Stakeholder Feedback and IESO Response

Industrial Program Evolution – May 22, 2025

Following the May 22, 2025, Industrial Energy Efficiency Program Evolution engagement webinar, the IESO invited stakeholders to provide comments and feedback on the materials presented by June 19, 2025.

The IESO received written feedback submissions from:

- Energy Storage Canada (ESC) on June 5, 2025
- Electricity Distributors Association (EDA) on June 19, 2025
- General Motors Canada (GM) on June 16, 2025
- Hydro One Networks Inc. (HONI) on June 19, 2025
- Schneider Electric Canada on June 19, 2025

The presentation materials and stakeholder feedback submissions have been posted on the Electricity Demand Side Management (eDSM) Framework engagement webpage for this engagement. Please reference the material for specific feedback as the below information provides excerpts and/or a summary only.

Application Process

Stakeholder Feedback	IESO Response
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? Stakeholders indicated strong support for a first-come, first-served model with a single sign-off, noting it would improve efficiency, reduce administrative burden, and better align with project development timelines. However, they also noted potential risks including oversubscription, processing delays, and lack of	Thank you for feedback and support of this enhancement. The IESO appreciates the broad support for a first-come, first-served intake model. We will ensure that clear eligibility and evaluation criteria are established to manage over-subscription. To address such concerns, we are exploring mechanisms for transparent tracking of remaining funding and program status.

funding certainty, which could discourage future participation. To mitigate these risks, stakeholders recommended implementing objective screening criteria and maintaining transparent communication about funding availability.	

Tiered Standard Offer Incentives

Stakeholder Feedback	IESO Response
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 Stakeholders indicated support for a tiered standard-offer incentive model, with $/MWh or $/kW as the preferred format. Adders for grid-constrained areas, large impactful projects, and peak-period performance were seen as essential to driving meaningful participation. Some suggested that a cap based on a percentage of project cost may be simpler and more equitable than a payback-based model. To accommodate smaller manufacturers, stakeholders recommended also considering $/kWh as an option.	Thank you for feedback and support of this enhancement. We acknowledge the strong preference for a predictable incentive framework. The upcoming design will retain a standard-offer structure with the possibility of regional or project-specific adders. We are also reviewing the use of incentive caps to ensure fairness while maintaining administrative simplicity.

Eligibility Thresholds

Stakeholder Feedback	IESO Response
What minimum threshold would align with your projects? What types of projects or facility areas could you see benefitting from a boarder eligibility criteria? Stakeholders indicated that a lower minimum threshold—such as 500 MWh or 0.1 MW—or even no threshold at all would increase participation, particularly among small and medium-sized manufacturers, MUSH sector institutions, and facilities with electrification opportunities. Broader eligibility could support	Thank you for feedback and support of this enhancement. We recognize the need to broaden access to the program while maintaining a focus on impactful projects. The high-level design will consider a revised threshold and may allow alternative eligibility criteria, such as project type or facility type, to increase inclusivity.

energy projects in sectors such as greenhouses, municipal water and wastewater facilities, and healthcare, with additional recommendations to expand by business type or NAICS code.	

Study Funding

Stakeholder Feedback	IESO Response
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? Stakeholders indicated that access to audits and feasibility studies is critical to identifying and developing projects. They recommended partially funding studies upfront, with the remaining balance tied to project completion to ensure follow-through. Structuring support in partnership with LDCs and incorporating go/no-go clauses was also suggested to manage risk and improve delivery.	Thank you for your feedback and recommendation. The IESO agrees that early-stage support is critical to project development. We intend to offer study incentives with clear performance criteria and pathways that link feasibility work to implementation. We will also coordinate with LDCs to ensure visibility and increase chance of project success.

Enhanced M&V Support

Stakeholder Feedback	IESO Response
What type of support or coordination would make it easier for you to complete projects and access incentives with greater confidence? Stakeholders indicated that enhanced coordination with technical reviewers, flexible M&V requirements, and dedicated points of contact would improve project execution and confidence in incentive access. Tailored M&V support, access to metering equipment, user-friendly tools like dashboards, and streamlined reporting formats were also recommended to	Thank you for your feedback and support of this enhancement. We acknowledge that successful project delivery depends on early alignment and ongoing coordination. The program will include enhanced M&V support. We are also exploring more accessible reporting platforms to enhance participant experience.

reduce administrative burden and improve transparency.	

New Construction

Stakeholder Feedback	IESO Response
Are you considering new construction projects? How should the program evolve to better support energy-efficient new construction projects? Stakeholders indicated support for including new construction and major facility repurposing in the program scope. Recommendations included early engagement with LDCs to align with planning cycles, incentivizing above-code efficiency, supporting LEED or similar certifications, and recognizing the role of electrification and decarbonization in long-term energy planning.	Thank you for your feedback. New construction projects and major retrofits will be entertained within this new program on a case-by-case basis. However, a more explicit set of new construction program requirements and design elements will be explored as part of future program enhancements, with the goal of supporting long-term system planning objectives.

Other Feedback: Role of LDCs in Program Delivery

Stakeholder Feedback	IESO Response
Stakeholders emphasized that Local Distribution Companies (LDCs) are well-positioned to support program delivery, planning, and customer engagement. Their involvement is critical for aligning with local grid needs, enabling coordination with other eDSM initiatives, and facilitating regional incentive structures. Several responses recommended early and ongoing engagement with LDCs throughout program design and implementation.	LDCs will continue to be strategic partners in the program's delivery. Their insights into local customer needs and grid conditions will be critical for successful implementation, particularly for regional incentive structures and emerging non-wires solutions.

Other Feedback: Energy Storage and DER Integration

Stakeholder Feedback	IESO Response
Stakeholders highlighted the need to define the role of behind-the-meter (BTM) energy storage within the program and ensure it is explicitly eligible. Energy storage was positioned as a key enabler of peak demand reduction, beneficial	We appreciate the emphasis on energy storage and its multi-faceted benefits. The IESO will work to define how distributed storage technologies can participate in the industrial program, including in contexts that allow for multiple value streams.

electrification, and non-wires solutions. Flexibility for value-stacking (i.e., allowing assets to serve multiple purposes) was also requested to maximize system value and ratepayer benefit.	Design considerations will aim to balance system needs with customer value.

Other Feedback: Beneficial Electrification and Fuel Switching

Stakeholder Feedback	**IESO Response**
Electrification of fossil-fuel-based systems (e.g., heating or industrial processes) was identified as a future priority. Stakeholders indicated that the program should support projects that contribute to decarbonization and system optimization, even if they result in net electricity load growth.	We acknowledge the importance of aligning energy efficiency programs with participants' broader decarbonization goals. The IEEP will support beneficial electrification where it leads to net system benefits, and we will work to ensure these projects can be effectively evaluated within the program framework.

Other Feedback: Peak Load Management

Stakeholder Feedback	**IESO Response**
Stakeholders emphasized the importance of incentivizing peak demand reductions, noting that time-of-use savings provide system value. They suggested incorporating adders or differentiated rates to encourage load shifting and support technologies like storage and demand response.	The IESO acknowledges the value of peak load management and appreciates the feedback on aligning incentives with system needs. While the initial program design will focus on overall energy savings, options to recognize and reward peak-period demand reductions — will be explored as part of future program enhancements.