a correction to the next invoice to the applicable GA-invoiced consumers. In addition, distributors are advised to discuss with the IESO the way in which corrections to previous IESO Form 1598 submissions should be made.

Please direct any questions you may have on this matter to the Market Participant hotline at 416-440-7604 or by e-mail at [market.operations@oeb.gov.on.ca](mailto:market.operations@oeb.gov.on.ca).



Brian Hewson  
Chief Compliance Officer  
Compliance Office

No statutory power of decision has been delegated to the Chief Compliance Officer, and the views expressed in this Information Bulletin are not binding on the Board. The Chief Compliance Officer may seek enforcement action by the Board under Part VII.1 of the *Ontario Energy Board Act, 1998* in relation to non-compliance.