



INDUSTRIAL ACCELERATOR™ PROGRAM

**Incentive Schedule for Energy Manager Funding
(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 - ENERGY MANAGER

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 an Energy Manager Incentive under the Industrial Accelerator Program, which the IESO has accepted.

C. The Participant expects to deliver, at a minimum, the Annual Savings Target.

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" - Facilities

Exhibit "B" - Energy Manager Duties

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

1.3 Term

The Incentive Schedule is effective as of the date first written above and will terminate on the earliest of: (a) the date it is terminated by a Party in accordance with the Master Agreement; (b) payment by the IESO of the Energy Manager Incentive pursuant to Section 2.3 for the final Assessment Period; and (c) December 31, 2020.

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 the Facilities listed in Exhibit "A" are (as of the date of this Incentive Schedule and throughout the term of the Incentive Schedule) located in Ontario, occupied by the Participant, and directly or indirectly connected to the IESO-Controlled Grid.

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 Energy Manager Incentive in consideration for undertaking its obligations under the Agreement.

2.2 Amount of Incentive

- (a) The Energy Manager Incentive per 12-month period (each an “**Assessment Period**”) commencing on the Energy Manager’s employment start date or anniversary thereof, as applicable, is the lesser of:
 - (i) the product of \$40/MWh and the total Electricity Savings arising during the tenure of the Energy Manager for Eligible Projects that are completed during the Assessment Period, as reported to and verified by the IESO; and
 - (ii) \$200,000;

provided that for the purposes of this Incentive Schedule, “**Eligible Project**” means a project implemented for the main purpose of delivering Electricity Savings at one of the Facilities listed in Exhibit "A" and that is not an Ineligible Project.

- (b) The IESO will pay the Energy Manager Incentive for two consecutive Assessment Periods.
- (c) Where this Incentive Schedule terminates or expires before the end of an Assessment Period, the Assessment Period will be deemed to end the same day as the Incentive Schedule terminates or expires and the Energy Manager Incentive for that Assessment Period will be determined in accordance with Section 2.2(a) but only to the extent that Eligible Projects have reached their In-Service Date before the date of termination or expiry of this Incentive Schedule.

2.3 Payment of Incentive

- (a) For the first two Assessment Periods, the IESO will pay the Energy Manager Incentive as follows:
 - (i) \$50,000 upon notice to the IESO of the Energy Manager’s employment start date, or the anniversary thereof, if applicable; and

- (ii) upon approval by the IESO of the fourth Quarterly Report submitted in accordance with Section 3.3(a)(iii) for the applicable Assessment Period, the amount determined in accordance with Section 2.2(a) minus \$50,000;

provided that if the amount calculated under Section 2.3(a)(ii) is a negative value, it will be deemed to be \$0 (and for certainty, the Participant will not be required to repay any portion of the \$50,000 paid to it under Section 2.3(a)(i)).

- (b) For any subsequent Assessment Periods (if applicable), the IESO will pay the amount determined in accordance with Section 2.2 upon approval by the IESO of the fourth Quarterly Report submitted in accordance with Section 3.3(a)(iii) for the applicable Assessment Period.
- (c) Where this Incentive Schedule terminates or expires before the end of an Assessment Period, the IESO will pay the amount determined in accordance with Section 2.2 upon approval by the IESO of the final report submitted in accordance with Section 3.3(a)(iii).
- (d) The IESO will not make payment under Section 2.3(a)(ii) or 2.2(b) until it approves the Energy Management Plan and each Quarterly Report required to be submitted by the Participant for the applicable Assessment Period.

