MAY, 2025

2025-2036 Electricity Demand Side Management Framework – Industrial Program Evolution

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Territory Acknowledgement

The IESO acknowledges the land we are delivering today's webinar from is the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples and is now home to many diverse First Nations, Inuit and Métis peoples. We also acknowledge that Toronto is covered by Treaty 13 with the Mississaugas of the Credit First Nation.

As we have attendees from across Ontario, the IESO would also like to acknowledge all of the traditional territories across the province, which includes those of the Algonquin, Anishnawbe, Cree, Oji-Cree, Huron-Wendat, Haudenosaunee and Métis peoples.

Welcome and Introduction

- This engagement is conducted according to the IESO Engagement Principles
- Today's session will be recorded and available for viewing online
- All documents associated with this engagement can be found on the Electricity Demand Side Management (eDSM) Framework page

Participation

- For questions and comments click on the “Raise hand” icon (hand symbol) at the top of the application window. This will indicate to the host you would like to speak
- To unmute audio, click on the microphone icon at the top of the application window
- Audio should be muted when not asking a question
- Connection issues contact engagement@ieso.ca or Microsoft Office Support

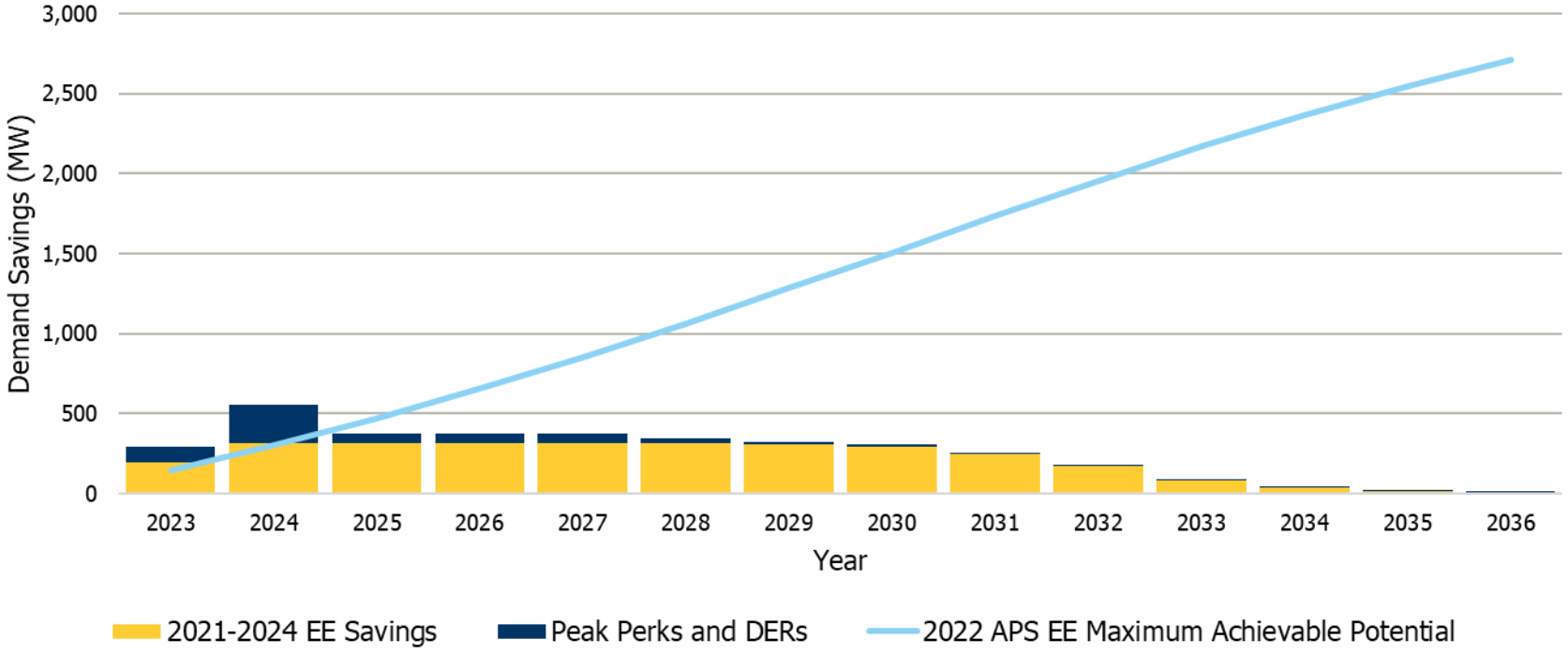
Today's Discussion

- Background
- Overview of 2025-2036 eDSM framework
- Overview of current industrial program offering
- Discuss proposed design elements for the new industrial program
- Next steps and upcoming opportunities for feedback

Background

