



## **Interruptible Rate Pilot**

### **PROGRAM RULES**

*Version 1.0*

**DATED [●]**

This draft document as well as the statements and information contained herein, are based on the proposed design as of the date of posting and remain subject to amendment. Nothing in this draft obligates the IESO to continue or conduct the Interruptible Rate Pilot (the “Pilot”) as contemplated herein. Nothing in this draft constitutes, nor shall it be construed to constitute, an agreement, guarantee, representation, or warranty, express or implied, on behalf of the IESO. The IESO provides no such agreement, guarantee, representation, or warranty and disclaims all liability associated therewith. In the event there is any conflict or inconsistency between this draft and the IESO market rules, any legislation or regulation, the terms in the market rules, legislation, or regulation, as applicable, shall govern.

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*In accordance with the [direction] of the Minister of Energy the IESO will under take an interruptible rate pilot. These Interruptible Rate Pilot Rules set out the processes to be adopted by the IESO for entering into Interruptible Rate Pilot contracts.*

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## SECTION 1 – INTRODUCTION

### 1.1 Background to the Interruptible Rate Pilot

- (a) In November 2021, the Ministry posted a proposal on Ontario’s Regulatory Registry entitled *Interruptible Rate Pilot and Administrative Review of Ontario Regulation 429/04*. Following the Registry posting, in April 2022, the Minister communicated in a letter to stakeholders a commitment to launch an interruptible rate pilot in 2023. By way of letter dated August 29, 2022 (link), the Minister instructed the Independent Electricity System Operator to work with the Ministry to design a three-year Pilot that would help provide large customers with an interruptible rate during the Pilot Period in exchange for agreeing to interrupt Demand during Interruption Events as identified by the [System Operator]. The Pilot is also being explored as an option to promote growth in the hydrogen sector.
- (b) The Pilot was developed and implemented by the [Sponsor] pursuant to the IRP Directive issued by the Minister dated [date] (link) in exercise of statutory powers.
- (c) Through the Pilot, the [Sponsor] aims to provide a system benefit in the form of peak demand reduction, which may contribute toward grid efficiency, and a reduction in consumer costs and greenhouse gas emissions. In addition, since Contract Demand is firm and the [System Operator] identifies Interruption Events, [Sponsor] and Pilot participants benefit through greater cost and planning certainty. The Pilot also provides the [Sponsor] and Participants with the opportunity to test new rate designs and open new policy options. The Pilot is intended to inform a potential permanent interruptible rate program.
- (d) The Pilot will run for a three-year period commencing on July 1, 2023 (the “**Pilot Period**”), over which time the [Sponsor] plans to procure a maximum aggregate Interruptible Demand of up to the Procurement Target of 200 MW from a maximum of [15] distinct Facilities (the “**Facility Cap**”), as set out in the IRP Directive.
- (e) The [System Operator] may, but would not be required to, declare Interruption Events in response to the Interruption Conditions set out on the Website. Each Facility may be subject to up to 60 Interruption Hours and up to 15 Interruption Events in each Pilot Year. The duration of each Interruption Event will be up to four (4) consecutive hours. In addition, each Facility that elects to participate in the Pilot as a Short-Notice Facility may be subject to up to [20] Short-Notice Hours and up to [5] Short-Notice Events in each Pilot Year. For clarity, Short-Notice Hours will count toward both Maximum Short-Notice Hours and Maximum Interruption Hours, and Short-Notice Events will count toward both Maximum Short-Notice Events and Maximum Interruption Events.
- (f) This document sets out the Pilot Rules with respect to the Interruptible Rate Pilot, Version 1.0, which will be reviewed periodically and may be amended in accordance with Section 8.

### 1.2 Defined Terms

All capitalized terms in these Pilot Rules are defined in Appendix 1 – Standard Definitions available on the Website and incorporated herein.

### 1.3 Associated Documents

In addition to these Pilot Rules, the Application Form and all applicable Prescribed Forms, the IRP Contract, the IRP Contract Cover Page, and Appendix 1 – Standard Definitions comprise the complete set of the Pilot documents (the “**Pilot Documents**”). All Pilot Documents are posted on

the Website (link). The Application Form and the IRP Contract are each a standard form of document that apply in respect of all Applicants and applicable Facilities.

#### **1.4 Participation in the Pilot**

- (a) To participate in the Pilot, potential Applicants must be willing and able to enter into an IRP Contract with the [Sponsor] pursuant to which the Participant will undertake a specified industrial activity and meet certain ongoing performance obligations related to a Facility.
- (b) An Application Form may be submitted by an Applicant to the [Sponsor] in respect of a Facility.
- (c) During the Pilot Period, the [System Operator] will declare Interruption Events, as more fully described in the IRP Contract and the Website. During Interruption Events, Participants will be obligated to reduce the Demand of their respective Facilities to their respective Contract Demands. Participants will be settled monthly in accordance with Exhibit [F] of the IRP Contract.
- (d) Applicants must comply with Laws and Regulations, including for greater certainty the Distribution System Code, the Transmission System Code and the IESO Market Rules, as each may be applicable.
- (e) The [Sponsor] will offer to enter into an IRP Contract with Applicants who meet the Eligibility Requirements in Section 2, the Completeness Requirements in Section 3, and who are provided an Offer Notice in accordance with Section 6 after having been ranked, prioritized and assessed in accordance with Section 5.
- (f) The [Sponsor] will contract separately for each Eligible Facility even if there are multiple Eligible Facilities under common ownership and or Control.
- (g) The [Sponsor] currently intends to open only one Application Period for the Pilot.

#### **1.5 Applicability and Use of these Pilot Rules**

These Pilot Rules are intended for use in the Application submission, Application review and IRP Contract execution processes in respect of Eligible Facilities under the Pilot.

