

PY2023 EM&V Key Findings and Recommendations

2021-2024 CDMF Industrial Energy Efficiency Program (IEEP)

No.	KEY FINDINGS	2023 EM&V RECOMMENDATIONS	IMPACT	IESO RESPONSE
1.	<p>Participants find the cash flow and the risk profile of the program's pay-for-performance structure unattractive for specific reasons. First, they are required to cover the cost of the energy study upfront without knowing the study's findings or actual savings. Additionally, they must cover the full cost of M&V planning, with acceptance beyond their control and no assurance of eventual recovery. Moreover, participants receive no incentive or assurance of an incentive until after the M&V period, an unattractive combination no matter the size of the offered incentive.</p> <p>Interviewees were put off by the need to obtain internal funding approval multiple times before possibly receiving an incentive. As one interviewee noted, "we struggled...because I had to get funding to do the M&V before the project or incentive was approved." Furthermore, the eventual payment is viewed as all downside and no upside, with no payment for up to 49% of projected savings and no extra payment for over 100% of savings. The payment streams and risk are discouraging customers and causing concern among the IESO program staff that the program will not likely meet its projected savings goals.</p>	Align incentive payments more with cash flow and performance. Pay a portion of the incentive after earlier stage completion to aid cash flow and make the remainder proportional to performance. Detailed design of incentive structure and levels is beyond the scope of the evaluation and would be best done by program staff, but consider focused research, such as testing customer response to other incentive options within an experimental design.	High	The IESO will undertake a review of the program to identify opportunities to inform future industrial program offerings and will include this feedback for consideration as part of ongoing program enhancements.

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2.	Participants indicate that the participation timeline has been quite lengthy. Respondents noted reasons both in and out of the IESO's control such as many iterations and back and forth on the M&V plan with the technical reviewer and long lead times to receive measures necessary for project implementation. For some respondents, this is causing issues with their funding since their capital budgets are on a 1-year cycle.	For issues within the IESO's control (e.g., having many iterations of participant M&V plans with the technical reviewer), ensure adequate communication is provided to participants and expectations are set up front. Provide estimates of how many iterations of the M&V plan will be necessary and the length of time it will take from the first submission to final acceptance of the M&V plan, on average. As much as possible, ask all questions at once, rather than going to the customers three or four times, as one respondent described.	Medium	The IESO will work with the Technical Reviewer to establish more consistent communication and timelines to shorten the length of review and to minimize the number of revisions.
3.	Previous PSUP participants provided multiple reasons as to why they are not currently participating in the IEEP. These include a) having completed all necessary upgrades at their facility, b) opting to participate in other, more lucrative programs, and c) concerns that the minimum savings requirement is too cumbersome. While projects can be summed up to meet the minimum savings requirement, one respondent noted that this provides a high level of administrative burden.	Investigate programs offered by other administrators (e.g., the Decarbonization Incentive Program offered by the Government of Canada) to determine how, if at all, other programs can be supplemental with the IEEP. Market the program accordingly to potential participants.	Low	The IESO will explore these recommendations as part of the program review and recommended program enhancements, including project minimum threshold savings, incentive caps / rates, etc. Incentive stacking with other funding programs is allowed within the current programs.