- Electricity demand in Ontario is expected to grow more rapidly in the coming decades than in the recent past, because of both economic development and electrification of many sectors of the economy.
- Electricity demand-side management (eDSM) offers one of the lowest cost resources to address system needs, as it reduces the need for investment in new supply resources and supports grid reliability into the future.
- The IESO is continuing to lead the way in energy-efficiency programming in North America through a $10.9 billion, 12-year funding commitment from the Ontario government that began in January 2025.

Electricity Savings Potential



eDSM Program Plan - Business

- All core Save on Energy programs for business customers are continuing in 2025: Retrofit, Instant Discounts, Existing Building Commissioning, Energy Performance, Strategic Energy Management, Industrial Energy Efficiency and the Small Business program
- Enhancements are planned over the term of the plan, such as the addition of a rooftop solar PV measure to Retrofit in January, regular updates of incentive amounts, and program requirements as needed to address market conditions and customer feedback
- Local initiatives that drive greater uptake in transmission constrained areas are continuing

Background – Industrial Programming

Evolution of Industrial Programs 2010-Present

2010– **Industrial Accelerator Program (IAP)**
- Targeted large industrial electricity users, especially transmission-connected industries.

2011 – Introduction of Save on Energy Industrial Programs
- Local utilities began offering industrial programs under Save on Energy.

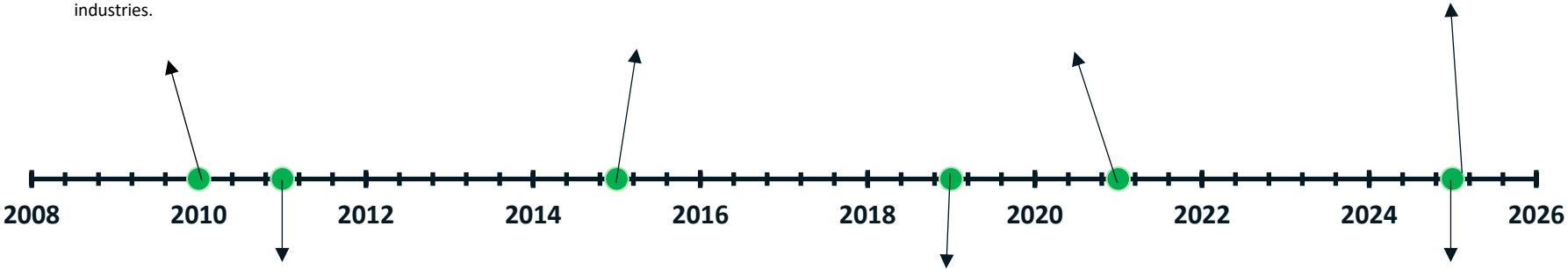
2015 – Conservation First Framework (2015–2020)
- Continued IAP and **LDC-delivered** programs like PSUP.

