



INDUSTRIAL ACCELERATOR™ PROGRAM

Eligibility Requirements

Version 1.0 (August 9, 2017)

ELIGIBILITY REQUIREMENTS

Reference is made to the Industrial Accelerator Program form of Master Agreement that is in effect as of the date of these Eligibility Requirements and to any Incentive Schedules issued thereunder that incorporate these Eligibility Requirements.

1. Interpretation

- (a) These Eligibility Requirements:
 - (i) define Eligible Persons, Eligible Projects and Eligible Costs; and
 - (ii) are binding on the Parties only once they have been expressly incorporated by reference into an Incentive Schedule
- (b) Capitalized terms used in these Eligibility Requirements document have the meanings given in the Agreement unless otherwise defined in this Eligibility Requirements document.
- (c) The Master Agreement and Incentive Schedules may prescribe additional eligibility requirements.
- (d) In the event of any conflict between any provision of these Eligibility Requirements and any provision of an Incentive Schedule into which they are incorporated, the provisions of the Incentive Schedule will prevail.
- (e) These Eligibility Requirements may be amended by the IESO on notice to Participants, provided that provided that the version of these Eligibility Requirements that had been incorporated into an Incentive Schedule prior to such amendments will continue to apply in respect of that Incentive Schedule.

2. Requirements for Eligible Persons

For the purposes of each Incentive Schedule that incorporate these Eligibility Requirements by reference:

“Eligible Person” means a Person that:

- (a) is an electricity consumer with (i) facilities that are directly connected to the IESO-Controlled Grid; (ii) facilities that are indirectly connected to the IESO-Controlled Grid and not eligible for conservation incentives from the applicable local distribution company(ies); or (iii) both (i) and (ii);
- (b) is not insolvent;
- (c) has all required rights and authority to undertake Funded Activities and, if applicable, to have the Project(s) installed; and

- (d) meets any other eligibility criteria specified in the Incentive Schedule.

3. Requirements for Eligible Projects

For the purposes of each Incentive Schedule to which these Eligibility Requirements are attached:

“Eligible Project” means:

- (a) for the purposes of a Small Capital Project Incentive Schedule or a Large Project Incentive Schedule, a Project that:
 - (i) is located in a Facility located in the Province of Ontario, which Facility is: (A) directly connected to the IESO-Controlled Grid; (B) indirectly connected to the IESO-Controlled Grid and not eligible for conservation incentives from the applicable local distribution company; (C) a Designated Distribution Connected Project;
 - (ii) is expected to deliver at least 100 MWh of Annualized Electricity Savings, in the case of the a Small Capital Project Incentive Schedule, and at least 350 MWh of Annualized Electricity Savings, in the case of the a Large Project Incentive Schedule;
 - (iii) is reasonably expected to achieve an actual In-Service Date within two years of the date of the Incentive Schedule and in any event no later than December 31, 2022; and
 - (iv) is not an Ineligible Project; and
- (b) for the purposes of any other Incentive Schedule, a Project or activity that meets the requirements for an Eligible Project described under the Incentive Schedule;

where:

“Designated Distribution Connected Project” means a Project in respect of a Facility that is directly connected to the local distribution system where the Participant has elected in writing (in form and substance acceptable to the IESO) to seek funding under the Master Agreement for such distribution-connected Projects and not to seek funding for any such Projects from the applicable local distribution company(ies).

“Ineligible Project” means any Excluded Projects and any other Projects identified in the Incentive Schedule as being ineligible to receive an Incentive;

and where:

“Excluded Projects” means types of projects that are not eligible for Incentives under the Agreement (except as otherwise expressly provided) and includes:

- (i) a Project that the IESO determines is more appropriately funded by another IESO or other existing program;
- (ii) a Project with a Project Payback of less than one year;
- (iii) in the case of a Small Capital Project Incentive Schedule or a Large Project Incentive Schedule only, a Project relating to lighting;
- (iv) a Project that, in the discretion of the IESO, relates primarily to a reduction in consumption of electricity as a result of the activation of measures or protocols that are or were implemented in order to load shift or load shed in order to reduce the electricity demand;
- (v) a Project that, in the discretion of the IESO, is designed primarily to reduce voltage or improve power factor or power quality, other than as an ancillary benefit to obtaining Electricity Savings;
- (vi) a Project that involves installation of any equipment or system if such equipment or system, or the operation of either, would not comply with all Applicable Laws;
- (vii) except as otherwise approved in writing by the IESO, a Project for which any financial incentive has been, is being or may be received from the IESO (other than another Incentive under this Agreement), the Province of Ontario or any agency thereof;
- (viii) prior to submitting an Application for a Project Incentive, a Project for which the Participant has entered into an agreement with a contractor or consultant (except to prepare an engineering study in respect of an Application), or ordered or purchased any equipment for use in relation to the Project;
- (ix) a Project to produce energy in the form of electricity, unless otherwise approved in writing by the IESO;
- (x) a fuel-switching Project, unless otherwise approved in writing by the IESO;
- (xi) a Project using technologies that are not generally commercially available, are pilot or demonstration projects, or are otherwise unproven; or
- (xii) a Project undertaken at a Generation Facility; and
- (xiii) Excluded Generation Projects;

and where:

