

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
26th. Floor
Toronto ON M4P 1E4
Telephone: (416) 481-1967
Facsimile: (416) 440-7656
Compliance Office

Commission de l'Énergie de l'Ontario
C.P. 2319
2300, rue Yonge
26e étage
Toronto ON M4P 1E4
Téléphone: (416) 481-1967
Télécopieur: (416) 440-7656



July 21, 2004

Compliance Bulletin 200403 REVISED

To: Licensed Electricity Distributors & Retailers

Re: Application of the Primary Adjustment Factor to calculate billing components for Primary Metered Accounts

This bulletin replaces Compliance Bulletin 200403 which was issued on July 16, 2004.

This Bulletin is issued to assist licensees in appropriately calculating billing components for primary metered customer accounts.

The Primary Adjustment Factor (PAF) allows for a nominal level of 1% transformer losses to be included in the determination of retail electricity charges. The purpose of the PAF is to ensure that primary metered customers are billed in a consistent manner to customers metered on the secondary side of the supply transformer. The PAF is applied to the Board approved loss factors for each distributor. The difference between a distributor's Loss Factor for a Secondary Metered Customer and Loss Factor for a Primary Metered Customer is the PAF.

Where metering is installed on the primary or high voltage side of the step-down transformation facilities or where service is metered and supplied directly to a customer's high voltage equipment without the necessity of any step-down, the nominal allowance for transformer losses is subtracted from the measured demand and energy, which includes kW, kVa and kWh, before any charges are calculated.

To calculate the components of a primary metered customer's bill, a distributor can use one of the following methods:

- Option 1. Apply the PAF to reduce the measured demand and energy, and use the resulting values in the same manner as a Secondary Metered Customer.
- Option 2. Apply the PAF only to the distribution and debt retirement components, and use the Total Loss Factor for Primary Metered Customers for the other components of the bill.

For example, If:

Primary Metered Demand = 1,000 kW
Primary Metered Energy = 400,000 kWh
Primary Adjustment Factor = 0.99
Total Loss Factor (Secondary) = 1.0723
Total Loss Factor (Primary) = 1.0616

Then the Primary Metered Bill Components are adjusted as follows:

	Option 1	Option 2
Distribution Volumetric Charge	1,000 x 0.99	1,000 x 0.99
Debt Retirement Charge	400,000 x 0.99	400,000 x 0.99
Retail Transmission Charge	1,000 x 0.99	1,000 x 0.99
Wholesale Market Service Charge	400,000 x 0.99 x 1.0723	400,000 x 1.0616
Commodity - Energy	400,000 x 0.99 x 1.0723	400,000 x 1.0616

This revised bulletin has been issued to clarify that the Retail Transmission Charge, when billed on Demand, is not adjusted by the Total Loss Factor.

Distributors are reminded that billing practices are subject to audit.

If you have any questions regarding loss factor billing adjustments please contact Market Operations at 416 - 440 - 7604 or by e-mail at [market.operations @ oeb.gov.on.ca](mailto:market.operations@oeb.gov.on.ca).

Mark Garner
Managing Director, Market Operations