

# Province-Wide Pay-For-Performance (P4P) Draft Design Webinar: IESO response to input received

The Minister of Energy issued a [direction](#) to the IESO on June 10, 2016 to centrally design, fund, and deliver a new province-wide pay-for-performance program for Multi Distributor Customers (MDCs) with implementation commencing by the end of Fall 2016. On July 21, 2016, the IESO held a webinar to seek feedback on an engagement plan and a draft program design. The IESO appreciates the input received during the webinar, as well as written feedback submitted to [engagement@ieso.ca](mailto:engagement@ieso.ca). This document summarizes the submitted questions and comments, and presents the IESO's response.

There are six sections to the aggregated feedback, representing approximately 170 questions and comments received, which have been grouped into the following topics:

- I. [Eligibility](#)
- II. [Energy Model](#)
- III. [Incentive](#)
- IV. [Program Rules](#)
- V. [Program Operations](#)
- VI. [Other](#)

Related materials, including the proposed program design, are available on the IESO website at <http://www.ieso.ca/Pages/Participate/Stakeholder-Engagement/Pay-for-Performance-Program-Engagement.aspx>.

A list of the parties who have provided feedback, along with their questions and comments, can be found on the aforementioned webpage.

## I. Eligibility

	Stakeholder Feedback	IESO Response
1.	<p>Inability to participate in other incentive programs is seen as restrictive:</p> <ul style="list-style-type: none"> <li>• Inability of customers to apply for other program incentives for a four year term will be a barrier</li> <li>• Exclusion of participants in other programs does not support a holistic approach. For example, a building with a lighting project and operational savings may opt to do the operational savings, but not the other measures due to the program rules.</li> <li>• Learnings from LDC pilots demonstrate that this will dissuade participation and create the risk of customers leaving the P4P program in later years to opt for higher transactional incentives</li> <li>• Participation in other programs should be kept open specifically for pilot and/or demonstration projects</li> <li>• Additional upgrades should be allowed with baseline adjustments, since the baseline will already be adjusted for other factors such as weather and occupancy. For example, if a new chiller is being installed in Year 2 which would result in a savings of 300,000 kWh, this should be allowed under the Retrofit program at \$0.10/kWh, with a baseline adjustment in Year 2 under the P4P program to remove the 300,000 kWh. These baseline adjustments will ensure there is no incentive “double dipping”, as well as proper program savings attribution.</li> </ul>	<p>The MDC P4P program will be made available to customers on a voluntary basis as an alternative to participation in Retrofit and other existing CDM programs. The whole-building approach of the program means customers have the opportunity to receive an incentive that covers multiple projects within a building, whether they are operational and maintenance (O&amp;M) or capital retrofits, without the need to submit multiple project applications or attempt to isolate the savings from each project. This design was chosen for its simplicity in both customer participation and administration and addresses the call from customers for greater customer choice.</p> <p>Participant feedback from the IESO Conservation Fund-supported <i>Results Based Performance Optimization</i> pay-for-performance pilot indicates customer interest in the whole-building approach.</p>
2.	<p>Allowing participation in other programs will continue the momentum LDCs have in promoting those programs (e.g., Retrofit).</p>	<p>LDCs will have the ability to and are encouraged to include this program in the suite of programs that they market to their customers. Multi-site customers have said they are looking for greater customer choice.</p>
3.	<p>Clarification requested on whether buildings with existing applications would be eligible to participate. For example, would a facility with a</p>	<p>Past participation in programs does not make a building ineligible for the P4P program; however an incented project that was completed in the last two</p>

	combined heat and power (CHP) project through the Process and Systems Upgrade Program be able to participate in P4P?	years may need to be accounted for in the development of the building energy baseline model.  To avoid “double dipping”, customers cannot apply for incentives for projects they plan to implement once a building is enrolled in the P4P program.
4.	Clarification requested on whether a customer can apply for P4P with a selection of buildings from their portfolio, while still receiving other incentives for different buildings in their portfolio?	Participants are under no obligation to enroll their entire building portfolio in the P4P program. The participation of a customer’s building in the P4P program places no restrictions on accessing other programs for the customer’s other buildings.
5.	Regarding allowing access to Audit Funding and the Energy Manager Program specifically: the Energy Manager Program is seen as complementary to P4P and can further drive P4P success.	The IESO proposes to permit customers that are participating in P4P to also participate in the Energy Manager Program and the Audit Program.
6.	Buildings participating in the P4P program should not be allowed to participate in other Save on Energy programs unless it is clearly defined how the impacts for each program will be segregated to determine program cost effectiveness. This appears to be duplicative of program enabled savings achieved through the Energy Manager and Audit Funding programs.	Consideration is being given to how to ensure that savings will not be counted by multiple programs in situations where this is permitted, specifically, the Energy Manager Program and Audit Funding.
7.	Clarification requested on whether participation in Demand Response (DR), and non-IESO funded programs such as those offered by gas utilities will be allowed.	Participation in natural gas and water conservation incentive programs will not impact building eligibility for the P4P program. The IESO is currently considering whether a building’s participation as a Demand Response resource should impact its eligibility for the P4P program. This will be addressed in the program rules.
8.	Some of the facilities are class A sites participating in the Industrial Conservation Initiative and confirmation is needed that DR efforts in minimizing the 5 coincident peak hours are allowed to continue.	Participation in the Industrial Conservation Initiative will not disqualify a building from participating in the P4P program. Efforts to address the 5 critical peaks will not be removed from the facility baseline.
9.	Required consumption seems high unless building aggregation is allowed:	The IESO is considering if the minimum annual energy consumption threshold can be reduced for

