ENERGY MANAGER PROGRAM
PROGRAM REQUIREMENTS

1. PROGRAM DESCRIPTION

The Save on Energy – Energy Manager Program provides funding to Participants to employ a full-time Energy Manager working in the Facility of the Participant (the **"Energy Manager Program**").

The Energy Manager Program is offered to eligible industrial, commercial, and institutional organizations in Ontario under the Expanded Energy Management (EEM) Program (the **"EEM"** Program"). The industrial stream of this Program receives financial support from Natural Resources Canada through the Green Industrial and Manufacturing Program, while funding for commercial and institutional organizations is provided solely under Save On Energy. In delivering this Program, the IESO is not an agent of the government of Canada.

Energy Managers are full-time employed resources that demonstrate their value by helping facilities improve the energy performance of their operations using best practices in energy management, including through the implementation of capital projects and operational and maintenance improvements.

Applications are reviewed as they are received. Only complete Applications satisfying all eligibility criteria will receive funding, if available. Funding is provided on a rolling basis until exhausted.

2. PARTICIPANT INCENTIVES

The Participant Incentive is based on hiring and retaining an Energy Manager that meets the eligibility criteria in Section 3.4, completing the Reporting Requirements, and undertaking Commercially Reasonable Efforts to complete the SEM Milestones, per Appendix 2, and achieving Energy Savings.

The maximum Participant Incentive is $100,000 per Funding Period, or 50% of the Participant's Cost of Hiring.

2.1 TRAINING & SUPPORT REQUIREMENTS

The Participant and the Energy Manager, as applicable, are required to participate in Energy Management Support Services, including:

- Completing an Energy Management Assessment, including a questionnaire and a one- to two-hour facilitated session with cross-functional representation from the Participant's management team;
- Working with the IESO's Program Delivery Agent to develop an M&V approach; and
- Participating in Coaching Support, such as monthly 1-on-1 coaching calls with a dedicated energy coach.

Additionally, the Energy Manager is eligible to participate in the following optional Energy Management Support Services, depending on availability:

- Hiring, onboarding and providing custom training support for the Energy Manager;
- Completing an Energy Scan;
- Completing online courses; and
- Participating in group training, workshops, clinics, and Energy Manager meet-ups.

2.2 PAYMENT OF INCENTIVE

In each Funding Period, the Participant is eligible to receive the following incentive (the "**Energy Manager Incentive**"), subject to the Participant satisfying all of its obligations:

1. Within thirty (30) calendar days after receiving the Notice of Approval from the IESO and within sixty (60) calendar days from the start of each subsequent Funding Period, the "**Start of Funding Period Payment**" calculated, up to a maximum of $50,000, as follows:

   Start of Funding Period Payment = 25%of the estimated Energy Manager Cost of Hiring.

2. Upon approval by the IESO of the Annual Report, the "**End of Funding Period Payment**" calculated, up to a maximum of $100,000, as follows:

   End of Funding Period Payment =
   50% of all eligible Energy Manager Costs of Hiring – Start of Funding Period Payment

3. The maximum Energy Manager Incentive amount payable in each Funding Period is $100,000 (exclusive of Applicable Taxes), and in no event will the IESO be obligated to pay any additional amounts to the Participant.

3. PROGRAM ELIGIBILITY CRITERIA

3.1 PARTICIPANT ELIGIBILITY

To participate in the EM program the Participant must be the legal and documented owner of one or more eligible Facilities and must not be insolvent.

3.2 FACILITY ELIGIBILITY

To be an eligible industrial Facility, under the Expanded Energy Management Program, the proposed Facility must:

a) be an industrial Facility engaged in energy consuming processes that involve the physical or chemical transformation of materials or substances into new products;
b) have a NAICS Code starting with one of the following two-digits:
    a. 11: Agriculture, forestry, fishing & hunting
    b. 21: Mining, quarrying and oil & gas extraction
    c. 22: Utilities
    d. 23: Construction
    e. 31-33: Manufacturing
    f. 48: Transportation & warehousing
    g. 56: Administrative & support, waste management & remediation services
c) be connected to the IESO-Controlled Grid or a Distribution System.
d) have a minimum of 12 months of consecutive Energy Data for the facilities included in the application; and
e) have a total energy consumption (all fuels) of at least 50,000 GJ for a 12-month period within the 24 months prior to Application submission.

