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To: Stakeholder Engagement
Independent Electricity System Operator
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RE: Conservation Framework Mid-Term Review Stakeholder Feedback

In order to increase uptake of participation in the Industrial Accelerator Program (IAP), it is recommended to adjust the program to take into account the long time frame of mining projects. Mining companies represent approximately one quarter of the IAP participants, so our participation is critical to the success of the IAP.

Part of the IESO's mandate is to ensure that conservation is the first priority before investing in new generation. The single biggest impact on conservation is to design buildings and industrial facilities with best practice energy efficiency from the beginning rather than conduct costly energy-efficient retrofits later. BC Hydro has already recognized this principle a number of years ago and continues to run a successful New Plant Design program.

Conducting energy design reviews (EDRs) on projects, which are specialized detailed engineering studies, is the solution to ensure best practice energy efficiency is incorporated from the outset. However, for a mining company, the length of time from initial design engineering studies to construction to full operation can be a period of 10 years or more. The IAP 5 year program timeframe (2010-2015, 2015-2020) used to date, with incentive funding guaranteed only to those projects in service by December 31, 2022, limits the ability of mining companies to deliver significant energy savings by better designs. The EDRs need to occur now so that construction timelines can be met - we cannot wait for the potential post-2020 IAP to be formalized. The opportunity to impact design will be missed if action is not taken now.

It is recommended that a mechanism to guarantee incentive funding beyond the 5 year program timeframe be implemented where the situation warrants, such as for longer term mining projects, by changing the project incentive contract, for example. This will help the IESO obtain large energy savings from better designs for decades in the future.

Please let me know when we can meet to discuss project incentive contract changes.

Best Regards,

Mark Passi

Emily Thorn Corthay