These Pilot Rules and the other Pilot Documents, may be updated, amended or altered from time to time by the [Sponsor], as required, in accordance with Section 8. The [Sponsor] will seek to give notice of any material changes to the Pilot Documents via the Website. Applicants are responsible for ensuring that they have read and comply with the most recent versions of the Pilot Documents before submitting an Application.

These Pilot Rules do not create any legal or other obligation, which may be binding on the [Sponsor].

### **SECTION 2 – ELIGIBILITY REQUIREMENTS**

#### **2.1 Eligible Participants**

To be eligible to participate in the Pilot, a Person must:

- (a) be authorized by the [System Operator] as a Market Participant (as such term is defined in

- the IESO Market Rules);
- (b) be the Metered Market Participant in respect of the Facility under the IESO Market Rules;
- (c) be compliant with the Prudential Support requirements under the IESO Market Rules;
- (d) own and operate the Facility;
- (e) be registered or otherwise authorized to carry on business in the Province of Ontario;
- (f) not be insolvent, bankrupt, or be subject to any reorganization, receivership, seizure, realization, arrangement or other similar proceedings pending against or being contemplated by the Person or, to the knowledge of the Person, threatened against the Person;
- (g) have sufficient financial and technical capacity to perform its obligations under the IRP Contract to Good Engineering and Operating Practices;
- (h) unless otherwise consented to in writing by the [Sponsor], be a corporation (with or without share capital), registered co-operative, partnership or limited partnership.

For clarity, a natural person, sole proprietorship, trust, joint venture or other type of unorganized entity is not eligible to participate in the Pilot unless agreed to by the [Sponsor] in its discretion.

## 2.2 Eligible Facilities

To be eligible to participate in the Pilot, a Facility must:

- (a) be registered as a Registered Facility under the IESO Market Rules;
- (b) be a Load Facility;
- (c) not be an Electricity Storage Facility;
- (d) be located in the Province of Ontario;
- (e) be connected to the Transmission System or Distribution System [, in each case, by a single Connection Point]; **[NTD: the Sponsor is seeking input from prospective Applicants regarding the single Connection Point requirement.]**
- (f) have a single Delivery Point;
- (g) have been connected to a Transmission System or Distribution System as of May 1, 2022;
- (h) have an average Peak Demand that meets or exceeds 1 MW for the period: (i) if connected to a Transmission System or Distribution System as of January 1, 2022, commencing on January 1, 2022 and ending on December 31, 2022; or (ii) if not connected to a Transmission System or Distribution System as of January 1, 2022, commencing on May 1, 2022 and ending on December 31, 2022;
- (i) have an Interruptible Demand equal to at least 25% of its Peak Demand for at least four (4) consecutive hours in accordance with the requirements in the IRP Contract;
- (j) be capable of participating in the Pilot with the entirety of its Peak Demand (i.e. no “partial

- participation”);
- (k) have a maximum Interruptible Demand of 50 MW;
  - (l) not be subject of another Application previously submitted to the Pilot during the Application Period (a “**Prior Application**”), unless such Prior Application had been withdrawn pursuant to Section 3.4 prior to the submission of the Application Form for the subsequent Application;
  - (m) other than in respect of a Participation Agreement as required under the IESO Market Rules:
    - (i) not be subject to any physical or financial purchase contract for energy, capacity, or ancillary services, or any other contractual arrangement with the [Sponsor], a Transmitter or a Distributor in respect of the Facility’s Peak Demand (an “**Existing Contract**”), unless such Existing Contract will expire or be terminated prior to the Start Date, or as otherwise consented to by the [Sponsor] in writing in its discretion; and
    - (ii) during the Obligation Period, in respect of any Capacity Auction, not be (i) the subject of a Capacity Obligation, or (ii) a Demand Response Contributor

### **2.3 Considerations with no Impact on Eligibility**

- (a) An Applicant may be a Class A Market Participant or a Class B Market Participant and also participate in the Pilot.
- (b) A Facility may be registered as a Dispatchable Load or a Non-Dispatchable Load in the IESO-Administered Markets throughout the Term.

## **SECTION 3 – APPLICATION COMPLETENESS REQUIREMENTS**

### **3.1 Application Materials and Requirements**

An Application must be complete and accurate. In order to be substantially complete, an Application must include the following:

- (a) a completed Application Form submitted electronically;
- (b) the name, legal status, and indication of the type of business form or structure of the Applicant (or entities comprising the Applicant), together with any supporting evidence specified in the form;
- (c) the information required in the Application Form and all documents required to establish that the Applicant has satisfied all of the Eligibility Requirements set out in Section 2, including the information expressly noted below;
- (d) a Fixed Price Bid in Prescribed Form;
- (e) a Load Reduction Plan in Prescribed Form;
- (f) any other information or documents which may be requested by the [Sponsor]; and
- (g) if applicable, an executed termination agreement in Prescribed Form in respect of any

## Existing Contracts

(collectively, the “**Application Package**”).

An Application will not be considered complete by the [Sponsor] unless all of the Completeness Requirements have been satisfied. In addition, an Application must comply with the requirements relating to the submission of an Application contained in Section 3.2. If an Application does not comply with the submission requirements in Section 3.2, it will not be evaluated and will be Terminated.