	<ul style="list-style-type: none"> <li>A typical secondary school may average 1,000,000-1,500,000 kWh per year and therefore would not qualify. However, bundling several smaller buildings such as schools and multi-unit residential building would realize significant savings.</li> <li>On a per building basis, the requirement is too high unless it is combined with natural gas usage. If it is solely electrical, 1,000,000 kWh per building or aggregation of buildings should be the requirement.</li> </ul>	<p>eligibility and is seeking to manage the per-building technical review costs while maintaining program cost-effectiveness.</p> <p>Additionally the IESO is exploring the technical feasibility of allowing the participation of multiple buildings through a single aggregated building energy model (i.e., “bundling”) to facilitate participation by smaller buildings.</p>
10.	The minimum annual consumption at the portfolio level would be more cost effective for the IESO to administer. For example, 10 GWh/yr would provide a minimum incentive of \$20k/yr (at the suggested 5% level), which should be enough to allow for IESO overhead and customer overhead to complete M&V with base-year adjustments.	Program costs are primarily driven by per-building technical review costs. Consequently, the minimum annual consumption requirement has been placed at the building level. The IESO is exploring the technical feasibility of allowing the participation of multiple buildings aggregated into a single building energy model.
11.	If aggregation of smaller facilities is allowed, the kWh threshold should be increased in order to afford the IESO administration costs, and there should also be appropriate metering.	This input will be taken into consideration in the program design.
12.	Due to the burden and complexity of tracking savings, aggregation should only be permitted where there are common facility types, or under a single owner.	If permitted, aggregation would be limited to buildings owned or operated by a single participant.
13.	The individual building threshold of 2,000,000 kWh is suitable due to the effort required to administer P4P. Lowering the requirement may affect the cost effectiveness with smaller facilities.	This input will be taken into consideration in the program design.
14.	Clarification requested on whether consumption is full building electricity or grid electricity.	The minimum annual energy consumption threshold refers to electricity drawn from the distribution system.
15.	Clarification requested on the timing for achieving the 5% savings (i.e., in the first year, fourth year?)	Participants should plan to realize 5% energy savings by the end of the second year of participation.
16.	Clarification requested on whether participants are still paid for the kWh saved if the 5% savings	Participants will be rewarded for all energy savings achieved whether or not they achieve their targets.

	target is not achieved.	
17.	<p>The minimum 5% savings target may result in lower participation rates and penalization of leading companies in energy efficiency as many have already addressed the “low-hanging fruit”.</p> <p>Companies that choose to participate in P4P over other programs face a financial risk due to their inability to retroactively apply for incentives if the savings target is not achieved. Many businesses are likely to opt to participate in programs with lower incentives to minimize their risk.</p>	<p>The minimum savings target was selected based on a cross-jurisdictional review of whole-building programs, market input, and the need to realize a minimum amount of savings for a building’s participation in the program to be cost-effective given anticipated per-building technical review costs.</p> <p>The P4P program is presented as a voluntary alternative to existing programs for Multi-Distributor Customers. Customers should consider the other existing programs if they have concerns about meeting the target.</p>
18.	<p>Is persistence required to 2020, as the Conservation First Framework 2020 7 TWh target was designed around projects with persistence to 2020?</p>	<p>While customers will not be contractually required to ensure that the savings they achieve will persist till 2020, the incentive structure is specifically designed to encourage savings persistence. The smaller annual incentive (relative to the Retrofit program) is paid over multiple years to encourage the customer to maintain the savings achieved in early years of the program and make the behavioural and operational changes become standard practice.</p> <p>One of the key motivations for the MDC P4P program is to provide an effective mechanism to incent operational and behavioural efficiency actions and ongoing practices by customers. This includes measures such as adding occupancy or ambient-lighted based controls for lighting, recommissioning of building operating systems and careful ongoing monitoring of HVAC and refrigeration systems to ensure optimum operation, and regular inspection of compressed air systems for leaks. While operational and behavioural measures represent a significant portion of most buildings’ efficiency potential, customers have historically been unable to access incentives for these measures from the existing Save On Energy programs designed to incent equipment replacement.</p>

