



INDUSTRIAL ACCELERATOR™ PROGRAM

**Incentive Schedule for Small Capital Projects
(Version 1.0, August 9, 2017)**

issued under the Master Program Agreement

between

[name of Participant]

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

DATED as of the ♦ day of ♦, ♦

IESO Project Identification No. ♦

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INCENTIVE SCHEDULE - SMALL CAPITAL PROJECTS

This Incentive Schedule is between ♦, a ♦ [Set forth the name and legal form of the Participant] created under the laws of ♦ (the “**Participant**”) and the Independent Electricity System Operator (the “**IESO**”) and is dated ♦.

BACKGROUND:

A. The Participant and the IESO are the Parties to a Master Program Agreement dated ♦ (the “**Master Agreement**”), pursuant to which the Parties may enter into Incentive Schedules.

B. The Participant has submitted an Application for a Small Capital Project Incentive under the Industrial Accelerator Program, which the IESO has accepted.

NOW THEREFORE, in consideration of the mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I **INCENTIVE SCHEDULE**

1.1 Master Agreement and Exhibits

This Incentive Schedule forms part of the Agreement. It is subject to the terms and conditions of the Master Agreement. Unless otherwise defined in this Incentive Schedule, defined terms have the meanings given in the Master Agreement. Unless otherwise stated, references to a “Section” or “Article”, are to sections and articles of this Incentive Schedule.

1.2 Exhibits and Eligibility Requirements

(a) The following Exhibits are attached to and will form part of this Incentive Schedule:

Exhibit "A" - Participant and Project Information

Exhibit "B" - M&V Plan

Exhibit "C" - Statement of In-Service

(b) Version ♦ ([insert date]) of the Eligibility Requirements are incorporated by reference and form part of this Incentive Schedule.

1.3 Term

This Incentive Schedule is effective as of the date first written above and will terminate on the earliest of: (a) the date that is five years after the In-Service Date; and (b) the date it is terminated by a Party in accordance with the Agreement.

1.4 Representations

- (a) By executing this Incentive Schedule, the Participant makes the representations and warranties set out in Sections 6.1 and 6.2 of the Master Agreement as of the date of this Incentive Schedule.
- (b) The Participant also represents and warrants to the IESO that it intends to operate and maintain the Project for not less than 5 years following the In-Service Date of the Project.

ARTICLE II **INCENTIVE**

2.1 Purpose of Incentive

Subject to the terms of the Master Agreement and this Incentive Schedule, the IESO agrees to pay the Participant the Net Project Incentive in consideration for the Participant undertaking its obligations under the Agreement.

2.2 Amount of Project Incentive

- (a) The Project Incentive will be an amount equal to the lowest of the following:
 - (i) 70% of the actual Eligible Costs incurred and paid for the Project;
 - (ii) the product of the estimated Annualized Electricity Savings multiplied by \$230/MWh less any Third Party Contributions;
 - (iii) the amount required to achieve a Project Payback of one year for the Project;
 - (iv) the estimated Project Incentive set out in Exhibit "A"; and
 - (v) \$1,000,000.00.
- (b) The eligibility of Eligible Costs submitted by the Participant and the calculation of the Project Incentive claimed by the Participant will be subject to review by the IESO and its Technical Reviewer. If the IESO, with input from the Technical Reviewer, determines that some of the costs claimed were not Eligible Costs or that the Project Incentive is otherwise less than what has been claimed by the Participant, then the Project Incentive will be adjusted accordingly, the IESO will promptly notify the Participant of the amount of the adjusted Project Incentive, and such adjusted Project Incentive will, absent manifest error, be binding upon the Parties.
- (c) The Participant must:
 - (i) at the same time that the Participant delivers its invoice, submit to the IESO all relevant receipts and, as may be required by the IESO, other documentation, showing the actual Eligible Costs incurred and paid by the Participant, which may be subject to review in accordance with Section 2.2(a)(iv) or audit in accordance with the Agreement; and
 - (ii) promptly notify the IESO in writing of any changes to the amount of Third Party Contributions set out in Exhibit "A".

2.3 Payment of Incentive

- (a) Subject to the Participant not being in default under the Agreement or this Incentive Schedule and otherwise satisfying all of its obligations contained in this Incentive Schedule, the IESO will pay the Participant the Net Project Incentive as follows:
 - (i) 50% of the estimated Net Project Incentive set out in Exhibit "A", if the Participant meets the following criteria on the date the request for this payment is assessed by the IESO:
 - (A) the In-Service Date has been confirmed in accordance with Section 3.2;
 - (B) the Participant has submitted and the IESO has accepted an invoice; and
 - (C) the first quarterly M&V Report has demonstrated, to the satisfaction of the Technical Reviewer, that the Participant has achieved no less than 90% of the Anticipated Electricity Savings; and
 - (ii) the balance of the actual Net Project Incentive is payable after the first anniversary of the In-Service Date, subject to IESO's approval of the first annual M&V Report confirming that the Participant has achieved no less than 90% of the Anticipated Electricity Savings.
- (b) If the Participant fails to meet any of the criteria to receive the initial payment under Section 2.3(a)(i) on the date the request for such payment is assessed by the IESO, the IESO will pay the Net Project Incentive in one lump sum payment after the first anniversary of the In-Service Date, provided that the Participant meets the criteria set out in Section 2.3(a)(i) and (ii) before any payment is made by the IESO.
- (c) If the actual Project Incentive is less than the estimated Project Incentive as set out in Exhibit "A", then the Net Project Incentive will also be adjusted and payment due under Section 2.3(a)(ii) will be recalculated accordingly. If the actual Net Project Incentive is less than the payment made under Section 2.3(a)(i), the Participant will repay to the IESO within 10 Business Days of such notice, an amount (for greater certainty, plus applicable taxes) equal to the difference between the payment made under Section 2.3(a)(i) and the actual Net Project Incentive.

