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# New Industrial Energy Efficiency Program - Engagement Session #1

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# Webinar Participation via Microsoft Teams

- [Registration Link](#)

- To interact, use “Chat” function to submit a written question or click on “Raise Your Hand”, located in the Participants panel at the top right of the application window to indicate to the host you would like to speak
- Audio should be muted at all times. To unmute audio, click on the microphone icon in the meeting controls row found at the bottom of the application window
- This webinar is conducted according to the IESO Engagement Principles

# Agenda

- Engagement Objective
- Background and Introduction to the Industrial Call for Proposals
- Summary: Phase 1 & Phase 2 of engagement
- Phase 1: Identify critical elements to inform development of a program
- Phase 2: Present and solicit feedback on proposed program framework (to take place in October)
- Request for Stakeholder Input
- Next Steps

# Engagement Objective

- The objective of this engagement is to gather information from stakeholders including the identification of critical elements that would be required for a successful large industrial program, and later to obtain feedback on an initial program framework

# Background

- This program will be offered within the context of the 2021-2024 Conservation and Demand Management (CDM) Framework, which includes an energy savings target, a demand savings target, and cost-effectiveness requirements
- Projects must fit under the definition of CDM in the [Minister's Directive to IESO dated Sep 30, 2020](#), which sets out the authority for the 2021 – 2024 CDM Framework
- Program will aim to supplement (i.e. not duplicate) existing offers, and minimize overlap with other Save On Energy programs

## Background cont'd

- This program is being designed for both transmission and distribution system connected customers
- More information on the 2021-2024 CDM Framework and existing program offerings can be found [here](#).

# Introduction

- The IESO's 2021-2024 CDM Program Plan includes the launch of a new customer focused program in 2022 – an Industrial Call for Proposals
- Envisioned as **two rounds** of an open-ended call for proposals from large industrial customers with a budget of \$40M per round
- Focused on larger complex projects that are not “one for one” replacements of existing equipment, with preference for projects that cost effectively meet system needs
- Greater flexibility and streamlined administration compared to the past Industrial Accelerator/Process and Systems Upgrade programs

# Planned Program Schedule

## First program round

- Q1-Q2 2022: Program launch, open for proposal submissions
- Q3-Q4 2022: IESO review of proposals and awarding of contracts to successful proponents
- Q1 2023: Funds available to successful proponents (timing and payment milestones will be subject to program terms and conditions)

## Second program round

- Q1-Q2 2023: Second round of call for proposals, open for proposal submissions

# Engagement Summary: Phase 1 and 2

	<b>Phase 1 – June 2021</b>	<b>Phase 2 – October 2021</b>
Goal	Directional feedback on support for program concept, input on key program parameters; identify any key areas of concern	Provide a draft program framework for stakeholder review, based on feedback received in phase 1
Proposed Plan	Provide clarity on context and objectives, propose key program elements for consideration	Present key draft program requirements, eligibility, project selection framework and proposed timelines
Engagement	Questions that will inform key areas of program design (e.g. eligibility, project selection framework and alignment with participant decision making processes)	Targeted questions on areas of program design that are still subject to change or refinement



# **Phase 1: Identification of critical elements**

## **Proposed program concept and project selection framework**

# Program Concepts – Participant Eligibility

Participant eligibility requirements:

- Non-residential electricity consumers in Ontario that use an industrial process in their facility
- Participant must be the electricity customer who owns and/or operates the facility

# Program Concepts – Project Eligibility Requirements

Key project eligibility requirements:

- Scientifically sound and good engineering-practice based solutions with well-established and recognized energy and demand savings
- A cost-effective project for electricity ratepayers (based on the ratepayer investment) that provides net energy and net demand reductions through efficiency improvements of an industrial process
- Measurement and Verification (M&V) of the electricity savings after the project is installed will be required
- Ineligible Projects: Lighting projects and other projects that are eligible under the Save on Energy Retrofit program

## Program Concepts – Application Thresholds

- Minimum size: minimum electricity savings of 2,000 MWh and minimum demand savings of 250kW per project to minimize administrative burden of the program
- Maximum funding: \$5M per project to ensure broad participation
- Incentives from other funding sources may be stacked with this program but there should be a minimum investment from the participant

