

Target Exchange Principles and Criteria

November 23, 2017

Overview

- Target exchange principles
- Target exchange criteria for approval
- Benefits and disadvantages of target exchange

Target Exchange Principles

- Protects ratepayer value
- Customer coverage - maintains/allows equitable customer access to Programs
- Facilitates project/program feasibility for LDCs who receive target and budget

Should any other principles be added?

Target Exchange Criteria

1. Protects Ratepayer Value

- Continued cost effective delivery of CFF as per ECA
- Does not negatively impact the achievement of 7 TWh
- Does not result in net increase in costs to CFF

2. Customer Coverage

- LDCs involved in the exchange will continue to serve all of their customer segments until the end of the Framework

3. Facilitates project/program feasibility

- LDC receiving target demonstrates ability to meet their revised target within their new budget

**Are these criteria appropriate for target exchange?
Should any other criteria be added?**

Process to Formalize Target Exchange

- **CDM Plan approval**
 - Target exchange requests submitted as part of a CDM Plan amendment
 - IESO approval of exchanges will be dependent on CDM Plan approval of all exchange partners in accordance with the CDM Plan Submission and Review Criteria Rules and the Target Exchange criteria

Benefits & disadvantages of a target exchange

| Benefits | Disadvantages |
|--|---|
| LDCs have demonstrated collaboration by finding partners to buy/sell target | May increase overall costs due to increase in LDC performance incentive payments (MTI/ATI) |
| Potential to increase customer access to programs despite potential LDC budget/target constraints | Target and budget may not be redistributed across province in accordance with broader customer needs |
| LDCs exercise discretion on meeting their targets and managing potential penalties (Target Exchange is within the spirit of the Directive by putting LDCs in control of their Targets & Budgets) | Only available when there is a willing buyer and seller – some customers may not be covered if LDCs cannot find willing trading partner |