2019 – Interim Framework (2019–2020)
- Replaced IAP and PSUP under a centralized model

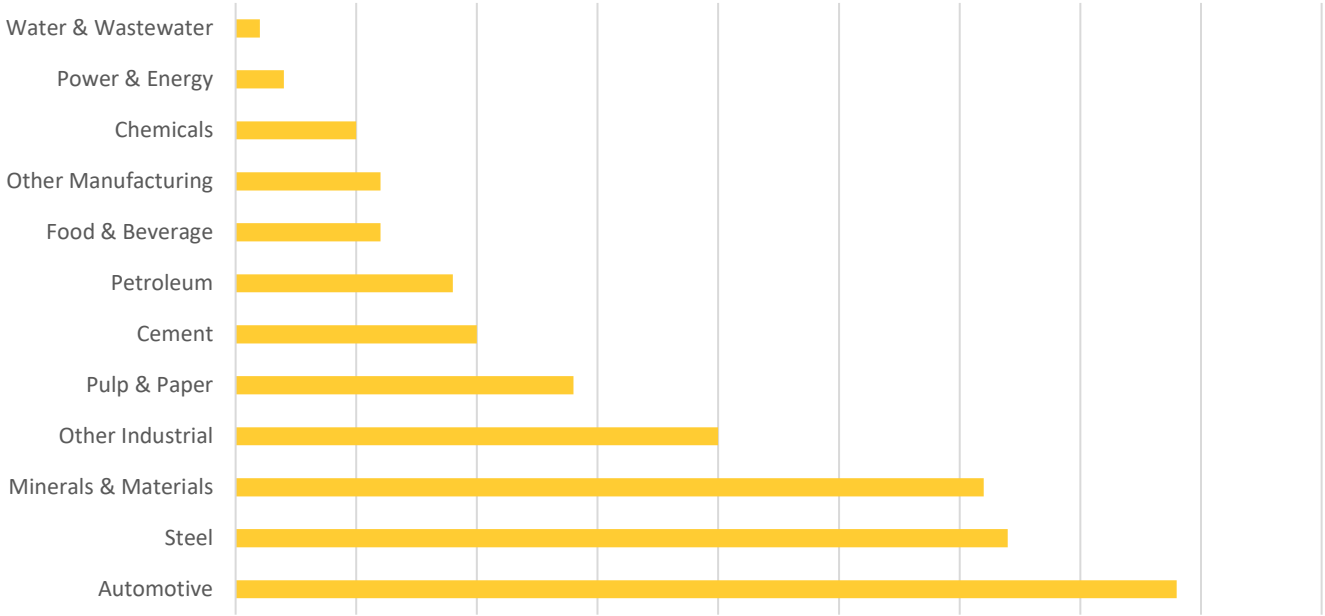
2021 – Launch of IEEP (2021–2024)
- Replaced Interim Framework with a unified program for complex industrial projects.

2025 – New Industrial Program
- (September 2025)