### 3.2 Application Submission Requirements

- (a) Applicants who wish to participate in the Pilot are required to submit an Application Package to the [Sponsor] in accordance with these Pilot Rules and any instructions posted on the Website from time to time, together with all documents required to establish that the Applicant has satisfied all of the Eligibility Requirements set out herein.
- (b) The [Sponsor] will only receive Applications during the period commencing on [March 1, 2023] and terminating at [11:59:59 pm EPT] on [March 31, 2023] (the “**Application End Time**”) (the “**Application Period**”). Applications received following the Application End Time will be rejected. [The [Sponsor] will not process such rejected Application and will delete the applicable Application Package.]
- (c) An Applicant is required to submit an electronic Application Package in Microsoft Word format by email to innovation@ieso.ca with the subject line: **IRP Application**. Note that innovation@ieso.ca may receive attachments of up to [20 MB]. If the file size of Application Package exceeds [20 MB], the Applicant may submit the documents that comprise the Application Package separately over multiple emails.
- (d) Following the [Sponsor’s] receipt of the Application Package, a Time Stamp will be issued along with a Pilot reference number. An Application will be active (and therefore may affect the eligibility of subsequent Applications) from the time specified in the Time Stamp until it is withdrawn by the Applicant or Terminated by the [Sponsor].
- (e) The Application must be in English only.

### 3.3 Completeness and Eligibility Review

- (a) Following the Application Period, the [Sponsor] will review each Application submitted during the Application Period to assess whether the Application is complete in accordance with the requirements of Section 3. Any Application that is not considered complete by the [Sponsor] in its discretion will be subject to Termination by the [Sponsor] in accordance with Section 10.2(e).
- (b) Following the assessment carried out in Section 3.3(a), the [Sponsor] will review each complete Application to assess whether such complete Application complies with the Eligibility Requirements of Section 2. Any such Application that is not considered eligible by the [Sponsor] in its discretion will be subject to Termination by the [Sponsor] in accordance with Section 10.2(e).

### 3.4 Application Amendment or Withdrawal

- (a) During and following an Application Period, an Applicant may not amend an Application except in response to a request for clarification, additional information, documentation and



- statements from the [Sponsor] pursuant to Section 10.2(a).
- (b) An Applicant may withdraw an Application that has not been Terminated by the [Sponsor] by submitting the completed Prescribed Form to the [Sponsor] no later than the [date specified in a notice posted on the Website] after which Applications submitted during the Application Period applicable to the Application may no longer be withdrawn. [If an Applicant withdraws an Application prior to the [date specified in a notice posted on the Website], the [Sponsor] will not process such Application and will delete the applicable Application Package.]
  - (c) Only the Primary Contact may withdraw an Application.

### **3.5 Representations and Warranties**

An Applicant must represent and warrant in respect of the Facility that is the subject of the Application that:

- (a) to the best of its knowledge and belief, having made all due inquiry into the applicable requirements, each of the Applicant and the Facility meets all Eligibility Requirements in Section 2;
- (b) the Applicant has the authority to participate in the Pilot;
- (c) the Application in whole or in part has not been discussed with or prepared in consultation, or in coordination with any other Applicant or disclosed directly or indirectly in any manner with any other Applicant;
- (d) the Applicant possesses all necessary Access Rights in respect of the Site; and
- (e) all statements, supporting documentation, specifications, data, confirmations, representations and information that have been set out in the Application (including, for certainty, the Application Form and any Prescribed Forms) and supporting evidence and documentation are complete and accurate in all material respects and there is no material information omitted from the Application or supporting evidence or documentation which would make the information in the Application or supporting evidence or documentation misleading or inaccurate.

### **3.6 Responsibility for Facility Viability**

Despite anything contained in the Pilot Documents, it is the sole and absolute responsibility for any parties interested in participating under the Pilot for determining the technical, regulatory, financial and economic viability of their Facility. In no circumstance shall the [Sponsor] be responsible for or have any liability whatsoever to any party arising from that parties' decision to participate under the Pilot or enter or not enter into an IRP Contract under the Pilot.

### **3.7 Additional Important Information**

- (a) It is the Applicant's responsibility to provide the [Sponsor] with all information reasonably requested by the [Sponsor] in connection with the Application, and to ensure that all such information is continuously valid and up to date. Such information includes, but is not limited to, a continuously valid: (i) e-mail address; (ii) mobile telephone number that can receive SMS messages; and (iii) any other means of electronic communication, as determined by the [Sponsor]; in each case, for the purposes of correspondence related to the Pilot. The Applicant may amend from time to time, as necessary, such e-mail address,

mobile telephone number, or other means of electronic communication, as applicable, by providing written notice to the [Sponsor]. The [Sponsor] will not be responsible for an Applicant's failure to comply with this provision.

- (b) The [Sponsor] may provide Application details to the Primary Contact and Secondary Contact. The [Sponsor] will only provide Application details to Persons who are not a Primary Contact or Secondary Contact in accordance with Section 10.

## SECTION 4 – OVERVIEW OF THE PROGRAM EVALUATION PROCESS

### 4.1 Overview of Evaluation Process

The evaluation of Applications received during an Application Period will be conducted by the [Sponsor] in three (3) stages as follows.

**Stage 1 – Completeness Requirements:** In Stage 1, each Application will pass or fail depending on whether the Application was submitted in compliance with the Completeness Requirements in Sections 3.1, 3.2, 3.5 and 3.7 inclusive. If an Application initially passes Stage 1 and the [Sponsor] determines at a later stage that the Application should not have passed Stage 1, the Application may be determined at the later stage to have failed Stage 1.

**Stage 2 – Eligibility Requirements:** In Stage 2, each Application will pass or fail depending on whether the Application meets the Eligibility Requirements as set out in Section 2. If an Application initially passes Stage 2 and the [Sponsor] determines at a later stage that the Application did not in fact meet the Eligibility Requirements, the Application may be determined at the later stage to have failed to meet the Eligibility Requirements. Eligibility will be determined based on the information provided in an Application, including any Prescribed Forms submitted in connection with an Application, and if Application materials do not establish an Application's eligibility, the Application will not pass Stage 2 and will be Terminated. The [Sponsor] reserves the right, but is not required, to obtain information from third parties, including the Transmitter or LDC, as applicable, to confirm information provided in an Application.