		<p>It is anticipated that customers will also install capital improvements to their building in order to receive the full value from participating in the program. It is expected that the savings achieved from the program will be a mixture of capital improvements and behavioural and operational savings. As part of the IESO's EM&amp;V process we will assess the expected persistence of the savings based on reporting by participants of activities undertaken to achieve savings. Pilot programs implementing the whole building concept both in Ontario and elsewhere have achieved long term persisting savings.</p> <p>The savings from the program that will be counted toward LDCs targets will be the persisting savings in 2020.</p>
19.	<p>Regarding enrolling two or more buildings located in two or more LDC service areas:</p> <ul style="list-style-type: none"> <li>• The need to have multiple buildings in multiple jurisdictions will cause confusion in the marketplace in some jurisdictions</li> <li>• Multiple buildings in one area (i.e., with a single LDC) would benefit from the P4P model</li> <li>• Suggest offering the program to single facilities consuming a level of energy to that of multi-locations</li> </ul>	<p>Per the Minister of Energy's direction to the IESO the program is to be designed for and delivered to customers with facilities in multiple LDC service territories. LDCs may create a local program that serves customers that have one or more buildings in their territory.</p>
20.	<p>Requirement of access to hourly data will present a significant barrier to participation.</p>	<p>Hourly data is required to ensure robust measurement and verification of energy savings.</p>
21.	<p>Clarification is requested on whether the Technical Reviewer will be precluded from acting as an applicant representative.</p>	<p>Due to potential conflict-of-interest, the Technical Reviewer procured by the IESO will be prohibited from providing additional services to customers relating to the P4P program, including acting as an applicant representative.</p>
22.	<p>Clarification requested on whether savings from CHP or on site generation will be incented for the 4 years.</p>	<p>IESO is currently considering how behind-the-meter generation will be treated in the P4P program.</p>
23.	<p>kWh should be converted into a square foot</p>	<p>This input will be taken into consideration in the</p>

	calculation as an additional requirement.	program design.
24.	Clarification is requested on whether O&M efforts, such as returning existing equipment to its original condition, constitute eligible savings.	The proposed program is designed to encourage O&M activities such as re-commissioning existing equipment. Savings from these activities would be considered eligible savings.
25.	Annual base-year adjustments should be permitted irrespective of the adjustment's percentage impact on the base-year, as targeting buildings that will not have base-year adjustments is not customer friendly.	This input will be taken into consideration in the program design. Further information about proposed conditions and requirements for baseline adjustments will be included in the draft M&V Procedures that will be presented for stakeholder feedback in early Fall.
26.	Will having a building in the P4P program now void non-incented energy conservation measures (ECMs)? If a company has their buildings in P4P how can non-incented ECMs be demonstrated?	Consideration is being given to how the Energy Manager Program could complement the P4P program. Further information will be provided at the subsequent engagement in early Fall.

## II. Energy Model

Stakeholder Feedback		IESO Response
1.	Energy model format and example of modeled buildings with data should be shared to help clarify the methodology for weather correction and other issues. Not providing this could dissuade participation.	Specific model requirements including acceptable model formats and an example will be included in the draft M&V Procedures that will be presented for stakeholder feedback in early Fall.
2.	Clarification requested on whether the baseline model is a regression billed consumption model and not an EE4 or eQuest model.	Baseline models will be developed using regression analysis of hourly consumption data and variables impacting building energy consumption. An example of a building energy model and savings calculation will be provided in the draft M&V Procedures that will be presented for stakeholder feedback in early Fall.
3.	Clarification is requested on whether the baseline is a calibrated energy model and whether metered consumption will be required to be normalized for weather, occupancy, etc. <ul style="list-style-type: none"> <li>Clarification is requested on whether the whole building measured annual consumption is</li> </ul>	Normalization will be accounted for in the baseline energy model rather than the actual metered consumption. At the end of each performance monitoring period, the variables in the baseline model (such as cooling degree days or occupancy) will be updated to reflect conditions observed