“Excluded Generation Projects” means a Generation project that:

- (i) exceeds 20 MW of Nameplate Capacity;
- (ii) has a Nameplate Capacity that exceeds the Facility's annual peak demand;
- (iii) directly or indirectly assigns, transfers, sells or supplies electricity it generates into the IESO-Controlled Grid;
- (iv) permanently disconnects from the IESO-Controlled Grid;
- (v) involves coal, diesel or any other fuel disallowed by the IESO;
- (vi) receives funding under another IESO contract or other ratepayer or taxpayer funding mechanism;
- (vii) is used for the sole purpose of reducing electricity demand during the five critical system-peak hours;
- (viii) is a CCHP Project, unless it meets all of the following criteria: (i) uses natural gas or propane as the sole fuel source; (ii) has a primary purpose of generating energy to meet the thermal energy requirements of the Participant's Facility and/or processes; and (iii) is designed and operated in a manner that achieves a minimum annual Total System Efficiency of 65%; or
- (ix) in the case of a WER Project, uses purchased fuel for more than 10% of the annual fuel energy input;

and where:

“CCHP Project” means a Project involving Generation, causing the simultaneous production of electrical and thermal energy where both forms of energy are productively and efficiently used within the Facility and/or its processes;

“Total System Efficiency” means an amount that is calculated by dividing the sum of the annual gross electricity output (MWh) and Useful Thermal Output (MWh-thermal) of the CCHP Project by the annual fuel energy input (in MWh-thermal based on the higher heating value for natural gas or propane, as applicable) and is expressed as a percentage;

“Useful Thermal Output” means the thermal energy (expressed in MWh-thermal) produced by the CCHP Project and used for gainful commercial or industrial purpose where such use avoids or reduces the use of fuel to produce thermal energy in an alternate process within the Facility; and

“WER” or “Waste Energy Recovery” means the generation of electricity primarily from heat or fuel that is a waste by-product of the Facility and/or fuel from another source in the Facility that is otherwise a form of waste energy.

4. Requirements for Eligible Costs

For the purposes of each Incentive Schedule to which these Eligibility Requirements are attached:

“Eligible Costs” means, unless otherwise defined in an Incentive Schedule, the amount equal to the difference between X and Y; where:

X: represents the total of those reasonable costs paid or payable directly related to design, selection, purchase and installation of the Project or Portfolio, including the development of a modified Base Case Baseline, as prescribed in the M&V Plan, and includes only the following: (a) capital expenses; (b) equipment and products (including diagnostic and testing tools and instruments) and associated software; (c) data collection services, including processing, analysis and data management; (d) meter purchase, installation and configuration costs associated with implementing the M&V Plan; (e) salaries and benefits of employees directly involved in the design, selection, purchase and installation of the Project or Portfolio; (f) professional, engineering, scientific, technical, management and contracting services, including those required for training employees in the proper operation of the Project; (g) travel, including accommodation but excluding meals, hospitality or incidentals; (h) printing services; (i) permits and license fees; (j) costs associated with environmental assessments; (k) technical audits and studies associated with the Project (excluding the Participant’s Preliminary Engineering Study and Detailed Engineering Study expenses not funded by the IESO), including a study of energy consumption before or after Project implementation, in each case as approved in writing in advance by the IESO; and (l) such additional category of costs as may be consented to by the IESO in writing in advance of such expenses being incurred, exclusive of any Ineligible Costs; and

Y: represents the total of all Third Party Contributions.

where:

“Ineligible Costs” means:

- (i) the cost of preparing or amending an Application, reviewing or responding to the IESO’s or the Technical Reviewer’s questions regarding an Application, or reviewing the provisions of the Agreement or an Incentive Schedule;
- (ii) the cost of collecting and submitting information required by an M&V Plan;
- (iii) financing costs of the Participant;
- (iv) related insurance costs of the Participant;

- (v) costs associated with post-installation maintenance or service contracts;
- (vi) costs of spare parts, spare equipment or other inventories;
- (vii) purchase or lease of tools for installation of equipment;
- (viii) taxes payable under Part IX of the *Excise Tax Act* (Canada), including HST;
- (ix) a portion of the costs of Eligible Measures that have been or will be received from financial Incentives generally funded by energy ratepayers or taxpayers in the Province of Ontario or rebates from manufacturers or wholesalers or other supply chain participants; and
- (x) any other costs identified in the Incentive Schedule as being Ineligible Costs for the purposes of the Incentive Schedule;

and where:

“Eligible Measures” means measures that meet any eligibility requirements set out in the Incentive Schedule.