ARTICLE III

PARTICIPANT RESPONSIBILITIES

3.1 Annual Savings Target

- (a) For the purposes of this Incentive Schedule, the “**Annual Savings Target**” means, for a given Assessment Period, at least 2,000 MWh of Electricity Savings, that:
 - (i) persist until December 31, 2020;
 - (ii) arise directly from activities of the Energy Manager; and
 - (iii) relate to Eligible Projects that are completed at Facilities listed in Exhibit "A" and that have reached their In-Service Date during the Assessment Period.
- (b) The Participant will employ the Energy Manager to achieve the Annual Savings Target and will achieve the Annual Savings Target as evidenced by implemented Eligible Projects and as verified using the IPMVP.
- (c) If the Energy Manager exceeds the Annual Savings Target in any Assessment Period, the surplus Electricity Savings will not be subtracted from the Annual Savings Target for the next Assessment Period.
- (d) The Participant will ensure that at least 10% of the Electricity Savings that are attributed to Eligible Projects for the purposes of the Annual Savings Target are not financed by any other Incentives under the Industrial Accelerator Program or the Save on Energy program.

3.2 Employment and Training

- (a) The Participant will enter into an employment agreement with the Energy Manager, which will contain, at a minimum, the Energy Manager duties attached hereto in Exhibit "B", and the Participant will respect the terms and conditions of such employment agreement.
- (b) The Participant will employ the Energy Manager on a full time basis until at least the end of the final Assessment Period.
- (c) The Participant will ensure that the Energy Manager is: (i) professionally designated as a certified engineering technician or technologist; (ii) a Certified Energy Manager; (iii) is a licensed professional engineer in the province of Ontario, in each case with a strong background in commercial, institutional or industrial energy use, as applicable, and energy management. The IESO may make Certified Energy Manager certification training available, in which case the Participant will ensure that the Energy Manager attends such Certified Energy Manager training unless the Energy Manager is already a Certified Energy Manager. Whether or not the IESO makes Certified Energy Manager certification training available, the Participant will ensure that the Energy Manager is designated as a Certified Energy Manager within one year of the Energy Manager's employment start date.
- (d) If the Energy Manager is a current employee of the Participant, the Participant will provide to the IESO a written commitment from a senior officer that such employee's previous job will be filled by another employee.
- (e) The Participant will notify the IESO if: (i) an Energy Manager has not been hired within 6 months of the date of this Incentive Schedule; or (ii) if the Energy Manager ceases to be employed by the Participant for any reason. If no Energy Manager is employed by the Participant during a period of six consecutive months or longer at any time during the term of this Incentive Schedule, a Participant Event of Default will be deemed to have occurred.
- (f) The Participant will provide suitable operational support and work supplies to the Energy Manager to allow the Energy Manager to perform their duties under the employment agreement.
- (g) The Participant acknowledges that, as between the Participant and the IESO, the Participant is the sole and exclusive employer of the Energy Manager. Without limiting the foregoing:
 - (i) the Participant bears exclusive responsibility for the payment of all fees, wages, salaries, federal and provincial taxes and withholdings, including but not limited to income tax, and Employment Insurance and Canadian Pension Plan premiums in respect of the Energy Manager, and for any costs, expenses or liabilities incurred in terminating the employment of the Energy Manager; and
 - (ii) the Participant will release, indemnify and hold harmless the IESO from and against any and all liability, loss, cost, expense, damage, claims or demands or other liabilities of any kind whatsoever which may be made or brought against the IESO or which the IESO may suffer or incur as a result of, in respect of, or

arising out of the employment (or termination of employment) of the Energy Manager by the Participant or any acts or omissions of the Energy Manager.

