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OEB Provides Guidance on ICI Eligibility for 2021-2022

By David Stevens

A recent Ontario Energy Board (OEB) Staff Bulletin indicates that even though existing Industrial Conservation Initiative (ICI) participants in 2021-2022 will see their Global Adjustment (GA) charges determined based on 2019-2020 peak hour consumption, their eligibility to participate in the ICI will be based on their 2020-2021 consumption.

Background

The ICI program allows participating companies to manage their GA costs by reducing their consumption during peak periods. To be eligible, companies must have an average monthly peak demand for a single load of greater than 1 MW (500 kW for certain industries) during an annual base period from May 1, 2020 to April 30, 2021.

Eligible companies pay GA based on their percentage contribution to the top five peak Ontario demand-hours over the 12-month base period. Annually, the Independent Electricity System Operator (IESO) establishes the top five demand peaks for the preceding base period. Each customer's corresponding portion of peak demand is then calculated based on its consumption during those five hours. The better companies can forecast the five hours of peak demand and shift demand accordingly, the more they can take advantage of the ICI.

In June 2020, the Ontario government announced that GA charges will be frozen for two years for companies participating in the ICI. This means that ICI participants will see their peak demand factor from the 2019-2020 period determine their GA charges in 2020/2021 and 2021/2022. Further details can be found in our previous post.

The OEB Staff Bulletin

On April 26, 2021, OEB Staff issued a Bulletin addressing who is eligible for the ICI program in the July 1, 2021 to June 30, 2022 period. The specific question addressed is whether a customer who was ICI-eligible last year automatically qualifies for this year, or whether they must meet eligibility requirements based on their past year's consumption.

As set out in the Bulletin, OEB Staff's view is that existing ICI participants need to qualify for the ICI program for 2021/2022 based on their consumption during the May 1, 2020 to April 30, 2021 base period. In other words, there is no automatic eligibility based on the prior year's classification.

What this means is that even though an existing ICI participant's GA charges will be determined based on its contribution to peak demand in 2019/2020, that customer will only be eligible for the ICI if its 2020/2021 based period consumption was maintained at the level necessary to qualify for the ICI.

The OEB Staff Bulletin also clarifies that new participants may benefit from the ICI for this year, so long as their 2020/2021 base period consumption meets the applicable level. In that case, the new ICI participant's peak demand factor will be based on their 2020/2021 actual peak hour consumption.

Author



David Stevens
Partner
T 416.865.7783
dstevens@airdberlis.com

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