

Stakeholder Feedback and IESO Response On Proposed Enhancements to the Industrial Accelerator Program

The IESO sought feedback from transmission connected customers and other stakeholders on the proposed enhancements to the Industrial Accelerator Program (IAP).

On March 27, 2015, the IESO held the first webinar for the IAP stakeholder engagement initiative with participation from over 40 transmission connected customers. The objectives of the webinar were to:

- inform customers about proposed enhancements to the IAP in an effort to improve the customer experience in the program and to encourage further participation, and
- invite feedback from stakeholders to help identify any opportunities or barriers with respect to the proposed enhancements.

The IESO appreciates the comments received on the proposed enhancements and offers this paper which summarizes the feedback received and how the IESO considered that feedback to shape the 2015 – 2020 enhanced IAP.

Upon request from stakeholders to not attribute their input, the IESO has summarized the feedback and response into the following three themes:

- Section 1: Energy Managers
- Section 2: Financing
- Section 3: Barriers to Participation/Other Items

For more information on this stakeholder engagement initiative visit:

<http://www.ieso.ca/Pages/Participate/Stakeholder-Engagement/Industrial-Accelerator-Program-Design-Enhancements.aspx> or email stakeholder.engagement@ieso.ca.

Section 1: Energy Managers

Stakeholder Feedback	IESO Response
Consider allowing consulting firms to supply the energy manager to the transmission connected	The energy manager resource must be a full-time, incremental resource to the company. The hiring policies or arrangements are within the discretion of

customer on a “seconded” basis.	the company.
Will the IESO consider partial funding requests for energy managers?	The energy manager incentive is for a full-time, incremental resource, partial funding requests will not be eligible.
Some companies have taken the step to be ahead of the curve to hire energy managers in addressing energy issues, why are these companies penalized by not being able to participate in this program?	Companies with existing energy managers are eligible to participate in the program if they hire incremental, full-time resources.
Companies need the flexibility to move staff that may currently have energy management experience into a full-time role. Backfilling the original position is reasonable. Also, should a full-time energy management position already exist, will the IESO consider funding a net new position in specific instances where the electrical system is large and/or complex.	The Energy Manager resource must be a full-time, incremental resource to the company. The hiring policies or arrangements are within the discretion of the company. Companies are not precluded from having more than one energy manager at their facility; however, there is only funding available for a single resource per company.
IESO support items such as training courses, help desk, and access to the Energy Manager Hub should also be open and available to all energy managers who are employees of the participants. Consider broadening the support access to all transmission/distribution connected companies, regardless of their participation in the IAP.	The Energy Manager Hub will be made available to all energy managers within the province that meet the eligibility criteria established. The training courses and the help desk will be made available to energy managers funded through IESO initiatives and non-funded energy managers who are employed by companies participating in the various energy manager initiatives offered by the IESO. Participants also have dedicated support through their IESO Business Manager.
Suggest that the simpler the formula and participation criteria, the better. No one will put effort into hiring (or retaining) human resources without performance expectations.	The IAP has a target of 1.7 TWh savings by December 31, 2020. To achieve this target, initiatives within the program must have energy savings targets associated with the incentives. This maintains a cost-effective initiative for the rate-payers.
Harmonization of reporting requirements (e.g. with NEIR) would help avoid overly onerous	The IESO will seek to harmonize reporting requirements where possible with other

energy reporting.	marketplace programs.
Consider extending the contract term for more than two years. Four to five years is suggested.	Two years is the initial contract term for the energy manager initiative. Participants will also have the option to renew contracts after the initial two years on an annual basis provided performance targets are met.
The \$200k incentive cap is reasonable; is there consideration for \$50 to \$60/ MWh of savings?	Cost-effectiveness analysis has determined the appropriate funding amount to be \$40/MWh.
A 2,000 MWh minimum per year target may be on the high side for some companies. A target of 1,000 MWh per year would be more realistic, especially for the smaller operations. Consider a way to make the targets fair for both large and small companies.	There may be an opportunity to contract for a lower target than 2,000 MWh; however, the funding would also then be reduced to maintain the \$40/MWh rate.
Has the IESO considered an intensity reduction target instead of actual savings?	IESO program cost-effectiveness determinations are based on avoided capacity and energy costs and therefore, fixed energy savings are necessary to justify the program expenditures.
The documentation and labour time required for application and approval process may be challenging.	The IESO will strive for ease of administration in the application process for the energy manager incentive.
Is there availability of energy managers with expertise on specialized facilities such as high pressure lab ventilation systems, central plants, high pressure steam systems and so forth?	<p>The help desk will be available to funded energy managers to assist with technologies and projects for which they may require further support or information.</p> <p>The Energy Manager Hub will also be available and it is a forum for energy managers to share information and best practices.</p>
The energy manager incentive is based on energy saved, as it takes a while to generate real savings, would IESO consider increased funding in year one? If not, it may be a barrier to hiring qualified energy managers to take on this role.	The targets established must be achieved by the end of the second year. The initial funding amount is capped at \$50,000 (paid up front with no clawback provisions) with annual true-up to actual savings.
The target for non-incented projects from the energy manager initiative should be capped at 10% of the energy manager's obligations, or 10% of the	For clarity, the 10% non-incented portion is based on the contracted MWh and not the delivered MWh. For example, for a 2,000 MWh target, the