To be an eligible commercial or institutional Facility, under the Expanded Energy Management Program, the proposed Facility must:

a) be connected to the IESO-Controlled grid or a distributions system.
b) Have a minimum of 12 months of consecutive Energy Data for the facilities included in the application; and
c) Have consumed a minimum of 6,500,000 kWh per 12-month period within the 24 months prior to the Participant Application date (the Participant may combine up to five Facilities to reach this minimum annual electricity consumption criteria).

3.3 ENERGY MANAGER ELIGIBILITY

To be eligible, the Energy Manager must satisfy the following:

a) Successful completion of the Certified Energy Manager (CEM) examination by the end of their first year as an Energy Manager and has a pathway to becoming a designated CEM, i.e. if not qualified to become CEM certified upon passing the exam (due to insufficient experience), must register as a Certified Energy Manager in Training (EMIT).
b) Experience with performing the Energy Manager Duties (Schedule "D"), or in the case of an Applicant with an existing Energy Manager applying for an additional dedicated energy management resource (e.g. an "energy analyst"), has experience with contributing to an energy

team with the ability to perform the Energy Manager Duties.

4. PARTICIPANT AGREEMENT

To participate in the Energy Manager Program, prospective participants must submit an Application to the IESO. The Application includes the Application Declaration and Consent and Applicant Provisions and becomes binding when the Application is submitted. Prospective participants must familiarize themselves with and agree to abide by the Participant Agreement terms and conditions, which become binding when the IESO, acting in its sole discretion, accepts and approves the Application by issuing a written notice of approval to the Participant.

To the extent of any conflict between the Program Requirements and the Participant Agreement, the terms of the Participant Agreement will prevail. For certainty, the Participant must be a party to a valid, approved Participant Agreement with the IESO in order to be eligible to receive the Energy Manager incentives and Energy Management Support Services.

5. PROGRAM SPECIFIC DEFINITIONS

The following terms have the meaning stated below when used in these Energy Manager Program Requirements:

"**Annual Report**" means the report of energy management activities of a Participant, including documentation to substantiate Energy Savings from all fuel types, in the case of industrial Facilities, and/or verify Confirmed Electricity Savings, in the case of commercial and institutional Participants. It is to be completed by the Participant in accordance with the EEM Reporting Requirements and delivered to the IESO within 30 days before the end of each Funding Period (or shorter) in the form made available by the IESO from time to time.

"**Applicant**" means a Person (as indicated in the Application) that has submitted an Application to participate in the SEM Program.

"Application" means a complete application submitted to the IESO by a Participant for funding under the Energy Manager Program in the form specified by the IESO on the Save on Energy website.

"**Coaching Support**" means the 1-on-1 support offered by the IESO to Participants and their Executive Sponsor, Energy Champion, and Energy Teams to assist the Participant in achieving the objectives of the SEM Program and to more effectively meet their energy goals.

"**Commercially Reasonable Efforts**" means all efforts which may be required to enable a Person, directly or indirectly, to satisfy, consummate, complete or achieve a condition, transaction, activity, obligation or undertaking contemplated by the Terms and Conditions and which do not require such Person to expend any funds or assume liabilities other than expenditures and liabilities which are reasonable in nature and amount in the context of the purpose of, and the condition, transaction, activity, obligation or undertaking contemplated by, the Terms and Conditions.