**Stage 3 – Ranking of Projects:** In Stage 3, Applications that pass Stage 2 will be ranked based on the process contained in Section 5.

## SECTION 5 – APPLICATION PRIORITIZATION AND RANKING

### 5.1 Facility Cap and Procurement Target

The Facility Cap will establish the maximum number of Eligible Facilities that may participate in the Pilot, and the Procurement Target will establish the maximum aggregate MWs that will be procured during the Pilot Period. Subject to the [Sponsor's] discretion whether to issue any Offer Notice in respect of a Facility that would cause the Facility Cap or Procurement Target to be exceeded, including as set out in Section 5.5, no Offer Notices will be issued for Facilities that exceed the Facility Cap and Procurement Target.

### 5.2 Price Bid

As part of its Application, each Applicant must submit a Fixed Price Bid in the Prescribed Form in the form of a monthly fixed charge (\$/month) in increments of \$100. For the purposes of selecting successful Applications, the [Sponsor] will normalize each Applicant's Fixed Price Bid by dividing the applicable Fixed Price Bid by the Applicant's Peak Demand (\$/MW per month) (the "Normalized Price Bid"). The Normalized Price Bid must be greater than or equal to the Minimum

Normalized Price Bid.

### 5.3 Prioritization

- (a) Facilities described in certain Applications, as set out in Table 5.3: Prioritization Criteria, are eligible to receive multiplier scores (“**Multiplier Scores**”) in the ranking process. Each Application may be awarded Multiplier Scores in accordance with Section 5.3(c), which will be in the form of multipliers applied to the Normalized Price Bid.
- (b) An Application will be awarded Multiplier Scores only as determined by the [Sponsor] using the Load Reduction Plans and other information provided by the Applicant in an Application, for which it is eligible.
- (c) Multiplier Scores will be awarded under each category in respect of a Facility described in an Application as follows:
  - (i) **Quality of Load Reduction Plan (“PC1”)**: The [Sponsor] may assign a Multiplier Score for PC1 of up to 1.2 depending on the quality of a Load Reduction Plan submitted as part of an Application, as determined by the [Sponsor] in its sole discretion. The [Sponsor] shall assign a score of “high”, “medium”, or “low” to each Load Reduction Plan based on the [Sponsor’s] assessment of: (1) the description provided in the Load Reduction Plan regarding the Facility’s ability to meet the Contract Demand requirements in the Pilot; and (2) the processes and investments identified in the Load Reduction Plan that the Applicant has implemented to provide the Interruptible Demand. Load Reduction Plans that receive a score of “high” will receive a Multiplier Score for PC1 of 1.2, Load Reduction Plans that receive a score of “medium” will receive a Multiplier Score for PC1 of 1.1, and Load Reduction Plans that receive a score of “low” will receive a Multiplier Score for PC1 of 1.0.
  - (ii) **Industrial Sector (NAICS) (“PC2”)**: Each Application will be grouped into a manufacturing or industrial sector based on the first three digits of the NAICS code attributable to the Facility in respect of such Application (each, a “**NAICS Group**”). The Application in each NAICS Group with the highest Normalized Price Bid will receive a Multiplier Score of 1.1, and all other Applications in such NAICS Group will receive a Multiplier Score of 1.0.
  - (iii) **IESO Electrical Zone (“PC3”)**: Each Application will be grouped into one of the ten (10) IESO Electrical Zones based on the Connection Point of the Facility in respect of such Application. The Application in each IESO Electrical Zone with the highest Normalized Price Bid will receive a Multiplier Score of 1.1, and all other Applications in such IESO Electrical Zone will receive a Multiplier Score of 1.0.
  - (iv) **Short-Notice Facility (“PC4”)**: Applications in respect of Short-Notice Facilities will receive Multiplier Score of 1.2, and all other Applications will receive a Multiplier Score of 1.0.

**Table 5.3: Prioritization Criteria**

PRIORITIZATION CRITERIA (PC)	MAXIMUM MULTIPLIER SCORE
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<i>Quality of Load Reduction Plan (PC1)</i>	<b>1.2</b>
<i>Industrial Sector (NAICS) (PC2)</i>	<b>1.1</b>
<i>IESO Electrical Zone (PC3)</i>	<b>1.1</b>
<i>Short-Notice Facility (PC4)</i>	<b>1.2</b>

#### 5.4 Adjusted Price Bid

Each Facility included in an Application that are complete and eligible will be assigned an “Adjusted Price Bid” which shall be calculated as follows:

$$\text{Adjusted Price Bid} = \text{Normalized Price Bid} \times \text{PC1} \times \text{PC2} \times \text{PC3} \times \text{PC4}$$

#### 5.5 Ranking and Selection Process

- (a) Following the determination of the Adjusted Price Bid for each Application, the [Sponsor] will rank Applications that are complete and eligible progressively from highest Adjusted Price Bid to lowest Adjusted Price Bid (the “**Ranked Applications**”). Ranked Applications with higher Adjusted Price Bids shall receive a higher ranking than Ranked Applications with lower Adjusted Price Bids.
- (b) For Applications with an equal Adjusted Price Bid as such other Applications, each such Application will be ranked on the basis of the unique number assigned to each such Application by a random number generator.
- (c) The [Sponsor] will then select a number of Ranked Applications submitted by different Applicants until either (i) the number of Applicants in respect of such Ranked Applications equals the Facility Cap, or (ii) if the number of Applicants in respect of such Ranked Applications is less than the Facility Cap, such lower number of Ranked Applications for inclusion in the “**Initial Stack**”.
- (d) The [Sponsor] will then sum the Interruptible Demands of the Eligible Facilities included in the Initial Stack (the “**Aggregate Interruptible Demand**”). Each Ranked Application in the Initial Stack will be selected for inclusion in the “**Final Stack**” until such time as the inclusion of the next Ranked Application would cause the Aggregate Interruptible Demand to exceed the Procurement Target.
- (e) If the Marginal Application would cause the Aggregate Interruptible Demand to exceed the Procurement Target by:
  - (i) less than or equal to [20 MW], such Marginal Application will be selected for inclusion in the Final Stack; or
  - (ii) more than [20 MW], such Marginal Application will be rejected.
- (f) Each Applicant in respect of each Ranked Application included in the Final Stack will become a Selected Applicant, and the selection process will end. The [Sponsor] reserves the right to hold all other Ranked Applications not included in the Final Stack in abeyance pending the Selected Applicants completion of all requirements stipulated in Section 6.

