
ENERGY PERFORMANCE PROGRAM PROGRAM REQUIREMENTS

1 PROGRAM DESCRIPTION

The Energy Performance Program (the “**Program**”) is offered, administered and centrally delivered by the Independent Electricity System Operator (the “**IESO**”) and its service provider(s) under the 2021-2024 Conservation and Demand Management Framework. The Program provides financial incentives through a multi-year, pay-for-performance incentive structure for lasting operational and maintenance energy efficiency measures and equipment retrofits. The Program encourages a whole-building approach to facility energy management, moving away from the more transactional nature of individual energy efficiency improvements commonly encouraged through traditional energy efficiency programs.

Subject to the terms of the Agreement, the Program is anticipated to last until December 31, 2027 and Participants may add new Facilities until October 15, 2024. Each Facility enrolled in the Program will be eligible to participate in three Pay-for-Performance Periods; however, the Participant must realize the Minimum Savings by the end of the second Pay-for-Performance Period.

These Program Requirements are effective as of January 4, 2021.

2 PARTICIPANT INCENTIVES

Subject to the terms of the Agreement, the following Participant Incentives are offered. Any Participant Incentive payable under the Energy Performance Program will be paid by the IESO to the Participant as a lump sum within 90 days of the Participant submitting an invoice to the IESO for the Participant Incentive after the approval of the Baseline Models or Savings Report and all other applicable documentation.

2.1 PRE-PROJECT INCENTIVES

If the IESO issues an approval in writing of the Baseline Models and the Facility Application Form for a Facility, the Participant shall be entitled to receive, for each Facility, a one-time advance of part of its anticipated Performance Incentive, calculated as follows:

Baseline Energy Consumption * 2.5% * \$0.04/kWh (the “**Pre-Project Incentive**”)

2.2 PERFORMANCE INCENTIVES

Subject to the terms and conditions of the Agreement, the IESO will pay the Performance Incentives for each Facility less the amount of the Pre-Project Incentive(s) received by the Participant until exhausted, provided the IESO has approved in writing the Savings Report, and received all other supporting documentation and evidence as required by the Agreement or as otherwise requested by IESO. For greater certainty, Performance Incentives payable with respect to a Facility may be offset by Pre-Project Incentives paid in respect of a different Facility. The Performance Incentives shall be calculated for each Pay-for-Performance Period as follows:

- (i) Energy Incentive Rate of \$0.04/kWh multiplied by the Electricity Savings; and
- (ii) Peak Demand Incentive Rate of \$50/kW multiplied by the Peak Demand Savings.

For each Pay-for-Performance Period, the Performance Incentive for each Facility will be limited as follows (the “**Incentive Caps**”):

- (iii) The amount calculated in accordance with Section (i) above for each Pay-for-Performance Period shall not exceed the Energy Incentive Rate multiplied by 20% of the Baseline Energy Consumption; and
- (iv) The amount calculated in accordance with Section (ii) above for each Pay-for-Performance Period shall not exceed the Peak Demand Incentive Rate multiplied by 20% of the Baseline Peak Demand.

3 PROGRAM ELIGIBILITY CRITERIA

3.1 PARTICIPANT ELIGIBILITY CRITERIA

To be an eligible Participant under the Program, a Person must:

- (i) be a electricity consumer with one or more commercial, institutional, or industrial Facilities located in Ontario;
- (ii) commit to achieve at least five percent (5%) Electricity Savings per Facility by the end of the second Pay-for-Performance Period;

- (iii) have the required rights and authority to have the Eligible Measures installed at a Facility; and
- (iv) not be Insolvent.

3.2 FACILITY ELIGIBILITY CRITERIA

To be an eligible Facility, the proposed Facility must:

- (i) have access to hourly interval meter data from a revenue-grade meter;
- (ii) have a minimum of 12 months of consecutive hourly interval data accompanied by the overlapping 24 months of monthly utility data ending no earlier than 5 months prior to the date the Facility Application Form is submitted;
- (iii) have consumed a minimum of 1,500,000 kWh per annum during each of the two preceding years;
- (iv) have Baseline Models meeting the minimum standards stated in the M&V Procedures;
- (v) be connected to, or behind the meter of, an electricity consumer connected to the IESO-Controlled Grid or a Distribution System; and
- (vi) meet any other eligibility programs as outlined in the M&V Procedures.