	<p>compared with the original forecasted baseline, or if it is first adjusted for weather and occupancy?</p>	<p>during that period. The predicted consumption during that period produced by the baseline model will be compared to the metered consumption to determine savings. An example of a building energy model and savings calculation will be provided.</p>
4.	<p>Rationale requested on why modelled consumption is required for the baseline instead of metered consumption.</p>	<p>For clarity, baseline energy models are developed using historical metered consumption data. The difference between the energy consumption predicted by the baseline model and the metered consumption for the same period equals the savings.</p>
5.	<p>Criteria for baseline adjustments should be specified:</p> <ul style="list-style-type: none"> <li>• Clarification is requested on whether historical performance (reference year for calculating savings) can be adjusted for weather and changes in the building. For example, if a building undertakes major renovations or repairs that may drive consumption, would a penalty be applied, or will the baseline be adjusted?</li> <li>• Proposed 10% threshold for baseline adjustment is too high. The program needs to monitor any changes carefully for each participant and model them as a baseline adjustment.</li> </ul>	<p>Further information about proposed conditions and requirements for baseline adjustments will be included in the draft M&amp;V Procedures that will be presented for stakeholder feedback in early Fall. It is expected that baselines will be normalized for weather; other significant building changes would be treated as non-routine baseline adjustments.</p>
6.	<p>Internal resources/external consultant costs to model building energy use and track performance will dissuade participation. This cost will likely be greater than incentive dollars received.</p>	<p>The IESO is currently exploring ways to support customer development of building baseline energy models.</p>
7.	<p>Clarification is requested on whether IPMVP Option C is to be used to measure savings.</p> <ul style="list-style-type: none"> <li>• Base year data with a clear description of the required energy model to be developed that meets IPMVP Option C should be referenced upfront.</li> </ul>	<p>The methodology for measuring and verifying energy savings will be compliant with IPMVP Option C Whole Building Analysis. Please note that draft program M&amp;V Procedures will be presented for stakeholder feedback in early Fall.</p>
8.	<p>A minimum 2 years of historical data should be required in order to capture weather variances/anomalies.</p>	<p>This input will be taken into consideration in the program design.</p>



9.	Clarification is requested on whether penalties will be imposed if energy consumption goes up (baseline exceeded).	Buildings which do not consistently demonstrate energy savings will be removed from the program. Financial penalties will not be imposed.
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### III. Incentive

Stakeholder Feedback		IESO Response
1.	<p>Clarification is requested on whether the baseline is re-established at the end of year 1, or if the remaining 3 years are based on the original baseline. For example, if a building is benchmarked at 1,000,000 kWh per year, and a completed project saves 200,000 kWh per year, does the building get paid out every year for 4 years at \$8,000 per year (200,000 kWh x \$0.04/kWh) or does the baseline get reset every year so year two starts at 800,000 kWh and any savings realized in that year are paid out not including the first year savings?</p> <p>Clarification is requested on whether the \$0.04/kWh is paid every year, or if the baseline is readjusted to account for the incentive.</p>	<p>Once established, the baseline model does not reset (unless a non-routine baseline adjustment is required due to a significant change to the building or its use). As such, the example building would receive \$8,000 every year for four years (a total of \$32,000) for a project delivering annual savings of 200,000 kWh.</p> <p>Please note that the baseline would likely vary from year to year due to fluctuations in weather, building occupancy, or other variables included in the building's energy baseline model. Please see example on Slide 15 of the Pay-for-Performance Draft Program Design presentation available at <a href="http://www.ieso.ca/Pages/Participate/Stakeholder-Engagement/Pay-for-Performance-Program-Engagement.aspx">http://www.ieso.ca/Pages/Participate/Stakeholder-Engagement/Pay-for-Performance-Program-Engagement.aspx</a>.</p>
2.	Clarification is requested on whether the incentive is based on net kWh, and those persisting to 2020.	Incentive is based on net kWh savings reported on an annual basis. The ongoing incentive is intended to motivate customers to maintain their savings through 2020.
3.	<p>The incentive is too low, and will not be worth the time and effort required:</p> <ul style="list-style-type: none"> <li>• Rate should be increased to align with the lowest rate of LRP at \$0.11/kWh</li> <li>• Rate should be increased to \$0.06/kWh</li> <li>• Other programs including Retrofit and Process and Systems Upgrade programs offer higher incentives. Especially considering the cost of energy modeling, customers would be better off participating in other programs.</li> <li>• A minimum of \$0.05/kWh over a four-year term, or extending the \$0.04/kWh to a five-year term is suggested</li> </ul>	<p>Annual incentives are calculated using a non-resetting baseline model established at the time of a building's entry into the program. Assuming the building participates for a full four years, projects implemented during the first year are effectively incented at \$0.16/kWh if the savings are maintained over the life of the contract (\$0.04/kWh times four years). Projects implemented the second year are incented at \$0.12/kWh, etc. (ignoring the time-value of money). This encourages customers to maintain performance as suggested.</p> <p>It is anticipated that the simplicity of program</p>