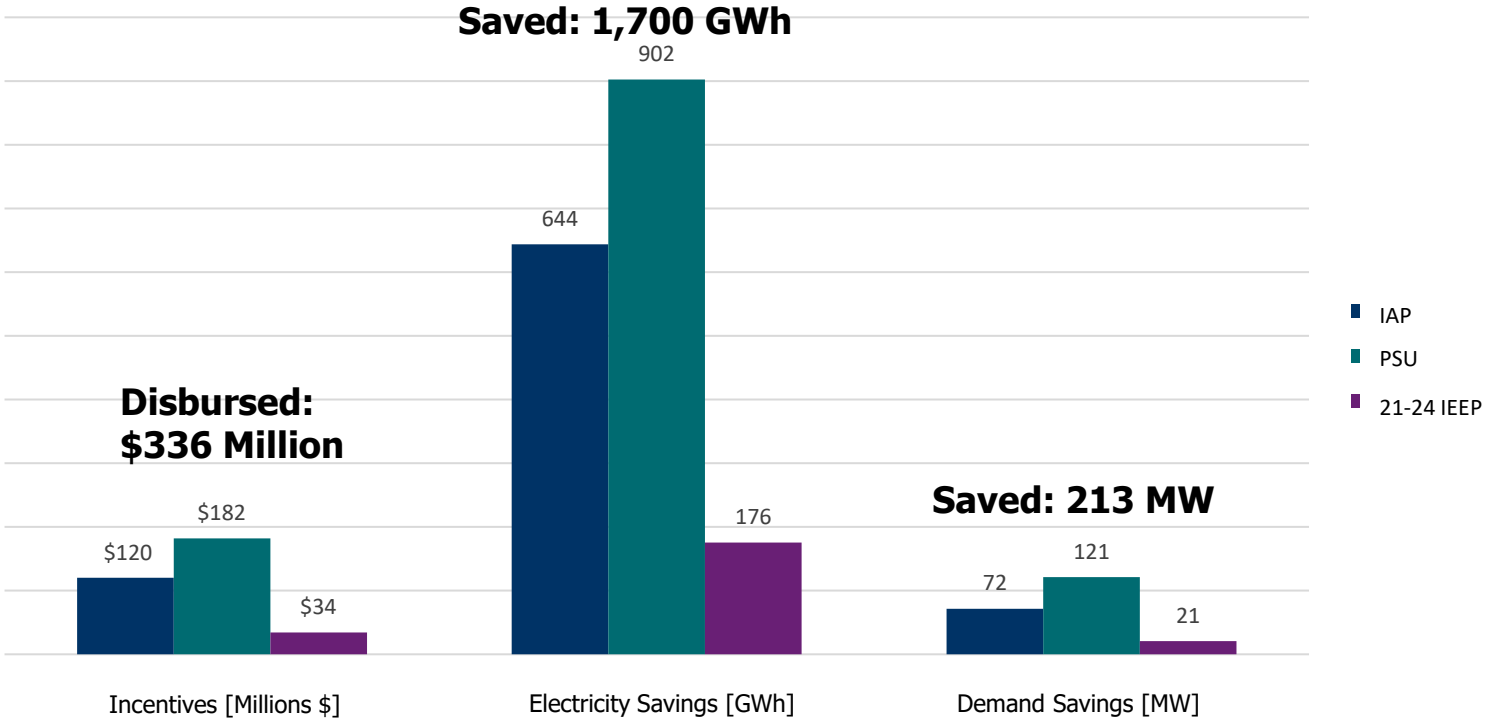
2025 – Extension of IEEP (until June 30, 2025)
- Continues support for large industrial efficiency projects.



Industrial Participation By Sector (2015-Present)



2010 – 2024 Industrial Program Incentives Impact



All values are a combination of net verified and net unverified, as well as committed values (projects that we confirmed funding for but have yet to pay)

Current Program Offering – Industrial Energy Efficiency Program

IEEP Background

- 2025–2027 budget: **487 GWh, 55.6 MW, $109 Million**
- Competitive rounds of funding
- Two-stage application process
- Applicants specify the incentive amount
  - up to $5M
  - Up to 75% of eligible project costs

IEEP – eligibility criteria for projects

- Minimum 2,000 MWh of savings
- May include sub-projects at one or multiple facilities
- Sub-projects must each produce a minimum savings of 500 MWh
- Projects must be in-service by the 3rd anniversary of the contract date

IEEP – Measurement and Verification (M&V) plan

- M&V plan (International Performance Measurement and Verification Protocol EVO 10000-1:2016) required as part of application
- Support for M&V Plan development is available through IESO
- Savings must be demonstrated after Q1 and 1 year post project implementation

Proposed Design For New Industrial Program

Objectives for the New Industrial Program

1. **Maximize electricity and demand savings** while aligning projects with system reliability and needs
2. **Strengthen market engagement and rebuild momentum** by actively re-engaging industrial participants, associations and key partners
3. **Enhance financial incentives** by exploring flexible alternative incentive structures to reduce financial risk and improve project viability.
4. **Simplify participation and project delivery** by streamlining application, eligibility, M&V requirements
5. **Increase program accessibility and flexibility** by adjusting savings thresholds and timelines to align with planning cycles and project types
6. **Introduce a portfolio approach** to meet customers' needs for custom and perscriptive paths to incentives