An eligible Facility may be comprised of an aggregate of multiple buildings that constitute a single "Facility" in a Facility Application Form provided that:

- (i) a maximum of five (5) buildings may be aggregated for a single Facility Application Form;
- (ii) all buildings are of a similar use and type (e.g. office, grocery, retail) and have a similar load profile;
- (iii) aggregated buildings must each be served by General Service 50-5000 kW electricity accounts;
- (iv) no single building consumed more than 1,500,000 kWh annually during each of the preceding two years; and
- (v) the Baseline Models employs weather data from a single Environment Canada weather station or if the National Aeronautics and Space Administration (NASA) is

used as the source of the weather data, a single building included in the model is used as the weather location.

3.3 MEASURE ELIGIBILITY CRITERIA

Eligible Measures means any Measures implemented in a Facility, but specifically excluding:

- (i) any Measures that are behind-the-meter generation projects;
- (ii) any Measures involving fuel-switching; or
- (iii) activities or measures promoted or funded through a different program or initiative designed to incentivize electricity savings and/or peak demand savings undertaken by the Government of Ontario or the IESO, except for the Energy Manager Program offered by Save On Energy. Any projects receiving such electricity saving and/or peak demand savings incentives will trigger a Baseline Adjustment at the discretion of the IESO.

3.4 PAST PROGRAM PARTICIPATION

For greater certainty, past participation in previous Energy Performance Programs or other programs or initiatives undertaken by the Government of Ontario or the IESO pursuant to Ministerial Directives other than the Ministerial Directive dated September 30, 2020 (“**Past Programs**”) does not exclude the Participant from being eligible to participate in the Program, provided that any agreements in relation to Past Programs have expired or been terminated and new Baseline Models are prepared for the Program which incorporate any electricity or peak demand savings realized under Past Programs, in accordance with the M&V Procedures.

4 PARTICIPANT OBLIGATIONS, ELIGIBLE MEASURES, AND SAVINGS REPORT

In addition to the other obligations contained in the Agreement, the Participant will fulfill the following obligations in order to maintain its eligibility in the Program and as a condition of receiving any Performance Incentives:

- (i) The Participant will implement Eligible Measures for each Facility as described in the Facility Application Form submitted for each such Facility. The Participant may, from time to time, during the Term, implement Eligible Measures in addition to those described in the Facility Application Form at each Facility, provided that if additional Eligible Measures are added during the Term, the Participant will

include a description of such additional Eligible Measures in the applicable Savings Report.

- (ii) After submission of the Baseline Models for a Facility, the Participant will not enroll in any program or initiative incentivizing electricity savings and/or peak demand savings undertaken by the Government of Ontario or the IESO to receive any incentives for that Facility, except for the Energy Manager Program offered by Save On Energy. The Participant will inform IESO if any projects receiving electricity saving incentives are commissioned after the Baseline Models, and this will trigger a Baseline Adjustment at the discretion of the IESO.
- (iii) Each Facility shall achieve a minimum of five percent (5%) Electricity Savings by the end of the second Pay-for-Performance Period (the "**Minimum Savings**"). Any Facility that does not achieve the Minimum Savings, may be eliminated from further participation in the Program at the sole discretion of the IESO, upon written notice by the IESO, and the Participant shall not be entitled to any further Performance Incentive with respect to such Facility and the Participant shall, at the IESO's sole discretion, reimburse the IESO for any Pre-Project Incentive the IESO provided in respect of the Facility. Any Facility that does not achieve the Minimum Savings and is not eliminated from further participation pursuant to this section shall, at the IESO's sole discretion, reimburse the IESO for any Pre-Project Incentive upon completion of the third Pay-for-Performance Period for the Facility. Further, and notwithstanding any renewal or extension of the Program, a Facility may participate in a maximum of three (3) consecutive Pay-for-Performance Periods.
- (iv) The Participant must submit to the IESO a Savings Report for each Facility, containing the information as required by Schedule "F" of the Agreement, no later than 60 days following the expiration of the Pay-for-Performance Period in respect of each such Facility, provided that the final Savings Report for any Facility must be submitted by the Participant no later than 60 days after the end of the Term. Any Performance Incentives owing for such final Pay-for-Performance Period shall be paid based on the length of the final Pay-for-Performance Period. The Participant shall also include in its Savings Report any Measures that are not Eligible Measures and which it has implemented during the Pay-for-Performance Period.