	<ul style="list-style-type: none"> <li>• Alternate incentive model – A: Provide a higher \$/kWh for the first year and reduced amount for subsequent years (subject to TRC considerations). This would encourage more investment in the first year and motivate participants maintain or improve performance. For example \$0.08/kWh for year 1 and perhaps \$0.03/kWh thereafter.</li> <li>• Alternate incentive model – B: Provide a modest \$/kWh for the first two years and higher incentive from third year onwards using an increasing incentive scale up to five years (subject to TRC considerations). This would not only encourage participants to maintain savings and explore ways to improve performance year after year, but would also lessen the chance of participants opting out after the second year. For example \$0.04/kWh for year 1 &amp; 2 and perhaps \$0.06, \$0.07, \$0.08/kWh for years 3-5.</li> </ul>	<p>participation without the need to apply for program incentives for each project and document savings on a per project basis, combined with the ability to receive incentives for operating and maintenance activities, will be attractive to customers that are interested in driving deeper savings from their buildings.</p> <p>The IESO is exploring ways to support customer development of building baseline energy models.</p>
4.	The incentive is higher than others in North America.	This input will be taken into consideration in the program design.
5.	Due to the quarterly financial reporting requirement for many large customers, annual payments may prevent acquisition of capital budget as program incentives play a part in offsetting project costs. As such, semi-annual payments should be considered.	The frequency of the payment of incentives impacts the cost of technical review of building results. Annual payment was considered the optimal balance of providing customer feedback and minimizing program delivery costs to maintain program cost effectiveness.
6.	Different incentive levels for on and off-peak savings and affordability requested.	The IESO is considering different incentives for on and off peak savings.
7.	The lack of capability building funding is a major design flaw that will lead to lower persistence and not build the long term organizational strength desired.	This input will be taken into consideration in the program design.
8.	A set rate (4 cents) although low based on other incentives offers a clear understanding of the incentive, whereas incentives presented through LDCs are often complex.	Thank you for your input.

9.	Four years is an excellent period of providing rebates based on return on investment (ROI's) of investment in energy saving processes, practices and technologies.	Thank you for your input.
10.	Upon execution of an agreement, the customer should be permitted to assign the incentive to a third party to help ensure program success.	This input will be taken into consideration in the program design.

#### IV. Program Rules

Stakeholder Feedback		IESO Response
1.	General support for the requirement of Natural Resources Canada (NRCan) Energy Star Portfolio Manager.	This input will be taken into consideration in the program design.
2.	If required, the IESO should bear the Portfolio Manager registration cost, in order to encourage reporting consistency.	This input will be taken into consideration in the program design.
3.	Portfolio Manager is unsuitable for verification of energy savings.	Thank you for your input. It was not envisioned that NRCan Portfolio Manager would be used for M&V purposes.
4.	Clarification is requested on whether only energy consumption must be reported, or if all data is required, given that Portfolio Manager reports on more than just energy.	It was envisioned that participants would be required to input the data necessary to establish building Energy Use Intensity.
5.	A non-prescriptive approach would allow more participation. Example cited that school boards use another database, and requiring Portfolio Manager additionally would increase work.	This input will be taken into consideration in the program design.
6.	Clarification is requested on whether the enrollment as a Market Participant will be applied just for the P4P program, or if other obligations on the customer will be introduced.	For clarity, customers participating in the P4P program will be required to register as an IESO <i>Program</i> Participant to facilitate the timely settlement of incentive payments. Registration is at no cost to the customer and does not entail the obligations of a Market Participant.
7.	The reference to December 2020 is unclear. Does this mean that customers can apply up to	The Conservation First Framework ends at the end of December 2020. IESO does not have authority at

	December 2020 and receive payments after this point, or that payments will end at December 2020?	<p>this time to continue programs beyond this date.</p> <p>The IESO is determining the final deadline for submitting savings reports for incentive payments. This will be addressed in the draft program participation documents that will be shared with stakeholders for feedback in early Fall.</p>
8.	Clarification requested on how incentives for savings achieved will be paid out to customers that opt out.	Incentives will be paid annually based on customers' annual savings reports. Incentives will only be paid where a savings report has been submitted.
9.	How much persistence will be given to savings achieved by participants who opt out?	Persistence will be determined by the IESO program evaluation process.
10.	The four-year term could potentially interfere with sale of an asset.	Provisions for termination of participant agreements will be provided for stakeholder feedback in early Fall as part of the overall draft program documentation.
11.	Even though participants have the option to opt out of the program after two years, the IESO should offer to continue the incentive (for at least an additional three years) so as to convince the participant to stay in the program. This would improve the persistence factor and maximize ROI.	For clarity, incentives will be available for participating buildings for up to four consecutive years (subject to the ending of the Conservation First Framework on December 31, 2020).

