

This is a DRAFT of potential amendments to O. Reg. 429/04 made under the *Electricity Act, 1998* that are being considered by the Ministry of Energy.

This Draft is being shared solely for consultation purposes, and may or may not lead to any proposed amendments to O. Reg. 429/04. The content, structure, form and wording of the draft are subject to change, and may include changes as a result of the consultation process and as a result of review, editing and correction by the Office of Legislative Counsel.

Any proposed amendments to O. Reg. 429/04 would be subject to formal approvals including approval by Cabinet and the Lieutenant Governor in Council.

PROPOSAL TO AMEND ONTARIO REGULATION 429/04

(ADJUSTMENTS UNDER SECTION 25.33 OF THE ACT)

made under the

ELECTRICITY ACT, 1998

1. Subsection 5 (1) of Ontario Regulation 429/04 is amended by adding the following definitions:

“eligible electricity” means the volume of electricity that,

- (a) is purchased by an eligible purchase customer in respect of one or more of its Class A load facilities, from an eligible generator that supplies the electricity from one or more of its renewable energy generation facilities; and
- (b) is physically supplied by the eligible generator from the generation facility or facilities referred to in clause (a) into the IESO-controlled grid or the distribution system of one or more licensed distributors;

“eligible generator” means a generator that is a market participant, whose generation facility is connected to the IESO-controlled grid or to a distribution system of a licensed distributor and that generates electricity only from a renewable energy source, but does not include a generator that consumes more electricity than it generates;

“eligible purchase agreement” means an agreement entered into by a market participant with an eligible generator that satisfies the conditions set out in subsection 10.9 (2);

“eligible purchase customer” means a Class A market participant that satisfies the conditions set out in subsection 10.9 (1);

2. The Regulation is amended by adding the following section:

Eligible purchase customer

10.9 (1) A market participant is an eligible purchase customer for an adjustment period if the following conditions are satisfied:

- 1. The market participant is a Class A market participant throughout the applicable base period.

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2. The market participant has entered into an eligible purchase agreement with an eligible generator in respect of one or more of the market participant's Class A load facilities and the agreement is in force and binding on the market participant and the eligible generator throughout the applicable base period.
3. During the applicable base period, no amount of electricity purchased by the market participant under the eligible purchase agreement described in paragraph 2 is used by or credited to the market participant in respect of any IESO demand response auctions or pilots or any capacity auction.
4. During the applicable base period, no amount of electricity purchased by the market participant under the eligible purchase agreement mentioned in paragraph 2 is,
 - i. used by or credited to the eligible generator in respect of any capacity auction conducted by the IESO,
 - ii. the subject of a contract entered into by the eligible generator with the IESO, or
 - iii. the subject of a purchase from the eligible generator under any other agreement with the eligible generator, including any other eligible purchase agreement, whether the agreement is with the market participant or any other person.
5. The market participant has provided the documents specified in subsection (2) to the IESO on or before April 15 in the same calendar year in which the applicable base period commences.
6. The market participant has provided to the IESO, in the form and within the time specified by the IESO, such other documents and information as the IESO may require for the purposes of this section and subsection 11 (4.5) and (4.7).

(2) An agreement entered into by a market participant with an eligible generator is an eligible purchase agreement in respect of a base period if it,

- (a) is in force and binding on the market participant and the eligible generator throughout the base period;
- (b) specifies the Class A load facility or facilities in respect of which eligible electricity is being purchased;

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- (c) specifies the generation facility or facilities of the eligible generator that will be supplying eligible electricity into the IESO-controlled grid or the distribution system of a licensed distributor; and
- (d) provides for the purchase by the market participant, in respect of the Class A load facility or facilities referred to in clause (b), of,
 - (i) a total of at least one megawatt-hour of eligible electricity during each hour in the base period, subject to outages at the eligible generator's generation facility or facilities that are managed in compliance with the market rules and subject to the eligible generator complying with any applicable dispatch instructions issued to it by the IESO under the market rules to supply less electricity from the generation facility or facilities than it otherwise would have been dispatched to supply, and
 - (ii) the same specified proportion, expressed as a percentage, of the total volume of electricity that the eligible generator supplies from the generation facility or facilities into the IESO-controlled grid or a distribution system of a licensed distributor during each hour in the base period.

(3) The documents referred to in paragraph 5 of subsection (1) that must be provided to the IESO on or before April 15 in the same calendar year in which the applicable base period commences are the following:

1. A letter from the market participant and the eligible generator,
 - i. attesting to and confirming that they have entered into one or more eligible purchase agreements with each other in respect of the Class A load facility or facilities referred to in subsection (1) that are to be in force throughout the applicable base period, and
 - ii. attesting to, specifying and confirming the proportion, expressed as a percentage, of the total volume of electricity supplied by the generation facility or facilities referred to in clause (2) (c) into the IESO-controlled grid or the distribution system of a licensed distributor over the applicable base period that is to be purchased by the market participant under each of the agreements.
2. A copy of the eligible purchase agreement.

(4) If an eligible purchase agreement that has been provided to the IESO is amended, restated or terminated, the market participant shall, no later than five days after the amendment, restatement or termination takes effect, notify the IESO in writing, and

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- (a) in the case of a termination, specify the effective date of the termination; or
- (b) in the case of an amendment or restatement, provide a copy of the amended or restated agreement.