"Confirmed Electricity Savings" means the reduction in electricity consumption attributable to Non-Incented Projects implemented from the Project Register and in service while the Participant is enrolled in the SEM Program, as determined by the IESO, based on an Electricity Baseline Model, or, where the IESO determines an Electricity Baseline Model is not feasible, using an alternative M&V approach. These savings must be confirmed by Technical Review as in-service during the EEM Program.

"**Costs of Hiring**" means the actual cost incurred by the Participant, with no mark up of any kind, in the employment of the Energy Manager. For greater clarity, Costs of Hiring shall only include salary and benefits, direct costs associated with hiring the Energy Manager (such as advertising and recruiting), annual professional membership dues required to keep a professional status recognized by law, and fees for professional training.

"**Distribution System**" means a system connected to the IESO-Controlled Grid for distributing electricity at voltages of 50 kV or less, and includes any structures, equipment or other thing used for that purpose.

"**End of Funding Period Payment**" has the meaning given in Section 2.2(a)(ii).

"Energy Data" means at a minimum, the utility billing data for electricity, in the case of commercial and institutional Participants, but also includes, natural gas, and other stationary combustion fuels, in the case of industrial Participants, which must be provided by the Participant to the IESO through the EEM Reporting Requirements. This data may be supplemented with other more granular data or documentation to assist in verifying the success of Measures at the request of the IESO. The Participant is required to collect historical Energy Data and to continue to monitor current Energy Data as long as it is participating in the EEM Program.

"Energy Management Assessment" means a structured process including a facilitated session with the Participant that assesses the Participant's current state of energy management practices to identify areas for improvement.

"Energy Management Plan" or "Strategic Energy Management Plan" means a document in the form made available, and subject to change from time to time, or otherwise approved by the IESO (the Participant may develop their own form if it contains, at a minimum, the same information as in the IESO form) , to be completed by a Participant's Energy Manager describing the activities and plans required to reduce energy consumption and/or demand in such Participant's Facility or Facilities, and detailing how the Participant is demonstrating leadership in the area of energy performance improvement by, among other things, developing conservation policies and establishing employee, community and peer-to-peer awareness programs.

"**Energy Manager**" or **"EM"** means an energy manager, funded by the IESO, whose primary responsibility is to promote the principles and practices of energy management, with a focus on improving the energy performance of the Facility or Facilities, based on the best practices embodied in Strategic Energy Management. This person performs the Energy Manager Duties at the Participant's Facility or Facilities in Ontario.

"**Energy Manager Duties**" means the minimum duties of the Energy Manager, substantially as set out in Appendix 1 to these Program Requirements.

"Energy Manager Program" has the meaning given to it in Section 1.

"**Energy Map**" means a visual representation of which systems, equipment or zones in a building are consuming energy. Further details on the form and content of this map will be provided as part of the Cohort Activities.

"**Energy Metric**" means a series of measurements and data recorded over time by the Participant to track energy performance, with the objective of using the metrics to improve energy performance and/or take corrective actions, as needed, if the metrics go out of a normal range. Further details on the form and content of the metrics will be provided as part of the Cohort Activities.

"**Energy Policy**" means a written document that establishes the policies of the Participant with respect to decisions around energy use. Further details on the suggested form and content of the policy will be provided as part of the Cohort Activities.

"**Energy Savings**" means the reduction in energy consumption related to Measures implemented and in-service while the Participant is enrolled in the Program.

"**Energy Team**" means a cross-functional team of two or more of the Participant's employees (plus external contractors or consultants of the Participant, if applicable) who meet regularly with a mandate and budget to find energy/ electricity savings at the Facility. One or more employee members of the Energy Team will participate in SEM Support Services, work to achieve the SEM Milestones and provide reports to IESO, as per the EEM Reporting Requirements. The Energy Team will be expected to engage other employees to fulfill its mandate as needed and will report to the Executive Sponsor.

"**Executive Sponsor**" means an employee of the Participant, identified to the IESO as the individual to whom the Energy Team directly reports. This person should be an employee in a senior leadership position and will be accountable for the success of the Energy Team by providing adequate support and resources.