## V. Program Operations

Stakeholder Feedback		IESO Response
1.	<p>Application and agreement should be simple:</p> <ul style="list-style-type: none"> <li>• Application should not exceed 3 pages</li> <li>• Additional information should not be required (i.e., invoices, time sheets, etc.)</li> </ul>	This input will be taken into consideration in the program design.
2.	Annual energy report should be provided that demonstrates savings in kWh from the hourly data.	Thank you for your input. This is the intention.
3.	Clarification is requested on whether savings will count towards the Full Cost Recovery portion of the LDC target, or Pay-for-Performance.	Verified savings from the P4P program will be attributed against LDC's Full Cost Recovery CDM targets.
4.	Not all LDCs provide data in the same format (i.e., loss factor may or may not be included in the data).	This will need to be considered by the customer in building the energy baseline model.

5.	<p>Clarification requested on how the IESO will share information with LDCs in regards to participants, contract, project details and performance. Will the IESO provide forecast savings, as well as quarterly or annual updates by LDC for inclusion in LDC CDM plans?</p> <ul style="list-style-type: none"> <li>Under the DR3 program there was limited involvement of the LDCs in program implementation, which resulted in minimal information verified and reported until long after the projects were completed. Greater information sharing would be beneficial.</li> </ul>	<p>The IESO is committed to ensuring that LDCs have timely access to information about P4P program participation in their service territories. The IESO is currently considering different options for providing this information. The IESO will provide annual LDC updates on savings achieved, but cannot provide forecasted savings given the annual ex-post nature of the reporting provided by participants.</p>
6.	<p>Clarification requested on whether the IESO will be using a Technical Reviewer.</p>	<p>Yes, the IESO will procure a third-party Technical Reviewer.</p>
7.	<p>It is important to have a third-party arbitrator in case there is a program rule challenge or there are better ways to administer the program from customer experiences. Existing conservation programs lack a means to review a program element, interpretation, etc., causing excessive challenges that could be eliminated.</p>	<p>This input will be taken into consideration in the program design.</p>
8.	<p>The anticipated role for LDCs for QA/QC and such requirements are unclear. LDC support and resourcing costs should be defined.</p>	<p>LDCs will not be responsible for providing QA/QC services.</p>
9.	<p>Does the IESO have or intend to acquire incremental resources to manage this program?</p>	<p>IESO intends to add one temporary full time employee (FTE) to support program administration.</p>
10.	<p>Direction requested on how LDCs are to manage buildings that have participated in the P4P to ensure applications for other programs (i.e., Retrofit, Process and Systems Upgrade) are not accepted by the LDC, and implications if such applications are accepted.</p> <ul style="list-style-type: none"> <li>Clarification requested on how LDCs will be informed of project specific details to know exactly which sites are participating? (In this manner, they can be identified as</li> </ul>	<p>IESO is currently considering different options to ensure LDCs have access to up to date information on program participation in their service territory to ensure applications to other Save on Energy programs are not accepted.</p> <p>Implications will vary on a case-by-case basis, recognizing that there may be instances where a project in a P4P program participating building may be submitted for additional Save on Energy savings</p>

	ineligible for the business programs, such as Retrofit.)	due to miscommunication/misunderstanding. Buildings where there are persistent issues will be removed from the program.
11.	The IESO, in promoting the MDC-P4P program, will not know the kind of existing metering/data for prospective participant facilities. This may require unplanned metering upgrades that are normally ineligible costs under the Conservation First Framework (as LDC regulated infrastructure) and could be unintentionally subject to LDC regulated-process delays.	Thank you for your input.
12.	Are there any future plans of integrating P4P into the Conservation and Demand Management Information System (CDM-IS)? This would assist in transparency, accountability and coordination between the LDC and IESO.	IESO plans on integrating the P4P program into CDM-IS as time and budget allow.
13.	Will any IESO costs for MDC-P4P delivery eventually be allocated to Value-Added Services?	The P4P program will be funded incrementally to LDCs CFF budgets.
14.	There should be a simple and effective means to resolve disputes that may arise with respect to eligibility, interpretation of program rules, M&V, settlement, etc.	This input will be taken into consideration in the program design.

## VI. Other

Stakeholder Feedback		IESO Response
1.	The forecasted scope and scale of the program in terms of number of participants, facilities, as well as MW/MWh would be helpful to provide. Since MDC-P4P and Save on Energy (SOE) are mutually exclusive, this information would help compare benefits with the “opportunity cost” of potentially cannibalized SOE programs.	Program participation is forecasted at 164 buildings delivering 103 GWh of energy savings and 3.56 MW of demand savings.  Please note that these numbers are draft and subject to change, particularly if it proves feasible to accept aggregated building energy baseline models or lower than anticipated technical review costs allow the minimum annual energy consumption requirement for program eligibility to be reduced.
2.	Rationale requested on the challenges identified	Multi-Distributor Customers have reported

