

# Industrial Accelerator Program Enhancements 2015-2020

Stakeholder Engagement Webinar  
March 27, 2015

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# Objectives

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The objectives of this webinar and stakeholder engagement initiative are to:

- Provide an update on the Industrial Accelerator Program (IAP)
- Propose enhancements in an effort to improve the customer experience in the program and to streamline administration to encourage participation
- Seek input from stakeholders to help identify any opportunities or barriers with respect to the proposed enhancements

# Agenda

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- Background
- Participation to Date
- Proposed Program Enhancements
  - Administration Efficiencies
  - Energy Managers
  - Financing
- Implementation Timeline
- Questions

# Background

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- In July, 2014, Ontario Power Authority (now IESO) was directed by the Minister of Energy to continue to deliver the IAP for an additional 5 year period, from June 24, 2015 to December 31, 2020
- The program will continue to offer customers opportunities for energy savings as Ontario works towards achieving the province's long-term energy targets
- In advance of June 24<sup>th</sup>, the IESO is proposing enhancements to the program based on feedback from customer experiences over the past several years

# Industrial Accelerator Program

- Encourages Energy-Efficiency Projects
  - Attractive financial incentives to encourage investment in innovative process changes and equipment retrofits so that the rate of return is competitive with other capital projects
- One of North America's largest industrial incentive programs
  - Financial incentives: Up to \$10 million per project
    1. Preliminary Engineering Study
    2. Detailed Engineering Study
    3. Capital Incentives
  - Target: 1.7 TWh energy reduction by 2020
  - Transmission connected customers eligible

INVEST IN  
PROCESS  
EFFICIENCY



# Participation to Date

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- Key stats on program and participation:
  - **72%** of eligible transmission connected customers have participated in some aspect of the IAP
  - **55%** of eligible transmission connected customers have submitted a project application
  - The median savings contracted include:
    - 0.5 MW
    - 3.0 GWh

# Program Enhancements: Administration Efficiencies

- Based on feedback from customers, the following administrative enhancements were implemented on December 18, 2014

#	Summary of Amendments
1	Funding for a preliminary engineering study is increased from \$10,000 to \$20,000
2	<ul style="list-style-type: none"><li>•Incentives for Small Capital Project will be offered to eligible participants under the Process and Systems Initiative and will replace the Micro-Project (which will no longer be available)</li><li>•Incentives of up to \$1,000,000 will be available for efficient equipment replacement and process upgrades</li><li>•M&amp;V reporting in Small Capital Project will be reduced from 5 years to 1 year</li></ul>
3	An Acceptance Notice will no longer be offered to participants prior to issuance of a Project Incentive Contract
4	Participants can purchase equipment at own risk once application submitted, as opposed to waiting for their Project Incentive Agreement

# Program Enhancements: Energy Managers

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- Incentives for embedded Energy Managers are currently available in the distribution saveONenergy program
- Key findings are as follows:
  - Energy Managers who have completed two terms in a facility have a median savings of approximately 3,000 MWh
  - Approximately 2/3 of Energy Managers have saved more than 4% of the consumption at their facility
- Based on positive results for distribution connected customers, a proposed incentive for Energy Managers is being designed for transmission connected customers



# Program Enhancements: Energy Managers

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- The proposed criteria for Energy Manager funding includes:
  - Incremental, embedded resource
  - One resource per company
  - 2,000 MWh minimum target per year
  - 10% of annual savings to come from non-incented projects
  - Minimum two year contract with options to renew
- The proposed incentive is as follows:
  - \$50K initial funding per year (no claw-back)
  - \$40/MWh to be paid upon in-service savings (up-front initial funding will be subtracted from total incentive payment)
  - \$200K funding cap (5,000 MWh savings)

# Program Enhancements: Energy Managers

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- Proposed Reporting Requirements:
  - Completion of an Energy Management Plan for the facility
  - Quarterly & Annual Progress Reports
- Proposed IESO Support:
  - Training Courses
  - Help Desk
  - Access to Energy Manager Hub

# Program Enhancements: Financing

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- As part of the proposed program enhancements, consideration is being given to facilitating flexibility in respect of financed projects
- We are looking for your feedback:
  - To evaluate interest and need
  - To inform the design
  - To leverage market expertise

# Program Enhancements: Financing

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- The following are questions to consider:
  - Does your organization have an interest in extending program eligibility to projects with third party financing structures?
  - What third-party ownership structures have been implemented successfully within your organization?
  - Which entities should be subject to the IAP Participation Agreement?
  - Is the criteria that projects be capially funded a barrier to participation in the IAP?

# Questions to Consider

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- What are some challenges or opportunities your organization may encounter with respect to the criteria and incentives proposed for the Energy Manager initiative?
- If offered, would your organization apply for funding for an Energy Manager?
- What barriers are preventing your organization from participating/increased participation in the IAP?
- What support do you anticipate your organization may need from the IESO to encourage your participation in the IAP?
- What can the IESO do to improve upon the level of support your organization receives from your IESO Business Manager?

# Implementation Timeline

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- Stakeholder engagement
  - **April 10:** Stakeholder feedback due on the proposed enhancements
  - **May:** IESO to consider and respond to stakeholder feedback
- Implementation
  - **June 24:** Implement enhanced program

# Next Steps

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- Questions?
- Please submit questions and/or feedback to [stakeholder.engagement@ieso.ca](mailto:stakeholder.engagement@ieso.ca)