"**Expanded Energy Management (EEM) Program" or "Program"** means the expanded energy conservation program provided by the IESO to distribute funding provided by Natural Resource Canada's Green Industrial Facilities and Manufacturing Program to industrial Facilities, and IESO funding to commercial and institutional facilities.

"EEM Reporting Requirements" means the information the Participant must submit to the IESO, including baseline energy consumption, details about Energy Savings opportunities and completed Measures, and information to demonstrate its achievement of the EEM Program objectives. This includes: i) establishing continuous energy improvement processes within the Participant's organization; and ii) implementing Measures and demonstrating savings at a Facility. The EEM Reporting Requirements will be made available to Participants by the IESO.

"**Facility**" or "**Facilities**", means the buildings, premises or lands, or part thereof, owned or

occupied by a Participant that satisfy the Program Eligibility Criteria and in respect of which such Participant is participating in the Energy Manager Program.

"Funding Period" means a 12-month period, or other duration, as determined by the IESO, in which a Participant is enrolled in an active SEM Program Cohort or in the Energy Manager program. The first Funding Period start date will be set by the IESO and communicated to the Participant following the issuance of the Notice of Approval.

"**Governmental Authority**" means any federal, provincial, or municipal government, parliament or legislature, or any regulatory authority, agency, tribunal, commission, board or department of any such government, parliament or legislature, or any court or other law, regulation or rule-making entity, having jurisdiction in the relevant circumstances, including the IESO in its capacity as the operator of the IESO-Controlled Grid, the OEB, the Electrical Safety Authority, the Office of the Auditor General of Ontario, and any Person acting under the authority of any of the foregoing, but excluding the IESO.

"IESO" is the Independent Electricity System Operator in the province of Ontario.

"**IESO-Controlled Grid**" has the meaning given to it in the IESO Market Rules.

"**IESO Market Rules**" means the rules made under section 32 of the *Electricity Act,1998* (Ontario), together with all market manuals, policies, and guidelines issued by the IESO or its successor.

"**Measure**" means, subject to the Program Eligibility Criteria, an action taken which is intended to reduce energy consumption at a Facility.

"**Measurement and Verification**" or "**M&V**" is a process of analyzing energy and other data to estimate the amount of avoided energy use that can be attributed to Measures. EEM Program M&V is based on the International Performance Measurement and Verification Protocol (IPMVP) Core Concepts, (March 22 edition), with IESO having final discretion on the detailed execution of M&V. Participants are obligated to collect, maintain and provide data to support M&V of their Facilities.

"**Non-Incented Projects"** are projects that (a) are not financed by any incentives received from a Governmental Authority, whether administered by the IESO, a local electricity or gas distributor or any other party; and (b) have not had such Energy Savings counted under another energy efficiency program.

"Participant" means, in respect of the Energy Manager Program, a person who meets the eligibility requirements in Section 3.1, whose Application has been accepted by the IESO, and who has entered into a Participant Agreement to be eligible to receive a Participant Incentive.

"Participant Agreement" means, means the terms and conditions between the IESO and the Participant governing participation in the Save on Energy Expanded Energy Management Program (the "**EEM Program**") and which become binding on the Participant upon receipt of a written Notice of Approval from the IESO.

"Participant Incentive" means, in respect of the Energy Manager Program, the financial incentives paid or payable to, or the discount received or receivable by, the Participant, pursuant to these Program Requirements.

"**Program Delivery Agent**" means the service provider(s) under contract with the IESO to provide program delivery services for the Energy Manager Program.

"Program Requirements" means the terms and conditions contained herein governing the Energy Manager Program.

"**Project Register**" means the list of projects implemented at the Facility, which is maintained by the Energy Manager, Energy Champion, and/or Energy Team and submitted to the IESO pursuant to the EEM Reporting Requirements during the Participant's enrolment in the EEM Program.

