

# GLOBAL ADJUSTMENT

## LOWER ELECTRICITY BILLS BY MANAGING GLOBAL ADJUSTMENT COSTS

Every month, companies spend tens or even hundreds of thousands of dollars on Global Adjustment, representing, on average 60-70% of their energy costs. The Global Adjustment is confusing and often not well understood. With the Industrial Conservation Initiative's (ICI) expansion of Class A status to now include 1MW consumers, the Global Adjustment represents an enormous savings opportunity for many companies.

**SAMPLE ONTARIO ELECTRICITY BILL**

Your Electric Company Inc.

Account Number	022365273
Billing Date	16 APR 2013
Amount Now Due	\$56,535.45
Due Date	02 MAY 2013

Anonymous Widgets Ltd.  
100 Manufacturing Road  
Brampton, ON  
L6W 1X3

Billing for Service at: 100 Manufacturing Road  
Service Type: General Service Time of Use

Balance from previous bill	0.00
<b>Balance Forward</b>	<b>00.00</b>

**Your Current Electricity Charges**

\* Energy provided by Hydro One Brampton through Retail Supplier

Monthly Service Charge	1,170.82
Energy (Commodity) Cost*	16,488.95
Non-Competitive Electricity Charges	428935.00 kWh @ \$ 0.0063 2,702.29
Over Retirement Charge	414470.00 kWh @ \$ 0.0010 2,901.29
Global Adjustment	428935.00 kWh @ \$ 0.4317 18,744.84
Distribution Charge	1325.95 kWh @ \$3.2935 4,533.71
Transmission/Retransmission	1209.33 kWh @ \$2.9153 3,525.56
Transmission/Connection	1209.33 kWh @ \$1.9540 2,375.12
Transformer/Involvement	1325.95 kWh @ \$ 0.8758 1,170.03
<b>Total of your electricity charges</b>	<b>\$49,291.17</b>

**Other Charges/Credits**

Late Charge	\$0.00
WSP (WSP4401335RT001)	6,407.65
<b>Total Current Charges</b>	<b>\$56,535.45</b>
<b>Total of this Bill</b>	<b>\$56,535.45</b>

Measured kVA 1438.15 Measured kW 1335.56 Power Factor 92.89%

Meter Number	Meter Reading Period	Meter Reading Previous	Meter Reading Current	kWh Used	Less Factor	Adjusted kWh	Demand kW
0115528-2013-0115528-2013		0	0	414470.00	1.9348	428935.00	1335.56

At 1% monthly late payment interest charge (1.56% annualized) will be applied if received after the due date.

## WHAT IS THE GLOBAL ADJUSTMENT?

A company's energy bill is comprised of a number of elements:

- ✓ Energy use (total kWh consumed in the month)
- ✓ Delivery charges
- ✓ Regulatory charges
- ✓ The Global Adjustment

Larger businesses are charged for electricity based on their hourly usage. The price is set on an hourly basis by the IESO and fluctuates with the real-time electricity market.

The Global Adjustment (GA) is charged by the IESO to make sure the electricity system can supply power. GA covers differences in the market price and contracted rates paid to generators as well as conservation programs.

Larger customers and those that have a signed retail contract for electricity will see a line item for GA on their electricity bill. Smaller customers pay time of use rates and don't see a separate GA line item.

## HOW DO GA CHARGES WORK?

GA charges are based on your peak demand. Companies with a peak demand over 1MW are considered eligible for Class A status. Class A customers' GA costs are based on the percentage of their peak demand that contributes to overall system demand during the five peak hours of the year. One can think about it like Uber surge pricing: avoiding the busiest times of the day saves you money.

Companies with a peak demand over 50KW and less than or equal to 1MW incur GA costs on a volumetric basis in cents per kWh. Much like the Uber example above, you can think of how taxis charge their customers on a fixed price per kilometre, regardless of when the customer needs the ride.

## REGISTERING FOR CLASS A STATUS

There are a few simple steps you can take to determine whether Class A status is right for your business:

### 1. DETERMINE IF YOU'RE ELIGIBLE.

If your company has a peak demand greater than 1MW and less than 5MW you are eligible to participate in the ICI as a Class A customer. If your peak demand is greater than 5W, you are automatically considered Class A.

### 2. DETERMINE IF IT MAKES SENSE TO REGISTER AS CLASS A

Just because you are eligible for Class A status does not necessarily mean it is the right thing for your business. Class A customers are charged for GA based on their percentage contribution to the top five peak Ontario demand hours over the previous 12-month base period (May 1 to April 30). If your load profile is relatively flat, or your facility's peaks do not match the province's five peak demand hours, Class A status likely makes sense.

Class B customers can save on GA costs by reducing overall energy use - it doesn't matter when you reduce as the cost per kWh stays constant each month. If your load profile

fluctuates and your facility's peak matches the province's peak, Class B status will likely be the best option.

### 3. REGISTER YOUR STATUS

If you are in the 1MW to 5MW range, and decide that Class A status makes sense for your business, you must opt-in to the ICI by notifying your Local Distribution Company (LDC), or the IESO by June 15 of each year. If you are above 5MW and decide that Class A doesn't make sense for your business, you can opt out of the ICI by notifying your LDC or the IESO by June 15 of each year.

## STRATEGIES FOR REDUCING GA COSTS

Whether you are a Class A or Class B customer, there are a variety of strategies you can use for reducing your energy consumption and costs. Here are few simple steps to get started:

**Efficiency:** Class A and Class B customers can improve the energy efficiency of their operation such as installing more energy efficient lighting and ventilation systems. While this doesn't specifically target peak demand, improving energy efficiency reduces overall energy use, including peak demand.

**Peak shaving:** Class A customers can pursue opportunities to target peak demand to reduce their costs through projects such as replacing old chillers with more efficient units.

**Curtailing load:** Similar to peak shaving, Class A customers can also look at opportunities for load curtailment, such as shifting energy incentive production during anticipated peak hours to non-peak times of the day.

**Behind the meter generation:** Both Class A and Class B customers can install "behind the meter" generation, such as combined heat and power, gas generators, or storage to self-generate all year or during expected peak times, reducing electricity demand during peak hours.

## TALK TO AN EXPERT!

Determining what status makes the most sense can be time consuming and confusing. Spark Power can help you determine whether Class A status is the right move for your business and work with you on identifying and implementing strategies to manage your peak demand and reduce energy costs.

## ABOUT SPARK POWER CORP.

Spark Power Corp. delivers technical innovation, asset management, project development, maintenance, service and operational support to the renewable energy sector and industrial, commercial, institutional ("ICI") and utility markets. Headquartered in Oakville, Ontario, with branches in Barrie, Belleville, Blenheim, Brampton, Cambridge, Chatham, Hamilton, Markham, Mississauga, New Liskeard, Perth, Peterborough, Tillsonburg, Stoney Creek, Vaughan and Whitby, the company has over 400 employees and 4,500 customers across Ontario. For more information, please visit us at [www.sparkpower.ca](http://www.sparkpower.ca).



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