(5) Despite paragraph 2 of subsection (3), a copy of the eligible purchase agreement does not need to be provided to the IESO if a copy of the same eligible purchase agreement was already provided in respect of an earlier consecutive base period.

3. (1) Paragraph 1 of subsection 11 (1) of the Regulation is amended by striking out “Subject to paragraph 1.1” at the beginning of the portion before subparagraph i and substituting “Subject to paragraphs 1.1, 1.2 and 1.3”.

(2) Paragraph 1.1 of subsection 11 (1) of the Regulation is revoked and the following substituted:

- 1.1 In the case of a Class A market participant that is an eligible cogeneration customer but not an eligible purchase customer in respect of the adjustment period, the Class A market participant’s peak demand factor for the adjustment period shall be determined under subsection (4.2) instead of under subsection (4) for the purposes of applying paragraph 1.
- 1.2 In the case of a Class A market participant that is an eligible purchase customer but not an eligible cogeneration customer in respect of the adjustment period, the Class A market participant’s peak demand factor for the adjustment period shall be determined under subsection (4.4) instead of under subsection (4) for the purposes of applying paragraph 1.
- 1.3 In the case of a Class A market participant that is both an eligible purchase customer and an eligible cogeneration customer in respect of the adjustment period, the Class A market participant’s peak demand factor for the adjustment period shall be determined under subsection (4.6) instead of under subsection (4) for the purposes of applying paragraph 1.

(3) Subsection 11 (4.2) of the Regulation is amended by striking out “that is an eligible cogeneration customer” in the portion before the formula and substituting “that is an eligible cogeneration customer but not an eligible purchase customer”.

(4) Paragraph 1 of subsection 11 (4.3) of the Regulation is revoked and the following substituted:

- 1. If the value of “V.1” is greater than the value of “V” during a peak hour, the value of “V” shall be substituted for the value of “V.1” for that peak hour.

(5) Section 11 of the Regulation is amended by adding the following subsections:

(4.4) For the purposes of paragraph 1.2 of subsection (2), the peak demand factor of a Class A market participant that is an eligible purchase customer but not an eligible cogeneration customer in respect of the adjustment period is calculated to eight decimal places using the formula,

$$(V - V.2) / W$$

in which,

“V” has the same meaning as in subsection (4),

“V.2” is, subject to subsection (4.5), the volume of eligible electricity supplied into the IESO-controlled grid or the distribution system of a licensed distributor during the peak hours in the applicable base period pursuant to any eligible purchase agreements entered into by the Class A market participant, and

“W” has the same meaning as in subsection (4).

(4.5) The following rules apply for the purposes of determining the value of “V.2” in the formula set out in subsection (4.4):

1. If the value of “V.2” is greater than the value of “V” during a peak hour, the value of “V” shall be substituted for the value of “V.2” for that peak hour.
2. For the purposes of determining “V.2”, the IESO shall rely on,
 - i. the information set out in the applicable eligible purchase agreements provided as described in section 10.9 to the IESO by the Class A market participant, and
 - ii. such other documents and information as the IESO may require under paragraph 6 of subsection 10.9 (1) for the purposes of this subsection.

(4.6) For the purposes of paragraph 1.3 of subsection (2), the peak demand factor of a Class A market participant that is an eligible purchase customer and an eligible cogeneration customer in respect of the adjustment period is calculated to eight decimal places using the formula,

$$(V - (V.1 + V.3)) / W$$

in which,

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“V” has the same meaning as in subsection (4),

“V.1” has, subject to subsection (4.7), the same meaning as in subsection (4.2),

“V.3” is, subject to subsection (4.7), the volume of eligible electricity supplied into the IESO-controlled grid or the distribution system of a licensed distributor during the peak hours in the applicable base period pursuant to any eligible purchase agreements entered into by the Class A market participant, and

“W” has the same meaning as in subsection (4).

(4.7) The following rules apply for the purposes of applying the formula set out in subsection (4.6):

1. If any volume of electricity in “V.3” is also a volume of electricity in “V.1” during a peak hour, that volume shall not be included in determining the “V.3” for that peak hour.
2. For the purposes of determining “V.3”, the IESO shall rely on,
 - i. the information set out in the applicable eligible purchase agreements provided as described in section 10.9 to the IESO by the Class A market participant, and
 - ii. such other documents and information as the IESO may require under paragraph 6 of subsection 10.9 (1) for the purposes of this subsection.
3. If the value of the sum of “V.1” and “V.3” is greater than the value of “V” during a peak hour, the value of “V” shall be substituted for the value of the sum of “V.1” and “V.3” for that peak hour.

4. Paragraph 1 of subsection 11 (5.2) of the Regulation is revoked and the following substituted:

1. If the value of “X.1” is greater than the value of “X” for a peak hour, the value of “X” shall be substituted for the value of “X.1” for that peak hour.

5. Paragraph 1 of subsection 14 (5.2) of the Regulation is revoked and the following substituted:

1. If the value of “LL.1” is greater than the value of “LL” during a peak hour, the value of “LL” shall be substituted for the value of “LL.1” for that peak hour.

Commencement

6. (1) This Regulation comes into force on the later of May 1, 2025 and the day this Regulation is filed.

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