## Program Concepts – Project Eligibility

- Eligible projects must fit within the definition of CDM in the [Sep 30, 2020 Minister's Directive to IESO:](#)

*"The IESO shall consider CDM to be inclusive of activities aimed at reducing peak electricity demand and/or electricity consumption from the electricity system. Examples of CDM include energy efficiency replacements whereby similar output is achieved with less electricity, and behind-the-meter consumer generation.*

*However, for the purposes of the CDM programs , the IESO shall consider CDM to exclude:*

## Program Concepts – Project Eligibility cont'd

- a) *Those measures promoted through a different program or initiative undertaken by the Government of Ontario or the IESO; and*
- b) *Behind-the-meter consumer generation that uses fossil fuels purchased from or otherwise supplied by a third party as a primary fuel source.”*

# Proposed Project Selection Framework

- Two stage process is being considered to allow for initial vetting before proponents spend significant time and resources on a detailed project proposal, and to receive assurance on eligibility of the proposed project

## **Stage I would be structured to provide qualification to proceed**

- Notional confirmation of participant and project eligibility based on high level description and preliminary estimate of savings
- Proponent demonstration/confirmation of organizational buy-in, ability to implement and finance balance of project budget

## Proposed Project Selection Framework (cont'd)

- Proponent demonstration of “readiness” via basic and high-level technical planning (i.e. basic project details, equipment sourcing plans, project schedule, preliminary savings estimate, and M&V plan)

### **Stage II would be structured to provide final award decisions**

- Full project details (e.g. requested funding amount, project budget, detailed project plan, estimated energy and demand savings, and other items to address evaluation criteria)

## Proposed Project Selection Framework (cont'd)

- Projects may be disqualified based on not meeting minimum submission requirements or not meeting program requirements
- Qualifying projects will be ranked against each other based on evaluation criteria in order to deliver the best portfolio of projects within the available budget
- IESO may offer to negotiate funding amounts with successful proponents, to facilitate broader program participation

## Proposed Project Selection Framework (cont'd)

Evaluation criteria will be developed to rank projects as part of stage II. Initial criteria currently under consideration include:

1. Magnitude of annual energy and demand savings, including lifetime savings
2. Cost-effectiveness of ratepayer investment and contribution to system needs
3. Feasibility of work plan and certainty that project will deliver expected energy savings
4. Addressing local or regional grid constraints



# Questions?



# Stakeholder Input

Request for feedback

# Request for Stakeholder Input

## General

- Are there any key areas of interest and/or concern on the draft program proposal and framework presented today?

# Request for Stakeholder Input

## Participant Eligibility

- Should the program allow for aggregation of projects at different sites by the same participant?
- Should third parties be allowed to submit projects if they have the necessary authorization to deliver?

# Request for Stakeholder Input

## Project Eligibility

- What questions do you have about technologies or projects that would be eligible under this program, given the definition of CDM?
- Are the minimum size and maximum incentive award thresholds reasonable?
- What should be considered when enabling stacking of incentives?

# Request for Stakeholder Input

## Project Selection Framework

- Does the two-stage project selection framework presented today support or challenge your internal business processes?
- Are there any related key considerations that the IESO should consider in developing the two stages? Any required timing?
- What are some key outputs from a stage I approval that would help facilitate your business processes?
- What are considerations that should be applied to the weighting of selection criteria? Are there additional criteria IESO should consider?

# Stakeholder Feedback Form

- The IESO is seeking input on today's presented questions.
- A stakeholder feedback form is posted on the engagement [webpage](#).
- Stakeholder feedback is due July 14.
- An IESO response to stakeholder feedback document will be posted in August.

# Next Steps

Timing	Engagement Activity
June 2021	Engagement meeting / webinar <ul style="list-style-type: none"><li>• Presentation</li><li>• Stakeholder feedback requested</li><li>• Discussion/questions</li><li>• Next steps</li></ul>
August 2021	IESO response to stakeholder feedback document posted
October 2021	Engagement meeting / webinar <ul style="list-style-type: none"><li>• Presentation</li><li>• Stakeholder feedback requested</li><li>• Discussion/questions</li><li>• Next steps</li></ul>
November	IESO response to stakeholder feedback document posted

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# Thank You

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