3.3 Reporting Obligations

- (a) The Participant will ensure that the Energy Manager prepares and delivers to the IESO, for its approval, the following documents:
 - (i) an Energy Management Plan for the Facilities listed in Exhibit "A" that demonstrates that the Annual Savings Target will be achieved (provided that the Participant may deliver an existing Energy Management Plan if such existing Management Plan demonstrates that the Annual Savings Target will be achieved from the Facilities listed in Exhibit "A"), to be delivered no later than six months after the Energy Manager's employment start date;
 - (ii) an updated Energy Management Plan, to be delivered at the end of each Assessment Period; and
 - (iii) Quarterly Reports, to be delivered within 30 days of the end of each quarter for each Assessment Period. The last Quarterly Report must indicate whether or not the required minimum Annual Savings Target has been achieved. For any Assessment Period that is less than 12 months, the Participant will deliver a final report within 30 days of the end of the Assessment Period which will include any information to be included in the last Quarterly Report to the extent that such information is available.
- (b) The IESO will review the Energy Management Plans and updates and Quarterly Reports and will provide its approval or comments on the Energy Management Plans and updates and Quarterly Reports to the Participant within a reasonable time. If the IESO does not approve an Energy Management Plan or update or a Quarterly Report, the Participant will revise the document to address the noted deficiencies and resubmit it for review and approval under this Section 3.3.
- (c) At the IESO's request, the Participant will provide additional information demonstrating its ability to meet any prior or future Annual Savings Target.

3.4 EM&V

Upon completion of each Assessment Period, the Technical Reviewer will review the Energy Manager's performance to determine if it achieved the Annual Savings Target and may verify the Annualized Electricity Savings.

[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"
FACILITIES

The Energy Manager may be used at any or all of the following Facilities of the Participant:

Facility Name	Address

EXHIBIT "B"

ENERGY MANAGER DUTIES

In connection with the identification, reporting, and implementation of energy saving opportunities, the minimum duties of the Energy Manager are set out below. These duties, along with any other obligation set out elsewhere in the Energy Manager Incentive Schedule, should be used to develop the Energy Manager's job description.

1. **Energy Tracking & Monitoring** – Provide a database and an energy tracking and monitoring system for each Facility or System that captures current monthly energy consumption and an electrical load inventory of major equipment. The Energy Manager will develop and deliver training to the Participant's staff on the energy tracking and monitoring system.
2. **Primary Assessment** – Review existing energy study reports and perform a high-level assessment, including a walk through audit of each major process area of each site, to identify energy saving opportunities and to identify which systems will require more detailed evaluations.
3. **Maintenance and Operating Schedules** – Review and provide a description of the control systems, operating schedules, and maintenance practices at each Facility or System to identify operational savings. Develop maintenance practices and programs to enhance energy efficiency. Examples would include: reprogramming controls to shutdown equipment and lighting when not required, developing a checklist to ensure that all shutdown procedures are properly implemented and followed.
4. **Energy Saving Opportunities & Action Plan** – Identify, assess, prioritize and recommend to senior management energy-saving opportunity projects including both capital improvement projects and operational and maintenance changes. This will include the preparation of business cases to justify capital expenditures and the completion of applications to other IESO initiatives and to other agencies to maximize funding available for energy-saving projects. The Energy Manager will also prepare a cost-benefit analysis for each project that it proposes to senior management.
5. **Project Implementation & Electrical Energy Savings** – Coordinate the implementation of energy-saving projects, including the planning, budgeting, and scheduling for the design, installation, commissioning, and verification of energy efficiency projects. It is expected that a project manager (not the Energy Manager) would be assigned for large capital projects.
6. **Measurement & Verification Strategy** – Work with the Participant to develop a strategy for the measurement and verification of energy-saving projects at a corporate level (i.e. not project level).
7. **Energy Management Behaviour and Business Process Improvements** – Work to create and foster a sustainable energy management culture at the Participant's Facilities and provide an avenue for employees to recognize and report issues and ideas regarding energy conservation and efficiency.
8. **Employee Awareness Program** – Implement an employee training and awareness program to promote energy conservation and communicate the energy efficiency initiatives undertaken.

9. **Assistance to IESO Projects** – Coordinate and assist with site inspections by the IESO from time to time of the various measures implemented at the sole discretion of the IESO. Collect relevant information regarding additional electrical energy use (equipment purchases, schedule changes, occupancy changes or construction). The Energy Manager is expected to familiarize themselves with and access initiatives under the Industrial Accelerator Program and other available relevant resources.
10. **Reporting** – Complete Quarterly Reports.