	<p>regarding the current MDC experience under SOE programs, which motivated the need for a distinct new program. Could these deficiencies perhaps have been addressed under normal program rule change management? (In particular, the recent changes to the Multi-Site Agreement under Retrofit could have addressed outstanding criticisms.) On the other hand, are there any lessons that should be considered in future enhancements for other SOE programs?</p>	<p>persistent challenges with consistency in program requirements across LDC service territories and the timeliness of project processing when coordination among multiple LDCs is involved.</p> <p>Multi-Distributor Customers have also asked for greater customer choice.</p>
3.	<p>Are there targets for the MDC-P4P program? Is there documentation available that details the business case and results of the original pilot to help LDCs understand the potential benefits?</p>	<p>The program is forecasted to deliver 103 GWh of savings. All verified savings from the program will be allocated to the CDM target of the LDC where the savings occurred.</p> <p>Once finalized, the Business Case and program rules and contracts will be published for LDCs and customers to understand the program and to aid future program design.</p> <p>The final evaluation report for the <i>Results Based Performance Optimization</i> pilot will be published in October.</p>
4.	<p>To support this program, an organization would either need an energy manager (which in that case they would likely be applying through the Retrofit program for most measures), or require a consultant. As such, why not use the 4 cents to help the client support a consultant, and still allow them to apply through Retrofit for the measures?</p>	<p>The benefit of this program is that the customer chooses how to achieve savings and how to invest their rewards. Customers have choice regarding how they use the performance incentive, including using it to support a consultant. This program also allows customers to receive incentives based on operational and maintenance savings.</p>
5.	<p>Affirmative feedback regarding P4P program design:</p> <ul style="list-style-type: none"> <li>• A centrally administered program would be effective in providing consistency as there has been too much variation in knowledge and resources for conservation programs amongst LDCs, which creates difficulties in developing company-wide multi-location plans</li> <li>• A single point of contact offered through a centrally administered program is valuable</li> <li>• Great first step in centralizing Ontario's</li> </ul>	<p>Thank you for your input.</p>

	<p>energy saving incentives</p> <ul style="list-style-type: none"> <li>• The P4P concept is great and is a timely and well-sequenced addition to the SaveONEnergy incentive program. It's also complementary to other provincial including (Energy Water Reporting and Benchmarking mandates). The 4 year duration is good as well.</li> <li>• A whole-building based P4P program would drive innovation and persistence of savings from the installed ECMs and management best practices. The persistence factor is often overlooked, but is a critical factor to maximize ROI both for the province and for participants.</li> <li>• All SOE programs should be centralized as they are not equally distributed and accessible across the province</li> <li>• IESO coordination with the individual LDCs to allocate energy savings toward their CDM targets is appealing</li> <li>• The program is designed to encourage customers to become more engaged in energy conservation</li> <li>• Provides flexibility to allow customers to obtain savings from operational measures that are not specifically well suited to the existing program offerings</li> <li>• Payments over multiple years are the most appealing feature</li> <li>• Paying for performance provides the appropriate motivation for customers to focus on measured results with complete flexibility to execute innovative measures at their own risk and benefit</li> <li>• Sounds like a practical way to capture a range of measures and also encourages innovation, participation with tenants, vendors and other team members</li> </ul>	
6.	<p>Concerns expressed regarding P4P program design:</p> <ul style="list-style-type: none"> <li>• The Conservation First Framework has LDCs</li> </ul>	<p>As the program design is finalized, the IESO will develop program administration processes and procedures. The IESO will use the principles of:</p>



<p>as the general design and delivery agent for CDM programs, which will be fundamentally changed based with this new directive unless LDC's role also expands to include it</p> <ul style="list-style-type: none"> <li>• The LDC community has already developed key account teams that interface with customers to deliver conservation programs and this initiative will undoubtedly lead to customer confusion <ul style="list-style-type: none"> <li>○ Many large LDCs across Ontario already have established relationships with large landlords (the ones that are most likely to be qualified as Multi-Distributor Customers - MDC) through their respective Key Account Managers, and have relied on the conservation potential within the MDC base for budgeting, forecasting, resource planning, marketing, promotion, delivery, costs related to KAMs, savings, etc. By IESO offering a program that is mutually exclusive of the current SOE program, it could inadvertently undermine LDCs' efforts to provide seamless CDM offerings to their commercial customers.</li> </ul> </li> <li>• It becomes important to clearly define delivery roles and responsibilities between IESO, its agents and LDCs</li> <li>• The P4P program creates a two-tier system; customers (even within the same organization) could unknowingly end up dealing with the IESO on one program and the LDCs for others</li> <li>• A MDC-P4P program with different rules, promoted by a different organization and with minimal interface with the LDCs has the potential to be quite problematic. A more collaborative approach would be to use the existing MDC framework and have the LDCs deliver this program as part of the ongoing conservation efforts.</li> <li>• A new program with different rules and incentives, managed and promoted by a</li> </ul>	<p>minimizing market confusion, focusing on customer choice, and IESO-LDC transparency and collaboration.</p> <p>In addition to marketing materials for customers, communication materials will be developed for LDC staff—clearly delineating program roles and responsibilities between IESO, the Technical Reviewer, LDCs, and customers, and providing information to help LDC staff assist customers in making informed decisions about various program options. LDCs are encouraged to market this program to their customers as part of their portfolio.</p>
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different organization, with no involvement from the LDCs would be confusing, and could potentially slow down momentum and impede effective administration of the current SOE program. Ultimately, this could contribute to participant fatigue or could lead to the market losing confidence in the program. A more practical and cost efficient approach would be to have the LDCs deliver this program as part of their ongoing suite of SOE initiatives with the IESO as the single point of contact, managing a centralized clearing house (working in collaboration with regional KAMs) for MDC application. This would be similar to former Head Office model-type process but with better structure and control.