## SECTION 6 – CONTRACT OFFER AND ACCEPTANCE

### 6.1 Offer Notice

- (a) Following the assessments described in Section 5, the [Sponsor] will provide notice (the “**Offer Notice**”) to each Selected Applicant in respect of such Facility in which the [Sponsor] will offer an IRP Contract in its most recent standardized form on the basis of the information set out in the Application. The Offer Notice will specify the Contract Demand, the Fixed Price Bid, and the Start Date that will be used in the IRP Contract.
- (b) For Applicants that did not receive an Offer Notice in respect of a Facility that was the subject of an Application submitted during an Application Period, the Application will be Terminated.

### 6.2 Offer Acceptance

An Applicant will have [15] [Business Days] from the issuance of the Offer Notice, but in any event prior to June 30, 2023, to accept the offered IRP Contract. An Applicant may accept and enter into the IRP Contract by executing the IRP Contract document and submitting via e-mail to the applicable [Sponsor] e-mail address a copy of the executed signature page of the IRP Contract in accordance with the instructions in the Offer Notice.

### 6.3 Form of Contract

The form of the IRP Contract will be as published on the Website from time to time at the [Sponsor’s] discretion.

### 6.4 Contract Term

- (a) Each Applicant must specify in its Application the Start Date, which may be any one of July 1, 2023, July 1, 2024 or July 1, 2025. The selected Start Date will be included on the IRP Contract Cover Page.
- (b) As further set out in the IRP Contract, by no later than January 31<sup>st</sup> in any Pilot Year, the Participant may elect to exit the Pilot, and where such election is made in accordance with the terms of the IRP Contract, June 30<sup>th</sup> of such Pilot Year will become the Facility End Date and April 30<sup>th</sup> of such Pilot Year will become the Obligation End Date.
- (c) The Term of the IRP Contract will commence on the Start Date and will expire on Facility End Date, and may be subject to a Residual Term, in accordance with the terms of the IRP Contract. As more fully specified in the IRP Contract, a Residual Term will apply to all Participant except for those Participants that: (i) are not subject to any Non-Performance Adjustments, Over-Performance Adjustments, or ICI Return Adjustments in the final Pilot Year; or (ii) opt-out of Residual Term as provided for in the IRP Contract.

### 6.5 Facility Performance Obligations

The IRP Contract sets out the Facility Performance Obligations for the Facility during the Obligation Period. For clarity, the Participant will not have any Facility Performance Obligations beyond the Obligation End Date.

### 6.6 Global Adjustment Class Changes

During the Term, a Participant will be permitted to change its Global Adjustment Class from a

Class A Market Participant to a Class B Market Participant or from a Class B Market Participant to a Class A Market Participant, as applicable, under O.Reg. 429/04 in accordance with the terms of the IRP Contract.

## 6.7 Other Commitments of Facility Demand

As more fully set out in the IRP Contract, a Participant may, in accordance with the IESO Market Rules, submit into the Real-Time Market:

- (a) Energy Bids in any hour that is not an Interruption Hour; or
- (b) Operating Reserve Offers
  - (i) in any hour that is not an Interruption Hour in respect of a Short-Notice Event, or
  - (ii) in any hour that is not in an Interruption Day in respect of a Long-Notice Event.

## 6.8 Resolving Inconsistencies

To the extent that there is any inconsistency between these Pilot Rules and the IRP Contract, the IRP Contract shall prevail.

# SECTION 7 – OVERVIEW OF SETTLEMENT

## 7.1 Settlement

- (a) During the Term, Participants will continue to be responsible for all Market Settlement Charges and any other Electricity-related charges payable to the [Sponsor] and LDC, as applicable, under applicable Laws and Regulations, including, for clarity, the Participant's share of the Actual Global Adjustment (collectively, the “**Status Quo Settlement Amounts**”).
- (b) As more fully specified in Exhibit [F] of the IRP Contract, the Status Quo Settlement Amounts will be subject to Monthly Settlement adjustments, which shall accrue and be payable in accordance with the provisions of the IRP Contract. Monthly Settlements may have the effect of rebating a portion of the Participant's Status Quo Settlement Amounts. It is expected that the Monthly Settlement will lag a Participant's obligation to pay all Status Quo Settlement Amounts by one or more months, and each Participant will be responsible for funding any resulting working capital shortfall that may result from such lag.
- (c) Over-Performance Adjustments and Non-Performance Adjustments for a given Pilot Year will be assessed and settled in the next Pilot Year or during the Residual Term, as applicable.
- (d) As more fully specified in Exhibit [F] of the IRP Contract, where, in respect of a Facility:
  - (i) a Participant was participating in ICI prior to the Start Date, and will resume participation in ICI following the Facility End Date; and
  - (ii) the Peak Demand Factor established in the Base Period ending immediately prior to the Start Date was lower than the Peak Demand Factor established in the final Pilot Year;



such Participant may be subject, during the Residual Term, to an ICI Return Adjustment, which may have the effect of rebating a portion of the Participant's share of the Actual Global Adjustment on the basis of the Peak Demand Factor established in the Base Period ending immediately prior to the Start Date.

