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Ontario Government Freezes Global Adjustment Charges for ICI Program Participants

By Angela Oh and David Stevens

The Ontario government has announced that, effective immediately, Global Adjustment (GA) charges will be frozen for two years for companies participating in the Industrial Conservation Initiative (ICI). For these companies, their peak demand factor from the 2019-20 period will determine their GA charges in 2021-22. For new ICI participants in the 2021-22 program year, they will be assessed on their electricity consumption during peak hours in 2020-21.

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 to April 30.

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 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.

The Ontario government's announcement to freeze a proportion of GA charges eliminates companies' need to anticipate and respond to peak demand hours in Ontario. According to the government's press release, providing companies with predictable electricity pricing can allow companies to focus more on recovering from the impacts of COVID-19 and on running their operations at full capacity.

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