



May 29, 2020

FAQs – Administering the Industrial Conservation Initiative¹

On October 18, 2018, Ontario Energy Board (OEB) staff issued a [Bulletin](#) providing guidance to electricity distributors and others on three related issues concerning the Industrial Conservation Initiative (ICI) and the application of Global Adjustment (GA) charges for Class A consumers.

1. The conditions under which *Load Aggregation* is permitted for the purpose of determining ICI eligibility
2. How a consumer's *Peak Demand Factor (PDF)* must be calculated
3. How a consumer's *Peak Demand Eligibility* must be determined

As noted in the Bulletin, the eligibility requirements for the ICI are set out in [Ontario Regulation 429/04](#) (the GA Regulation).

The following FAQs address some of the more common questions OEB staff has received from distributors and consumers since the publication of the Bulletin.

Any enquiries regarding these FAQs should be directed to the OEB's Industry Relations email address at IndustryRelations@OEB.ca.

What is considered a “property” for ICI purposes?

The Bulletin explained that a distributor cannot aggregate the demand of more than one load facility belonging to the same customer for the purpose of assessing whether the customer meets the demand thresholds to qualify to be a Class A consumer. However,

¹ These FAQs were initially issued as an Appendix to a [letter](#) issued by the OEB on May 29, 2020 that provided an overview of amendments made by the Government of Ontario to the regulation governing the Global Adjustment (O. Reg. 429/04).

the distributor must look at the aggregate demand as measured by all of the interval meters at a particular load facility to determine whether that facility is eligible for Class A status. OEB staff expressed the view in the Bulletin that a load facility does not need to be a single building: a facility may comprise multiple buildings, as long as they are on the same property. This is consistent with the ordinary meaning of “facility”, which is not itself defined in the GA Regulation.

There have been questions regarding what constitutes a “property” for aggregation purposes under the ICI. For example, enquiries have asked about cases where there are more than one municipal addresses associated with the buildings.

In OEB staff’s view, where the Bulletin says the buildings must be on the same property, the word property is used in the everyday sense to mean a site or location, rather than in the legal sense to mean a particular parcel of land as shown on legal title. As the Bulletin notes, a retail chain with multiple stores in different locations would not be considered a single facility. However, in OEB staff’s view, a single facility may straddle a legal property line, and may have more than one municipal address.

OEB staff is also of the view that the ability to aggregate further depends on whether all of the buildings on a property have a common purpose. For example, if all three buildings are part of an integrated operation, such as a furniture manufacturing operation, they would be considered a single furniture manufacturing facility. However, if one of the buildings was used for making furniture, another was a greenhouse, and the third was a car dealership, there would be three separate facilities, whose demand could not be aggregated together for determining ICI eligibility. This approach follows from the ordinary meaning of “facility”.

Can a facility with a mix of interval and non-interval meters be in Class A?

The Bulletin explained that a distributor must determine a load facility’s PDF based on actual hourly consumption data as measured by one or more interval meters. A facility that does not have an interval meter therefore cannot participate in the ICI.

OEB staff has received some questions about customers that have a mix of interval and non-interval meters for the same facility. Consistent with the Bulletin, it is OEB staff’s view that all of the meters associated with the facility must be interval meters if the facility is to participate in the ICI (i.e., non-interval meters would need to be replaced). A facility cannot be treated as both Class A (in respect of the interval meters) and Class B (in respect of the non-interval meters) at the same time.

For clarity, where all the meters for a facility are interval meters, consumption from all those meters must be used to determine the customer's PDF (i.e., customers cannot select a subset of the interval meters because it would result in lower GA charges).

How should the GA charge be shown on the bill (or bills) where load is aggregated?

While aggregation of load from multiple meters for ICI purposes results in a single total GA charge for a Class A consumer, there may still be more than one account and therefore more than one bill associated with the consumer's facility. This has resulted in questions regarding whether the total GA charge for a Class A consumer should be shown on only one bill or whether the total GA charge should be apportioned among all of the consumer's bills associated with the facility.

The OEB is not prescribing a specific approach in order to avoid triggering the need for distributors to incur costs associated with making billing system changes. Distributors should therefore use their discretion.

Since this is only a bill presentment matter, how the consumer is billed should not affect the amount of the GA charges owed by a Class A consumer. For clarification, on a related question, where a distributor apportions the GA charges owed by a Class A consumer among multiple accounts/bills, the total GA charge must be based on one PDF – not a different PDF for each meter/bill – since there is one load facility. This is consistent with how the Class A consumer would be billed if they had only one meter.

Further details related to determining a Class A consumer's PDF for the purpose of calculating GA charges can be found in the Bulletin.²

² A numeric example on how to calculate a single PDF can be found in Appendix 1 of the [Bulletin](#).