## **7.2 Alternate Settlement Arrangements**

The [Sponsor] reserves the right at its discretion to make alternate settlement arrangements in respect of the entire Pilot or in respect of one or more Facilities at any time and from time to time. Notwithstanding other parties being involved in the settlement process, the Participant shall remain liable to the [Sponsor] for all settlement payments required under the IESO Market Rules and the IRP Contract.

## **SECTION 8 – PROGRAM REVIEW AND AMENDMENTS**

### **8.1 Pilot Review and Amendments**

- (a) The [Sponsor] may at any time review and Amend as necessary the Pilot, the Pilot Rules, the form of IRP Contract (which, for greater certainty, shall not affect any executed IRP Contracts), the form of IRP Contract Cover Page, Appendix 1 – Standard Definitions, and the Application Form from time to time. The [Sponsor] may make additional Amendments in response to ministerial directions, changes in Laws and Regulations, significant changes in market conditions or other circumstances as determined by the [Sponsor] in its discretion.
- (b) Notice of any Amendment will be posted by the [Sponsor] on the Website for such time period, if any, prior to the effective date of such Amendment, as circumstances may permit.

### **8.2 Pilot Duration**

Subject to the Residual Term and any extension to the Pilot Period, as determined by the [Sponsor] in its sole and absolute discretion, the Pilot will not continue past the date of June 30, 2026.

## **SECTION 9 – CONFIDENTIALITY**

- (a) All information provided by or obtained from the [Sponsor] in any form in connection with the Pilot, either before or after the execution of an IRP Contract, that is not otherwise publicly available is the sole property of the [Sponsor] and must be treated as confidential, and
  - (i) is not to be used for any purpose other than applying to participate in the Pilot and the performance by the Participant of its obligations under the IRP Contract;
  - (ii) must not be disclosed without the prior written authorization of the [Sponsor], other than to the Applicant's or Participant's partners, advisors, Secured Lenders, or contractors, or to the Connecting Authority, the [System Operator], or the OEB, provided the disclosing party obtains similar confidentiality commitments from such third parties; and
  - (iii) shall be returned by the Applicant, Participant or third party (as applicable) to the [Sponsor] immediately upon request of the [Sponsor].
- (b) Information provided by an Applicant or a Participant is subject to, and may be released in accordance with, the provisions of the FIPPA. Notwithstanding any confidentiality

statement provided by the Applicant or Participant, the [Sponsor] may be required to disclose information which is provided to the [Sponsor] by an Applicant or Participant and is otherwise not protected from disclosure through an exemption in FIPPA or any other applicable legislation, regulation or policy. Applicants should not assume that such an exemption is available.

- (c) Information provided by an Applicant in relation to a Facility, including but not limited to the Facility's name, description of the Facility, Interruptible Demand, location, Start Date, status within the Pilot, name of the Applicant, the Applicant's public relations contact, the Applicant's website link, NAICS code, IESO Electrical Zone, contact name and contact phone number, may be disclosed by the [Sponsor] on the Website or otherwise, and such disclosure may be made on an individual basis, or as aggregated with information provided by other Applicants. Information regarding the Load Reduction Plans may be shared with the [System Operator] and may be disclosed more broadly on an aggregated basis.
- (d) Applicants are advised that their Applications will, as necessary, be disclosed on a confidential basis to the [Sponsor's] counsel, consultants, Transmitters, LDCs, the Government of Ontario (including the Ministry), the OEB, the System Operator, and advisers retained for the purpose of administration of the Pilot.
- (e) Each Applicant or Participant irrevocably authorizes and consents to the System Operator, and the applicable Transmitters and LDCs releasing, disclosing, providing, delivering and otherwise making available to the [Sponsor] or its agents, successors or assigns, any and all such information relating to connections, proposed connections, meters, meter data, testing data pertaining to commercial operation, billing data, load data for buildings on which a Facility is proposed to be located or is located and LDC account, Transmitter account or Metered Market Participant account (as applicable) of the Applicant, Participant, or Facility as the [Sponsor], its agents, successors or assigns may advise is required in connection with the evaluation, offer and administration of an Application or IRP Contract under the Pilot.

## **SECTION 10 – ADDITIONAL RULES**

### **10.1 Assignment and Change of Control**

- (a) An Applicant shall not assign its Application to another Person (including by way of amalgamation or by operation of law).
- (b) An Applicant may not be the subject of a change of Control (including by way of amalgamation or by operation of law).
- (c) If an Applicant violates any provision of this Section 10.1, the [Sponsor] shall be entitled to Terminate the Application, and if an Applicant is offered and enters into an IRP Contract, such violation may be a breach of the IRP Contract.

### **10.2 [Sponsor's] Reserved Rights**

The [Sponsor] reserves the right:

- (a) but is not obligated, to request clarification, additional information, documentation and statements in relation to any Application at any time. Any such requested clarification, additional information, documentation or statements must be submitted to the [Sponsor] by e-mail within [5] Business Days of the date of such request, or by such other means and within such other time frame as may be requested by the [Sponsor], failing which the