2,000 MWh minimum or 5,000 MWh funding cap. The non-incented amount should not be a function of the total work that the energy manager does.	non-incented target would be 200 MWh, regardless of the actual savings achieved either higher or lower.
Non-incented work should have a prescriptive procedure for savings accreditation or a calculation from the approved energy manager.	As the non-incented portion of the energy manager's target is critical to program cost effectiveness, the IESO will not accept a prescriptive model for these savings.
Non-incented work should not require an M&V plan to be carried out or approved. Typically these projects would not qualify for an incentive to complete and would come from short timeline work that could be done without an incentive (i.e. maintenance work, projects with very good ROI, upgrades to replaced failed equipment or behavioral and procedure changes.)	As the non-incented portion of the energy manager's target is critical to program cost effectiveness, the IESO will require an M&V Plan for these savings. The IESO will consider streamlined requirements in the M&V Plan.
Tracking of project spending should not be required for non-incented projects, as there would be no incented value attached to the cost.	The IESO will require appropriate documentation of non-incented savings in order to credit them against the energy manager target. Templates for tracking of savings will be provided.
Conditions that prevent attaining full funding of the energy manager contract could be a barrier to applying. For example, too punitive an action on the incentive for not attaining 10% non-incented savings, delays in approvals of projects and bringing them on-line (especially in 1st year) to attain sufficient MWh savings.	<p>The initiative will have firm requirements for the achievement of non-incented savings.</p> <p>The initial funding each year and annual true-up should accommodate delays in project in-service delivery for a multi-year energy manager engagement.</p> <p>Recognizing that it may be difficult to achieve the savings target in the first year, the contract will allow the transfer of any unmet target from the first year to the second year. The full cumulative target must be achieved in the second year in order to renew the agreement.</p>

Section 2: Financing

Stakeholder Feedback	IESO Response
The IESO received feedback indicating support for the proposed eligibility extension to projects with	The IESO thanks stakeholders for their feedback and will further consider the extension of eligibility

third party ownership in the IAP.	to these projects. This will be considered in the next stage of this stakeholder engagement initiative.
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Section 3: Barriers to Participation/Other Items

Stakeholder Feedback	IESO Response
Consider selecting consultants (by sector) to carry out site wide energy assessments for each eligible company that was willing to participate.	It was determined that site-wide energy assessments were too broad to cost-effectively identify specific opportunities to progress to the study stage. The IAP currently offers the Opportunity Accelerator initiative to participants to identify opportunities.
A registry of consultants qualified in specific areas could make it easier for companies interested in pursuing electricity savings opportunities to locate consultants.	The IESO is considering a strategy to further engage channel/trade partners in the IAP.
Consider allowing participants to purchase equipment at own risk and submit the application during/after the installation without pre-approval from the IESO.	As per the updates on December 18, 2014, participants can purchase equipment at their own risk once an application is submitted, as opposed to waiting for the Project Incentive Agreement.
Consider adjusting the five year M&V criteria to two years.	<p>The M&V period is one year in the Small Capital Project stream and the term is for five years.</p> <p>In the Retrofit project stream the M&V period can be as little as two weeks depending on the project and the term is four years.</p> <p>The 10 year M&V term for the Process & Systems stream is required to ensure that savings are maintained during the expected life of the equipment and to maintain the long term cost-effectiveness of the program.</p>
There is a need for faster, streamlined and clear process requirements with clearly laid out timelines.	The IESO appreciates this feedback and is reviewing the administrative requirements of the program with an objective of facilitating participation.
Consider capping generation on dollars, not on	Please speak to your IESO Business Manager if you

<p>generation output. If a project can generate above 20MW, it should still be eligible for being incented, but not qualify for money over \$10 million.</p> <p>Incenting two 20MW projects at a cost of \$20 million in incentives is a less efficient use of funds than one 40 MW project at \$10 million in incentives.</p>	<p>are considering a project that is outside of the scope of the Program Guidelines.</p>
<p>Generation should have provisions in the program to include tying symbiotic facilities that are owned by other entities or tying in facilities that we own for the purpose of demonstrating no net generation. Currently, the projects are limited to not being a net generator of power</p>	<p>Please speak to your IESO Business Manager if you are considering a project that is outside of the scope of the Program Guidelines.</p>
<p>The annual anticipated (target) savings needs to vary with production or allow for averaging over several years before remedies/claw backs are initiated. Where the M&V can accommodate baseline energy and reporting period energy with production, the resulting reporting period savings may not compare well with a hard fixed savings target.</p>	<p>IESO program cost-effectiveness determinations are based on avoided capacity and energy costs and therefore, fixed energy savings are necessary to justify the program expenditures.</p> <p>The Participant Agreement has several remedies that can be employed when a project does not meet its contracted target.</p>
<p>Publish case studies of successful projects in the IAP.</p>	<p>The IESO will work with participants to identify and profile additional projects in the form of case studies to be shared on the website. You can visit http://www.industrialaccelerator.ca/process-systems/case-studies to view currently available case studies.</p>
<p>The IESO should supplement its 18 month outlook, and develop a 10 year forecast with electricity prices. This would create the foundation needed for energy management and build the business case.</p>	<p>This information is available in the Long-Term Energy Plan modules published by the IESO planning department and is available on the website: http://www.powerauthority.on.ca/power-planning/long-term-energy-plan-2013</p>