ARTICLE III PARTICIPANT RESPONSIBILITIES

3.1 General

In addition to the other obligations under the Agreement, the Participant agrees to:

- (a) implement the Project and perform all of its other obligations under this Incentive Schedule in accordance with the Agreement including this Incentive Schedule, and the M&V Plan;
- (b) operate and maintain the Project for an Electricity Savings Period of not less than 5 years and during such time, to obtain the Anticipated Electricity Savings;

- (c) carry out the Participant's obligations as required pursuant to the M&V Plan such as, without limitation, installing metering equipment, data collection and delivering such data to the IESO;
- (d) throughout the term of this Agreement, provide the IESO and its Representatives with access, at reasonable times upon reasonable request, to the Facility in which the Project is installed and to any relevant data collection devices for the purposes of, among others, preparing M&V Reports, installing additional metering if required by the IESO as part of the IESO's evaluation of the Project, collecting data or for inspection of the operation of the Project;
- (e) ensure that its relevant personnel are knowledgeable about the Project and are available to the IESO and the Technical Reviewer with respect to the M&V Plan and the IESO EM&V Protocols throughout the term of this Incentive Schedule;
- (f) within 10 Business Days of a request by the IESO, provide updated evidence, satisfactory to the IESO, of the Participant's solvency or other measures of overall financial health, including, without limitation, any one or more of the following: (A) a certificate of the Participant's chief financial officer, or other senior officer acceptable to the IESO, with respect to the Participant's solvency and ability to post and maintain required Performance Security, if any; (B) the most recently completed audited financial statements of the Participant; (C) the most recently completed unaudited financial statements of the Participants; or (D) a ratings report from a Rating Agency, all as acceptable to the IESO;
- (g) ensure that there is no material change to the Project without the prior written consent of the IESO; and
- (h) ensure that all equipment being replaced in whole or in part by all or part of any measure, when removed, is not sold for reuse and is decommissioned or disposed of in accordance with Applicable Laws (and at the request of the IESO provide written confirmation of the foregoing on behalf of the Participant).

3.2 In-Service Date

- (a) The In-Service Date will be determined as follows:
 - (i) The requirements to confirm if a Project has achieved its In-Service Date are set out in the M&V Plan attached as Exhibit "B".
 - (ii) The IESO will notify the Participant once the In-Service Date has been confirmed in accordance with the M&V Plan by delivering a statement in the form attached as Exhibit "C" to IESO.

ARTICLE IV REMEDY FOR DEFAULT

4.1 Additional IESO Remedies

- (a) In addition to the remedies set out in Section 7.2 of the Agreement, if any Participant Event of Default occurs and is continuing, the IESO may require the Participant to pay,

as liquidated damages and not as a penalty, an amount equal to a portion of the Net Project Incentive, calculated as follows:

Liquidated Damages = (Amount of Net Project Incentive paid in relation to the defaulting Project) x (months remaining in Electricity Savings Period) ÷ (total months in the Electricity Savings Period)

- (b) For the purposes of this calculation, a Participant Event of Default occurring at any time during a month will be deemed as a Participant Event of Default for the full month.

[Signature page to follow]

IN WITNESS WHEREOF the Parties have executed this Incentive Schedule as of the date first above written.

[NAME OF PARTICIPANT]

Per: _____
Name:
Title:

I have authority to bind the Corporation.

**INDEPENDENT ELECTRICITY SYSTEM
OPERATOR**

Per: _____
Name:
Title:

I have authority to bind the Corporation.

EXHIBIT "A"
PARTICIPANT AND PROJECT INFORMATION

1. Participant and Facility Information. The measures will be installed in the Facility at the following address:

Project Name: [◆]
Municipal Address: [◆]
City/Town: [◆], Ontario
Postal Code: [◆]

Participant's HST Registration Number: [◆]

IESO Project Identification Number: [◆]
Account Details: [◆]

2. Project Information.

Brief Description of Project: [◆]
Anticipated In-Service Date: [◆], 20[◆◆]
Third-Party Contributions (if any): \$[fill in dollar amount or write "none"]
Project Benefits: \$[◆]
Preliminary Engineering Study Incentive (if any): \$[◆]
Detailed Engineering Study Incentive (if any): \$[◆]

3. Approved Project Incentive

(a) The estimated Project Incentive for the Project is based upon the parameters below:

Project Incentive Parameters	Estimate
Estimated Eligible Costs	\$[◆]
Estimated Annualized Electricity Savings	[◆] MWh
One-Year Project Payback (estimated)	\$[◆]

(b) The actual Project Incentive is an amount calculated in accordance with the Incentive Schedule.

(c) The estimated Project Incentive is \$[◆].

(d) The estimated Net Project Incentive is \$[◆].

EXHIBIT "B"
M&V PLAN

Attached.

EXHIBIT "C"
STATEMENT OF IN-SERVICE

Statement of In-Service

Please deliver this completed Statement of In-Service to the address and in the manner set out in Section 3.2(a)(ii) of the Incentive Schedule. Capitalized terms not defined in this Statement of In-Service are defined in the Agreement.

Participant Information	
Name of Participant:	_____
Project Information	
Project Name:	_____
Municipal Address of the Facility:	_____
In-Service Date:	_____
Participant's Statement	
I, the undersigned, declare that on the date given above, and to the best of my knowledge, the Project described above is fully installed in accordance with the terms of the Agreement and Small Capital Project Incentive Schedule between the Participant and the IESO.	
Name (please print)	Title
Signature	Signature Date (yyyy/mm/dd)