- Application may be Terminated as being incomplete. Subject to Section 3.4, an Applicant may not supplement, amend, correct or modify its Application in any respect once received by the [Sponsor];
- (b) to verify with an Applicant, or with a third party, any of the information set out in an Application;
  - (c) to share and exchange information and data with the [System Operator], at any time during the Application Period or Term, regarding the Participant and Facility, including information and data regarding the participation of the Participant and Facility in the Pilot and the IESO-Administered Markets;
  - (d) to waive any informality, irregularity, or defect, including any alteration, qualification, omission, inaccuracy or misstatement, non-compliance with respect to an Application or an Applicant's compliance with these Pilot Rules, or non-conformity (including in form, content and substance) or irregularity in an Application, which is not material, including by extending any deadline set out in these Pilot Rules;
  - (e) to Terminate any Application, including but not limited to any incomplete Application, any Application that does not satisfy all of the Eligibility Requirements set out in Section 2 of these Pilot Rules, or any Application in respect of which the included information is not satisfactory to the [Sponsor] or its advisors in any respect at the [Sponsor's] sole and absolute discretion. If an Application is so Terminated, the [Sponsor] will provide the Applicant with notice of the reasons for such Termination. Termination by the [Sponsor] of an Application may take place by notice to the corresponding Applicant at any time following the receipt of such Application by the [Sponsor];
  - (f) to at any time make changes to these Pilot Rules, the form of IRP Contract, any other Pilot Documents, or the Pilot (including substantial changes or a suspension or cancellation of the Pilot) without any liability whatsoever to Applicants or any other Person;
  - (g) to cancel all or any part of the Pilot at any time and for any reason or to suspend the Pilot in whole or in part for any reason for such period of time as the [Sponsor] shall determine in its discretion, in each case without any obligation or any reimbursement to the Applicants;
  - (h) to withdraw the eligibility status of an Eligible Participant or Eligible Facility if the Eligible Participant or Eligible Facility, as applicable, ceases to satisfy all of the Eligibility Requirements or otherwise becomes ineligible pursuant to Section 2 of these Pilot Rules; and
  - (i) to withdraw the issuance of an IRP Contract that is extended in respect of an Eligible Facility, for any reason and at any time, without penalty of any kind, before the IRP Contract is duly executed by the Parties. A decision by the [Sponsor] to Terminate any Application, to withdraw the eligibility status of any Eligible Facility, or to withdraw the issuance of an IRP Contract with a Selected Applicant, shall be final and binding and not subject to appeal or judicial review.

### 10.3 General

- (a) The [Sponsor] shall not be obligated in any manner whatsoever, or have any liability, to any Person who is an Applicant or potential Applicant unless and until an IRP Contract is executed with such Person, and only in accordance with the terms of such IRP Contract, save and except as expressly set out in these Pilot Rules.

- (b) The [Sponsor] shall not be liable for any delays in delivering the Pilot, including but not limited to delays in processing, reviewing, accepting or Terminating an Application, providing an Offer Notice, commencing the Pilot or any step pertaining to an Pilot, or issuing an IRP Contract.
- (c) The [Sponsor] shall not be liable to pay any Applicant's costs or expenses under any circumstances. In particular, the [Sponsor] will not reimburse the Applicant in any manner whatsoever in the event of Termination of any or all Applications for any reason or in the event of the cancellation or suspension of the Pilot or any part thereof at any time. By submitting an Application, the Applicant irrevocably and unconditionally waives any Claims against the [Sponsor] relating to the Applicant's costs and expenses including costs in relation to satisfying the Eligibility Requirements described in Section 2, and the Completeness Requirements described in Section 3.
- (d) Each Applicant shall be solely responsible for its own costs and expenses relating to the preparation and submission of its Application, whether or not an Application is accepted or Terminated or the Pilot is cancelled, suspended, revoked, amended or revised. Under no circumstances whatsoever shall the [Sponsor] be liable for any claims for compensation or damages, including any indirect, punitive or consequential damages associated with the Applicant's submission of an Application or participation in the Pilot. For greater certainty, each Applicant irrevocably and unconditionally waives any such Claims against the [Sponsor], whether relating to an alleged breach by the [Sponsor] of the Pilot Rules or otherwise.
- (e) The [Sponsor] may verify with any Applicant or with any third party any information set out in an Application.
- (f) The [Sponsor] shall not be liable for any delays in processing, reviewing, accepting or Terminating an Application or providing an Offer Notice.
- (g) The acceptance by the [Sponsor] of an Application or the issuance of an Offer Notice by the [Sponsor] to an Applicant shall not be construed as:
  - (i) evidence that the [Sponsor] has accepted the authenticity or sufficiency of the Application and its supporting documentation; or
  - (ii) a waiver of or bar to any of the [Sponsor's] rights under these Pilot Rules or otherwise.
- (h) The rights reserved to the [Sponsor] in these Pilot Rules are in addition to any other express rights or any other rights which may be implied in the circumstances, and the [Sponsor] shall not be liable for any Claim, losses, damages, liabilities, penalties, obligations, payments, costs and expenses, costs, losses or any direct or indirect damages incurred or suffered by any Applicant or any third party resulting from the [Sponsor] exercising any of its express or implied rights under the Pilot, including the right to exercise its discretion hereunder. In submitting an Application, each Applicant agrees that it waives any rights it may have to bring a Claim or otherwise as against the [Sponsor] for failing to issue the Applicant an Offer Notice or issuing an Offer Notice to another Applicant.
- (i) In submitting an Application, each Applicant shall agree that, in no circumstances shall it be entitled to recover any damages as against the [Sponsor], whether such claim for damages arises in contract, warranty, equity, negligence, intended conduct, detrimental reliance or otherwise, including any action or claim arising from the acts or omissions, negligent or otherwise, of the [Sponsor], and including any claim by the Applicant that the

[Sponsor] has failed to comply with these Pilot Rules.

- (j) By submitting an Application, the Applicant authorizes the collection by the [Sponsor] of the information set out in the Application and otherwise collected in accordance with the terms hereof, and the use of such information for the purposes set out in or incidental to these Pilot Rules and the IRP Contract, and for the purpose of offering, managing and directing the Pilot generally.
- (k) Applications and all Application materials shall become the property of the [Sponsor] once submitted and will not be returned to Applicants. Applicants should retain a copy of all submitted materials for their records.

