

IESO Engagement

From: [REDACTED]
Sent: August 05, 2016 3:55 PM
To: IESO Engagement
Subject: RE: Draft P4P Program Design - Feedback

- **Baseline period:** Recommend a baseline period of minimum 2 years of historical data in order to capture weather variances/anomalies
- **Inclusion/exclusion of EEM program:** In order for companies to continue to maintain and accelerate investment in energy initiatives, it is imperative that both the resources and the incentives are in place. The P4P program addresses the incentives component, but it does not add headcount.
 - As mentioned previously, funding for energy projects and funding for headcount come from different budgets.
 - Participants in the EEM program have already hired and have made commitments to individuals through the EEM program. By disallowing organizations to participate based on the EEM program, the IESO runs the risk of reduced participation overall.
 - Conversely, this could create barriers for companies to participate in the highly popular and successful EEM program since the monetary value is less significant.
 - EEMs are highly capable of accelerating the identification and implementation of a variety of energy savings initiatives – including those that are O&M based – which would in turn improve the success of P4P. The two programs complement one another well.
- **Payment frequency:** Many of the large customers eligible for P4P are publicly-held and obligated to report financials on a quarterly basis. In other words, capital and costs are managed carefully in three-month increments. An annual payment model could pose a challenge both in obtaining capital budget, and from a reporting perspective, as these incentives currently play a part in offsetting project costs. Recommendation is to incentivize customers on a semi-annual basis.
- **Savings targets (5%):** Many companies that are leading the charge in energy initiatives have already addressed low-hanging fruit. In setting the annual savings target as high as 5%, the IESO may see lower participation rates, and progressive participants will be penalized. Something else to consider would be that companies who choose P4P face a financial risk by choosing P4P over the current prescriptive and custom programs. Should they fail to meet the 5%, they cannot retroactively apply for incentives, and they would not meet the eligibility requirements under P4P. Many businesses would opt for the current programs – even though the incentives are more valuable under P4P – as there is less risk involved.
- **Minimum annual consumption:** A minimum 2 GWh of consumption annually is quite high. Recommend lowering this to 1 GWh.