

Feedback Form

eDSM Industrial Program Evolution - May 22, 2025

Feedback Provided by:

Name: David Zavarise

Title: Customer Programs Manager

Organization: Hydro One Networks Inc.

Email: [REDACTED]

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To promote transparency, feedback submitted will be posted on the [Electricity Demand Side Management \(eDSM\) Framework](#) webpage unless otherwise requested by the sender.

Following the May 22, 2025 engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the current industrial program (Industrial Energy Efficiency Program). The webinar presentation and recording can be accessed from the [engagement webpage](#).

Please submit feedback to engagement@ieso.ca by **June 19, 2025.** If you wish to provide confidential feedback, please submit as a separate document, marked "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

Topic	Feedback
<p>Would a first-come, first-served model with a single sign-off better support your project planning - and are there any risks or challenges you foresee with this approach?</p>	<p>Hydro One supports the move to a first-come, first-serve model rather than a fixed-window application process. This new approach will provide customers with greater certainty of project approvals and allows them to apply on a timeline that works for them rather than meeting program application windows.</p>
<p>Would a tiered, standard-offer incentive – like \$/MWh, with potential adders for grid-constrained areas or large projects – make it easier for you to pursue projects? What is your desired incentive ie. \$/MWh?</p>	<p>Hydro One supports the proposed incentive model of a \$/MWh or \$/kW as it aligns the incentive value with energy savings, thus encouraging more impactful projects. However, a cap of a percentage of the project cost, rather than using a 1-year payback, would be simpler to administer. Determining the actual bill savings used in the 1-year payback calculation can be challenging for complex large industrial customers.</p> <p>Hydro One supports the idea of offering incentive adders to projects in transmission grid-constrained areas, and notes that there can be instances of overlap between regional and local distribution system needs. As a result, the program should be designed to ensure that the customers participating in the IESO eDSM Stream 1 program can also participate in any future local programs LDCs bring forward under Stream 2, or under the Ontario Energy Board’s (OEB) Non-Wires Solutions Guidelines, to help address local system needs. This approach is aligned with the goals outlined in the Minister’s new integrated energy plan, <i>Energy for Generations</i>, to unlock the full value stack for Distributed Energy Resources (DERs), where they help meet distribution system needs. This flexibility is essential to support bulk and local system objectives, including through Non-Wires Solutions, where applicable. Further, it supports the IESO in achieving the Minister’s objectives as noted in the November 7, 2024 directive “<i>allowing programs to help address local distribution system needs through the involvement of local electricity distributors.</i>”</p> <p>Moreover, Hydro One notes that additional information on the benefits of a tiered incentive based on project size would be needed to understand the rationale for this approach, given that a \$/MWh or \$/kW incentive already inherently benefits projects with higher energy savings.</p>
<p>What minimum threshold would align with your projects? What types of projects or facility areas could you see benefitting from a broader eligibility criteria?</p>	<p>Hydro One supports lowering the MWh/year minimum threshold to expand participation opportunities for medium-sized customers, including smaller manufacturing businesses, municipal wastewater facilities, greenhouses, and other enterprises that have historically engaged with the custom Retrofit stream. This adjustment would</p>

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	<p>provide these customers with greater choice between program streams and foster more equitable access to eDSM opportunities.</p> <p>Additionally, it is important to consider that smaller commercial and industrial customers often face relatively high electricity costs compared to their larger counterparts, making it essential to provide them with meaningful access to programs. Hydro One suggests that the IESO consider revising the eligibility threshold to not only include MWh but also incorporate a MW-based threshold. This adjustment would account for facilities with varying load factors, ensuring that both overall consumption and peak demand characteristics are reflected. Aligning eligibility criteria with the incentive framework and overarching program objectives will create a more balanced and inclusive offering.</p> <p>The LDCs – as recognized in the November 7, 2024 Minister’s directive – are well positioned to assist the IESO in determining the most appropriate minimum thresholds, ensuring that the updated eligibility requirements unlock new opportunities for customers and maintain a focus on impactful projects.</p>
<p>Would access to audits and feasibility studies help you identify and advance more energy-savings projects? How should it be structured to ensure early assessment lead to real, completed projects?</p>	<p>Hydro One supports incentives for energy audits and feasibility studies as these are key to unlocking project identification, a present gap in the Save on Energy program suite.</p> <p>To maximize impact and accelerate project delivery, the IESO should work closely with LDCs, consistent with their envisioned leadership role in <i>Energy for Generations</i>, as well as in the November 7, 2024 directive, to structure these supports in ways that directly address customer priorities and do not limit opportunities for these customers in any future local programs. IESO could partially fund studies to support project identification with additional or balance funding provided upon project completion. This would ensure that early-stage funding translates into completed and impactful projects, whether through IEEP, Retrofit or any future local programs.</p>
<p>What type of support or coordination would make it easier for you to complete projects and access incentives with greater confidence?</p>	<p>Hydro One also supports enhanced measurement and verification (M&V) support. A comprehensive engagement plan between the technical reviewer, customer and project implementer(s) that would be tailored to the customer’s needs, i.e., some customers may benefit from access to metering equipment and/or regular check-ins with the technical reviewer to monitor M&V progress, would promote project success.</p>

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Are you considering new construction projects? How should the program evolve to better support energy-efficient new construction projects?	<p>Hydro One supports a pathway for new construction projects through the IEEP, inclusive of new industrial facilities, major repurposing of existing facilities, and electrification of new or existing plant processes.</p> <p>Early engagement with LDCs will be critical to ensure that the program design includes consideration of LDC planning cycles to align support with evolving grid needs. Programs should also be designed to ensure that customers are able to participate in local programs that capture and reward the full value these resources can provide to the local distribution system. This sentiment is consistent with both the Minister's directive to the IESO and the <i>Energy for Generations'</i> emphasis on LDC involvement in addressing local distribution system needs and managing load growth through coordinated planning.</p> <p>The IESO's Annual Planning Outlook projects industrial sector growth as a major contributor to increasing demand on the grid over the next 25 years, highlighting the importance of embedding efficiency into new construction.</p>

General Comments/Feedback

On June 12, the Minister released the integrated energy plan, *Energy for Generations*, which highlighted the importance of energy efficiency programs to support competitiveness of Ontario's businesses and economy and help Ontario homes and businesses manage their energy use. Energy efficiency is an important tool not only for households and businesses, but it also contributes to deferring electricity system costs and meeting growing energy demand. *Energy for Generations* builds on the work already being done. The Minister's November 7, 2024 directive clearly signaled the government's expectation for LDCs to lead in delivering local eDSM solutions, reinforcing their critical role in meeting system needs. LDCs are also required by the OEB to consider and leverage Non-Wires Solutions, including eDSM, and possess unique insights into customer needs and local grid conditions.

Hydro One is playing an increasing role in this space both to provide our customers with tools and to help meet our growing system needs, in alignment with our customers expectations, the Minister's new integrated energy plan, and OEB policies.

Hydro One is supportive of many of the key proposals in evolving the IEEP, including moving to a first-come, first-served approach with defined incentive levels to enable clearer project planning and increased customer participation. Expanding eligibility to include medium-sized customers, new construction projects, and electrification efforts will unlock further opportunities for beneficial projects aligned with Ontario's eDSM objectives.

To ensure these efforts are implemented effectively and equitably, Hydro One strongly encourages the IESO to deepen its collaboration with LDCs throughout all program stages, especially for regional incentive adders or program elements aimed at addressing regional grid constraints. The IESO should ensure program designs enable customer participation in any future local programs brought forward by LDCs, recognizing that proactive LDC involvement will be essential to maximizing program value and long-term success.