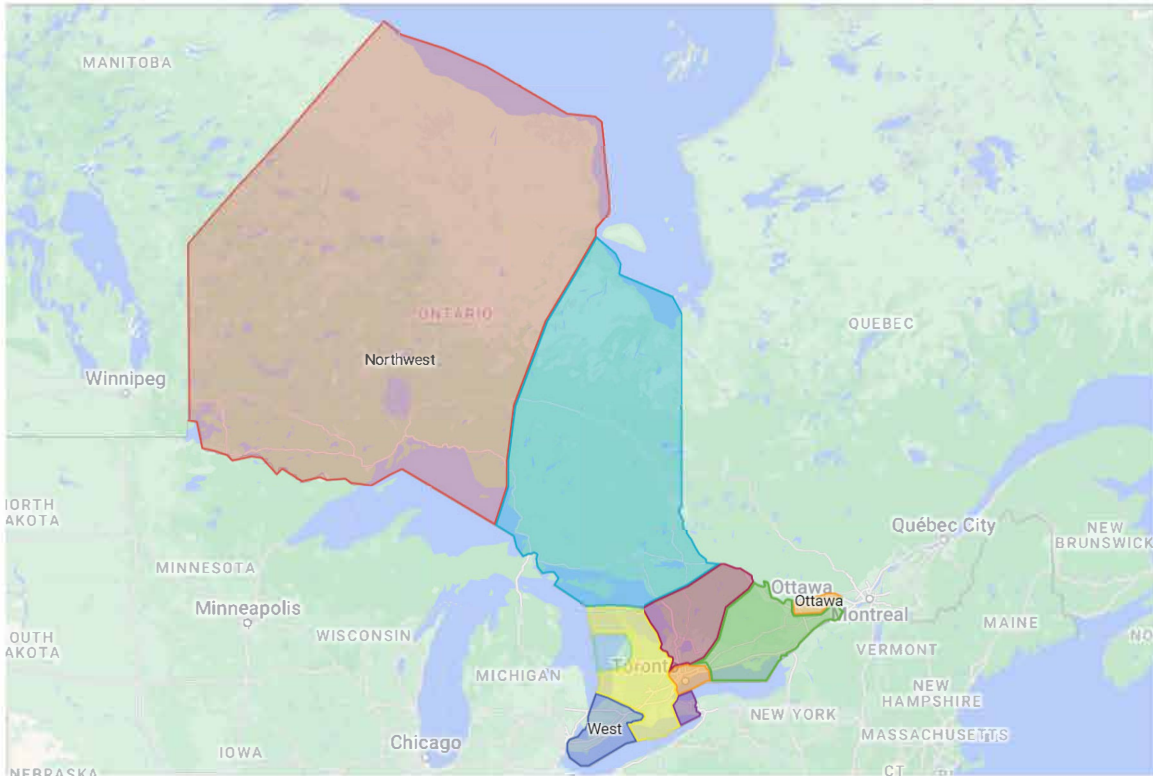
#### 10.4 Interpretation

- (a) **Consent.** Whenever a provision requires an approval or consent and the approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.
- (b) **Currency.** Unless otherwise specified, all references to money amounts are to the lawful currency of Canada.
- (c) **Discretion.** Where the [Sponsor] may take an action or make a determination under these Pilot Rules, the decision to take such action or make such determination shall be at the [Sponsor's] sole and absolute discretion. Any reference to the [Sponsor's] discretion in these Pilot Rules shall mean the [Sponsor's] sole and absolute discretion.
- (d) **Extensions of time.** The [Sponsor] may extend the time to meet the requirements of these Pilot Rules at its sole and absolute discretion. Any such extension of time shall only be valid and binding on the [Sponsor] if provided in writing by an authorized representative of the [Sponsor]. Any failure to meet the revised time requirement shall have the same consequences as if the original time requirement had not been met.
- (e) **Governing Law.** These Pilot Rules are made under and shall be governed by and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario.
- (f) **Headings.** Headings of Sections are inserted for convenience of reference only and do not affect the construction or interpretation of these Pilot Rules. References to Sections means Sections of these Pilot Rules unless otherwise specified.
- (g) **No Strict Construction.** Despite the fact that these Pilot Rules were drafted by the [Sponsor's] legal and other professional advisors, Applicants submitting Applications acknowledge and agree that any doubt or ambiguity in the meaning or application of any term or provision in these Pilot Rules shall not be construed against the [Sponsor] in favour of the Applicant when interpreting such term or provision, by virtue of such fact.
- (h) **Notice.** No person may provide any notices or otherwise communicate with the [Sponsor] in respect of an Application other than the Primary Contact or Secondary Contact(s), provided that a duly authorized signatory of the Applicant may enter into an IRP Contract that is the subject of an Offer Notice, if any, in relation to such Application and the [Sponsor] may communicate with the duly authorized signing authority in respect of the Application and IRP Contract.

- (i) **Number and Gender.** Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.
- (j) **Severability.** If any provision of these Pilot Rules or its application to any Party or circumstance is restricted, prohibited or unenforceable, the provision shall be ineffective only to the extent of the restriction, prohibition or unenforceability without invalidating the remaining provisions of these Pilot Rules and without affecting its application to the other Party or circumstances.
- (k) **Statutory References.** A reference to a statute includes all regulations and rules made pursuant to the statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.
- (l) **Time Periods.** Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

# EXHIBIT A MAPS OF IESO ELECTRICAL ZONES

Overall Map of the IESO Electrical Zones



Zoomed-in Map of the IESO Electrical Zones in Southern Ontario