- MDC-P4P and SOE are mutually exclusive. In other words, MDC-P4P will cannibalize SOE, which will impact LDC CDM strategy, savings forecast, resource planning, as well as complicating CDM Plans thereby requiring ongoing refresh of those plans. Depending on how differences net out, LDCs could be disadvantaged by promoting MDC-P4P. (Note that MDC-P4P and SOE do not need to be mutually exclusive so long as verified project savings under SOE are discounted from MDC-P4P savings.)
- The new MDC-P4P, as it is presented, seems to create a second stream that is completely different from the current Save On Energy (SOE) program. The CFF identifies LDCs as the main delivery agent of CDM programs and it has been communicated to the market place as such for the past number of years. Unless the role of LDCs is expanded to include the new MDC-P4P, it may further complicate the market place that is already confused about many elements of the current SOE program.
- It will be important to coordinate marketing of the program to avoid customer confusion.

	Furthermore, customer perception of competing offers may feed perceptions of lack of collaboration between utilities and government agencies.	
7.	A complaint that is normally levied against the current SOE program (from many landlords and energy services providers who assist or act on behalf of landlords) is that some LDCs do not respond to inquiries on a timely manner, and in some cases don't respond at all despite repeated attempts. This must change, and it is hoped that a centralized program for MDC would make it easier for landlords and service providers to follow up on the status of their applications, payments, and other inquiries related to their projects.	The IESO is designing this program to have streamlined administrative processes which should reduce the number of inquiries regarding status of applications. Service level standards will also be integrated into related processes.
8.	If implemented properly, MDC-P4P would make it easier for landlords who own/manage buildings across Ontario to participate in the provincial CDM program by providing a single point of contact and simplified application, verification, and settlement process.	Thank you for your feedback.
9.	Rationale requested on why does P4P has to be mutually exclusive of existing province-wide, regional or local CDM programs? For example, one LDC's proposed program discounts other CDM program savings contribution while keeping the operational objectives of the program intact.	<p>The ability to offer customers a \$0.04/kWh incentive annually with a non-resetting baseline while maintaining program cost-effectiveness is predicated on realizing significant program administration cost savings compared to current Save on Energy programs.</p> <p>Program administration costs will be largely driven by the technical review of building energy baseline models and savings reports. Additional costs would be incurred by adjusting baselines to accommodate savings from projects funded through another program, while allowing savings within a participating building to be attributed to other programs undermines building-level cost-effectiveness (program administration costs remain constant while savings are reduced).</p>

		There is considerable market feedback supporting a whole-building approach to incenting savings.
10.	A program for more qualified energy auditors is needed. Working with a college or university to create a program for youth is suggested.	In the interest of building market capability for energy conservation related activity, training and certification incentives are available to eligible participants through the Save on Energy Training & Support. These incentives help increase the numbers of accredited professionals in Ontario, thereby helping to create higher quality energy conservation solutions for Ontario's homes and businesses. The IESO provides incentives for the successful completion of Certified Energy Manager, Certified Measurement and Verification Professional, and Certified Building Commissioning Professional, Building Operator Certification and energy management among other initiatives. The IESO does not currently provide a certification incentive for energy auditors. The portfolio of training initiatives is regularly monitored and updated based on market needs. From time-to-time, the IESO collaborates with Ontario's colleges and universities to meet identified training needs.
11.	Three months to implement ECMs before the commencement of the P4P period is not sufficient. Participants would require more time to coordinate logistics and get projects off the ground, and therefore it is recommended that they be given at least six months.	The IESO is attempting to balance time for new project implementation with time enrolled in the program and eligible for incentives. The longer the participant waits to begin counting participation, the shorter the time they are eligible to receive incentives with the Conservation First Framework ending on December 31, 2020. It is anticipated that participants will continue to invest in their facilities over the life of the program.
12.	Coordination with natural gas distributors is highly recommended.	The IESO will undertake discussions with the gas utilities regarding possible collaboration opportunities for this program.