Feedback Improvements for New Industrial Program

Application Process

Current IEEP	eDSM Next Industrial Program
Multi-stage, competitive	First-come, first-served with a single sign-off process

Question: *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?*

- ○ Maximize savings
- ○ Strengthen engagement
- ○ Enhance incentives
- ✓ Simplify participation
- ✓ Increase accessibility
- ○ Portfolio approach

Feedback Improvements for New Industrial Program

Incentive Structure

Current IEEP	eDSM Next Industrial Program
- Competitive, fixed window incentive process - Maximum cap of $5M	- Standard incentive offer; lesser of $/MWh or $/kW or 1 year payback - Align incentives with grid constraints – tiered incentives - Maximum cap - Align incentives with size of projects - Tiered incentives

Question: *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?*

- ☑ Maximize savings
- ○ Strengthen engagement
- ☑ Enhance incentives
- ○ Simplify participation
- ○ Increase accessibility
- ○ Portfolio approach

Feedback Improvements for New Industrial Program

Eligibility Requirements

Current IEEP	eDSM Next Industrial Program
- 2000 MWh/year minimum - Industrial facility or process	- Lowered MWh/year minimum for broader participation - Any industrial process

Question: *What minimum threshold would align with your projects? What types of projects or facility areas could you see benefitting from a broader eligibility criteria?*

- ○ Maximize savings
- ✓ Strengthen engagement
- ○ Enhance incentives
- ○ Simplify participation
- ✓ Increase accessibility
- ○ Portfolio approach

Feedback Improvements for New Industrial Program

Support Early-Stage Project Development

Current IEEP	eDSM Next Industrial Program

No study funding available	- Tiered incentives to support studies at different stages
	  - Early audit
	  - More detailed project-specific feasibility study, cost shared

Question: *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?*

- ✓ Maximize savings
- ✓ Strengthen engagement
- ✓ Enhance incentives
- ○ Simplify participation
- ○ Increase accessibility
- ○ Portfolio approach

Feedback Improvements for New Industrial Program

Enhance Customer Support for M&V

Current IEEP	eDSM Next Industrial Program
Piloted M&V support services	- Enhanced M&V support - Introduce tiered M&V pathways based on project size or risk

Question: *What type of support or coordination would make it easier for you to complete projects and access incentives with greater confidence?*

- ○ Maximize savings
- ✓ Strengthen engagement
- ○ Enhance incentives
- ✓ Simplify participation
- ✓ Increase accessibility
- ○ Portfolio approach

Feedback Improvements for New Industrial Program

New Construction

Current IEEP	eDSM Next Industrial Program
- Not explicitly supported	- Explore enhancements to better support energy-efficient design and equipment choices for new facilities, major expansions and emerging industries

Question: *Are you considering new construction projects? How should the program evolve to better support energy-efficient new construction projects?*

- ✓ Maximize savings
- ✓ Strengthen engagement
- ✓ Enhance incentives
- ○ Simplify participation
- ✓ Increase accessibility
- ○ Portfolio approach

Next Steps

Summary of Key Activities

Activity	Timeline (2025)
Gather Informal Marketplace Feedback	Ongoing
Stakeholder Engagement Session: Overview of Design	May 22
Stakeholder Feedback, Written Feedback Due	June 5
IESO Response to Stakeholder Feedback	June 25
Feedback Used to Inform Final Industrial Program Design	June – July
Develop program documents – Participant Agreement, Program Rules	July
Stakeholder Engagement Session, Final Design and Program Documents	August Engagement Days
Stakeholder Feedback, Written Feedback Due	Late August
IESO Response to Stakeholder Feedback	Early September
New Industrial Program Launches	Late September

Thank You

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