



BULLETIN

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**TO: All Licensed Electricity Distributors
Independent Electricity System Operator
All Other Interested Parties**

RE: The Global Adjustment “Peak Hiatus” and Eligibility for the Industrial Conservation Initiative for the 2021-2022 Adjustment Period

This Bulletin provides guidance in relation to the Global Adjustment for the adjustment period beginning July 1, 2021. It clarifies that although an existing Class A customer’s peak demand factor for that adjustment period is determined based on the May 1, 2019-April 30, 2020 base period, the customer’s eligibility for Class A is determined based on the May 1, 2020-April 30, 2021 base period.

Last June, in response to the COVID-19 pandemic, amendments were made to Ontario Regulation 429/04 (Adjustments under Section 25.33 of the Act) (Regulation) under the *Electricity Act, 1998* to add a new section 19.2 that imposes a “peak hiatus” for industrial and commercial customers participating in the Industrial Conservation Initiative (ICI), also known as Class A customers, for the July 1, 2021-June 30, 2022 adjustment period. This Bulletin addresses a question that has arisen as to whether the peak hiatus provision also affects the determination of an ICI customer’s eligibility for the ICI for that adjustment period.

The Peak Hiatus

With the peak hiatus, for the July 1, 2021-June 30, 2022 adjustment period existing ICI customers will be charged Global Adjustment (GA) based on the same peak demand factor (PDF) that was calculated for the current July 1, 2020-June 30, 2021 adjustment period – that is, based on the customer’s contribution to overall peak demand (the “high five” hours) in the May 1, 2019-April 30, 2020 base period, rather than a new PDF calculated on the basis of the customer’s contribution to overall peak demand in the May 1, 2020-April 30, 2021 base period. By contrast, new ICI customers will be charged GA on the basis of their PDF for the May 1, 2020-April 30, 2021 base period.

The purpose, as described in the Government's [Regulatory Registry posting](#), was so ICI customers "do not need to take actions to avoid system peaks this year as economic recovery from COVID-19 progresses."

Eligibility for the ICI

Recently, Ontario Energy Board (OEB) staff has been asked whether an existing ICI customer's eligibility for the ICI is similarly also automatically carried over to the July 1, 2021-June 30, 2022 adjustment period. In other words, whether a customer currently participating in the ICI qualifies automatically for the ICI for the adjustment period commencing July 1, 2021, or whether that customer still needs to meet the eligibility requirements (notably, the applicable average monthly peak demand threshold) in the May 1, 2020-April 30, 2021 base period.

The answer is that the peak hiatus applies only to the determination of an existing ICI customer's PDF, and does not apply to the determination of that customer's eligibility for the ICI. A customer's eligibility for the ICI in the July 1, 2021-June 30, 2022 adjustment period must be assessed based on their average monthly peak demand during the May 1, 2020-April 30, 2021 base period, as in the normal course.

The peak hiatus provision, section 19.2 of the Regulation, is limited by its terms to the PDF. It says, "Despite anything to the contrary in this Part, a base period of May 1, 2019 to April 30, 2020 shall be used for the purposes of determining the peak demand factor for the adjustment period commencing in 2021..." (emphasis added). Separate amendments were made to the Regulation last year that relaxed the ICI eligibility rules in response to the pandemic, but only for the July 1, 2020-June 30, 2021 adjustment period: see sections 5(1.1) and 5(1.2) of the Regulation and the overview of those amendments provided by OEB staff on [May 29, 2020](#).

The views expressed in this Bulletin are those of OEB staff and are not binding on a panel of Commissioners. Any enquiries regarding this Bulletin should be directed to the OEB's Industry Relations email address at industryrelations@oeb.ca.