"**Start of Funding Period Payment**" has the meaning given in Section 2.2(a)(i).

"**SEM Milestone**" means the EEM Program tasks listed in Schedule C, to be completed by Participants in order to be eligible to receive Performance Incentives and Enabling Incentives. Further details about the Milestones will be made available to Participants by the IESO during participation in the EEM Program.

"**SEM Support Services**" or **"Energy Management Support Services"** means the Cohort Activities, Coaching Services and any other supports or resources offered by the IESO to Participants in the EEM Program.

"**Technical Review**" means a review of a Measure by the IESO for the purpose of delivering services such as, but not limited to, reviewing information submitted by Participants and determining Confirmed Electricity Savings.

APPENDIX 1 - ENERGY MANAGER DUTIES

In connection with the identification, reporting, and implementation of energy performance improvement opportunities, the minimum duties of the Energy Manager are set out in this Appendix 1. These duties, along with any other obligations set out in the Participant's executed Participant Agreement should be used to develop the Energy Manager's job description:

(a) Create and manage an Energy Team – This could be a new team, or a responsibility added to an existing team. It should include the Energy Manager, Executive Sponsor (or their delegate / direct report in a senior position) and other relevant staff, contractors or others who may be of assistance in finding energy savings. The Energy Team will assist the Energy Manager in achieving their objectives as outlined in the Energy Management Plan.

(b) Energy Tracking & Monitoring – Provide a database and an energy tracking and monitoring system for each Facility / process that captures current monthly and hourly energy consumption and an electrical load inventory of major equipment. Develop Key Performance Indicators that are relevant to the organization and that can be used to improve energy performance. The Energy Manager will develop and deliver training to the Participant's staff on the energy tracking and monitoring system.

(c) Primary Assessment – Review existing energy study reports and perform a high-level assessment, including a walkthrough audit of each major process area of each site, to identify energy performance improvement opportunities and to identify which systems will require more detailed evaluations.

(d) Maintenance and Operating Schedules – Review and provide a description of the control systems, operating schedules, and maintenance practices at each Facility / process to identify operational energy savings. Develop maintenance practices and programs to enhance energy efficiency. Examples 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.

(e) Energy Saving Opportunities & Action Planning – Identify, assess, prioritize and recommend to senior management energy efficiency 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 Save on Energy, and to other programs to maximize funding available for energy efficiency projects.

(f) Project Implementation & Energy Savings – Coordinate the implementation of energy efficiency projects, including the planning, budgeting, and scheduling for the design, installation, commissioning, and verification of such projects. It is expected that a project manager (not the Energy Manager) be assigned for large capital projects.

(g) Measurement & Verification – Develop and implement a strategy for the measurement & verification of energy efficiency projects, including collecting and maintaining baseline data and post-project data.

(h) Energy management behavior and business process improvements – Work to create and foster a sustainable energy management culture and provide an avenue for employees to recognize and report issues and ideas regarding energy efficiency.

(i) Employee Awareness Program – Implement an employee training and awareness program to promote energy conservation and communicate the energy efficiency programs undertaken.

(j) Reporting – Maintain a project registry of energy savings opportunities, with key project data, such as estimated savings and costs, status tracking, ownership, and next steps, and complete other reporting requirements associated with the Energy Manager program.

APPENDIX 2 - SEM MILESTONES

(i) Establish an Energy Policy and goals;

(ii) Establish an Energy Champion and Energy Team;

(iii) Complete an Energy Management Assessment;

(iv) Obtain Executive Sponsor commitment to your Strategic Energy Management Plan

(v) Establish the Facility Baseline Energy Consumption and monitoring plan;

(vi) Complete an Energy Map;

(vii) Set Energy Metrics and savings targets;

(viii) Establish a Project Register; and

(ix) Complete and submit information required for the purposes of the EEM Reporting Requirements by the deadlines prescribed by the IESO.