

Pay-for-Performance Program Engagement Plan

I. Introduction

The Independent Electricity System Operator (IESO) is seeking input to inform the design and implementation of a pay-for-performance program for multi-distributor consumers (MDCs) as part of the Conservation First Framework. Feedback will be sought on a draft program design document including the terms for participation.

This engagement plan outlines the background and key considerations for the design and implementation of a province-wide pay-for-performance program for MDCs. It also provides a timeline and describes the engagement approach to ensure that interested stakeholders have effective and meaningful opportunities for input.

Input from stakeholders will be a key consideration of program design and implementation and the IESO will seek to engage a broad range of interested parties which is further discussed in this plan.

This stakeholder engagement plan may be subject to review and update as the process evolves and meaningful revisions are required to ensure that individuals have the opportunity to contribute their input on this initiative most efficiently.

All comments and enquiries in this engagement initiative can be directed to engagement@ieso.ca.

II. Background

On June 10, 2016, the [Minister of Energy directed](#) IESO to centrally design, fund, and deliver a new province-wide pay-for-performance program for MDCs with implementation commencing by the end of Fall 2016. The program will support the provincial Conservation and Demand Management (CDM) savings target of 30 terawatt-hours (TWh) by 2032 - 7 TWh of which would be achieved through Local Distribution Company (LDC) CDM programs and 1.7 TWh of which would be achieved through the Industrial Accelerator Program (IAP) for transmission-connected customers.

The parameters of the Minister's direction included the following additional requirements:

- 1) consultation with distributors
- 2) attribution of electricity savings to the distributors in relation to achievement of their conservation and demand management (CDM) targets; and
- 3) coordination with gas utilities where appropriate.

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June 26, 2016

This direction follows the Conservation First Framework direction to the IESO on March 31, 2014 which sets out a new CDM framework for the years 2015-2020 to achieve the province's Long Term Energy Plan (LTEP) targets. The objectives of the framework as stated in the LTEP are:

- “Long-term, stable funding for conservation so that customers and LDCs have the certainty they need to implement and deliver programs.
- Customers will be given more program choice along with streamlined oversight and administration.
- LDCs will have accountability for meeting their assigned conservation goals, and will be provided the authority and means for meeting them cost-effectively.
- The new Framework will encourage innovation and the adoption of new technologies.
- While there will be conservation programs available for all residential, commercial and industrial sectors, the value of conservation investments may be higher in some sectors than others.
- There will be renewed efforts to deepen consumer awareness of conservation, and more broadly, of the electricity system.
- Conservation programs for low-income residential customers will be improved.
- For Aboriginal communities, the role of LDCs in the delivery of conservation programs will be enhanced, particularly for on-reserve First Nation customers.
- Industrial and transmission connected customers will continue to have access to the IESO's conservation programs, which will be expanded to facilitate broader program choice and financing flexibility. To ensure value for ratepayers, the new Framework will continue to provide cost-effective conservation programs at less than the cost of new supply.”

III. Objectives

The IESO plans to focus on the following key considerations in designing the pay-for-performance program:

- Address MDC concerns that there are inconsistencies and coordination challenges with implementing Save on Energy projects across multiple LDC territories
- Reduce ratepayer risk while incenting business customers to pursue energy savings opportunities that are best suited to their operating conditions
- Incorporate findings from a recent pay-for-performance pilot program funded through the IESO Conservation Fund

The objective of this engagement is to seek input from stakeholder and community representatives on the draft pay-for-performance program to ensure it will deliver cost-effective savings, will meet customers' needs and reduce barriers to participation.

This engagement will not consider any recommendations for changes to the current suite of province wide Save on Energy business programs offered by LDCs.

IV. Interested Parties

The IESO encourages all interested parties, or their representatives, with an interest in these matters to participate in this engagement. MDCs and LDCs may be directly impacted by this program and it is expected they will choose to provide feedback.

V. Approach and Channels

The implementation of this Engagement Plan will be in accordance with the IESO's approved [engagement principles](#).

This is a public engagement process. All materials will be posted on a dedicated engagement webpage on the IESO website at [insert link]. In addition, any information supplied by interested parties will be posted (with consent) to the designated engagement webpage.

The approach for this engagement initiative includes opportunities to provide input through various channels such as webinars, information sessions, conference calls and/or written feedback. The IESO will consider all relevant input and illustrate how feedback was considered to shape the final design.

The method to be used in this engagement initiative consists of:

Phase 1: Launch of Engagement and Feedback on Proposed Program Design

The IESO will conduct a public webinar to provide context and present the details of this engagement initiative, the proposed program design and the project plan for implementation of the province-wide pay-for-performance program for MDCs. The proposed program design will be provided in advance of the webinar and include a description of the offer, including the customer incentive, and roles and responsibilities of the MDC and the IESO. Stakeholders will have the opportunity to ask questions during the webinar and provide written feedback on the proposed program design after the webinar.

Notice of the webinar along with registration details will be provided through email, the weekly LDC E-Blast, the IESO Bulletin and on a webpage dedicated to this engagement. The materials for the webinar will be posted and emailed to registrants a week in advance.

Phase 2: Communicating Outcomes

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The IESO will communicate the results of Phase 1 to registered participants and on the engagement webpage including the IESO's response to feedback along with the rationale on how feedback was considered to shape next steps of the engagement.

Phase 3: Feedback on the Proposed Rules and Contracting Structure

The IESO will conduct a public webinar for stakeholders to provide them with an opportunity to ask questions and provide feedback on the proposed rules and terms for participating in the program. The materials for the webinar will be provided in advance.

Phase 4: Communicating Outcomes

The IESO will communicate the results of Phase 2 of the engagement to registered participants and on the engagement webpage including the IESO's response to feedback along with the rationale on how the feedback was considered to shape the final design of the pay-for-performance program.

VI. Proposed Engagement Schedule:

Engagement Activity	Expected Date
Issue communication re engagement launch, post draft engagement plan for comment and announce date of first webinar	Late June, 2016
Phase 1: Webinar - Seek feedback on draft program design and engagement plan	Mid/Late July
Finalize and post engagement plan and respond to comments on the plan	Mid-July
Deadline for feedback on program design and project plan	Early August
Phase 2: IESO Response to feedback on program design	September
Phase 3: Webinar – Seek feedback on Program Contract/Rules	Early September
Deadline for feedback from second webinar	Mid-September
Phase 4: IESO response to feedback on contract/rules	October

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