5 PROGRAM SPECIFIC DEFINITIONS

The following terms have the meanings stated below when used in these Program Requirements:

“**Agreement**” means the Energy Performance Program Agreement, including all recitals and Schedules, the Application and any Facility Application Form approved by IESO thereunder, as it or they may be amended, restated or supplemented from time to time.

“**Baseline Adjustment**” means a change to the Baseline Models necessitated by a Baseline Adjustment Event.

“**Baseline Adjustment Event**” means those events as described in the M&V Procedures that necessitate a change to the Baseline Models.

“**Baseline Energy Consumption**” means the actual annual electricity consumption for a Facility in the absence of Eligible Measures that is used to establish the Baseline Models.

“**Baseline Models**” means a Facility-specific model or set of models, submitted with the Participant’s Facility Application Form, as approved by IESO, that predicts the electricity consumption and peak demand of a Facility over a set period of time in the absence of Eligible Measures, using the Baseline Model Requirements.

“**Baseline Model Requirements**” are the requirements for the Baseline Models as set out in the M&V Procedures.

“**Baseline Peak Demand**” means the actual average summer peak demand for a Facility, determined in accordance with the M&V Procedures, in the absence of Eligible Measures that is used to establish the Baseline Models.

“**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.

“**Electricity Savings**” means the difference between the electricity consumption predicted for a Facility by the Baseline Models over a Pay-for-Performance Period and the annual electricity consumption recorded by the Facility’s revenue-grade electricity meter for the same Pay-for-Performance Period in accordance with the M&V Procedures. In the event of a dispute, the IESO’s evaluation of Electricity Savings will be final and binding.

“**Eligible Measures**” means any Measure as defined in the Eligibility Criteria.

“**Energy Incentive Rate**” means the dollar per kWh rate paid to the Participant for Electricity Savings as set out in Section 4(b)(i) of the Agreement.

“**Facility**” means the building(s), premises or lands, or part thereof, occupied by the Participant, and over which the Participant has all required authorization and consents to carry out its obligations under the Agreement and meeting the requirements in Schedule “B” of the Agreement.

“**Facility Application Form**” means an application form detailing information related to a Facility, including the Baseline Models and Eligible Measures for a Facility in the form set out in Schedule “C1” of the Agreement.

“**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, without limitation, 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**” means the Independent Electricity System Operator of Ontario established under Part II of the *Electricity Act, 1998* (Ontario), or its successor.

“**IESO-Controlled Grid**” has the meaning ascribed to it by 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.

“**Incentive Caps**” has the meaning given to it in Section 4(c) of the Agreement.

“**Insolvent**”, in respect of a Person, means a Person: (a) who is for any reason unable to meet its obligations as they generally become due or otherwise acknowledges its insolvency, (b) who has ceased paying its current obligations in the ordinary course of business as they generally become due, (c) who has ceased to carry on business in the ordinary course, (d) who institutes any proceeding, takes any corporate action, or executes any agreement to authorize its participation in or the commencement of any proceeding seeking: (i) to adjudicate it a bankrupt or insolvent; (ii) liquidation, dissolution, winding-up, reorganization, arrangement, protection, relief or composition of it or any of its property or debts or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws; or (iii) appointment of a receiver, trustee, agent, custodian or other similar official for it or for any substantial part of its properties and assets, or (e) the aggregate of whose property is not, at a fair valuation, sufficient, or, if disposed of at a fairly conducted sale under legal process, would not be sufficient to enable payment of all its obligations, due and accruing due.

“**Measures**” means (i) any activity undertaken for the primary purpose of obtaining or effecting, directly or indirectly, conservation and demand management, including the

installation, retrofit, replacement, modification, commissioning or re-commissioning of equipment, systems, processes or behaviours that consume or result in the consumption of electricity; or (ii) any equipment, system or product related to the foregoing.

“**Minimum Savings**” has the meaning given to it in Section 3(c) of the Agreement.

“**M&V Procedures**” means the measurement and verification procedures as set out in Schedule “E” of the Agreement.

“**OEB**” means the Ontario Energy Board or its successor.

“**Participant**” has the meaning given to it in the preamble of the Agreement.

“**Party**” and “**Parties**” have the meanings given to them in the preamble of the Agreement.

“**Past Programs**” has the meaning given to it in Section 3.4 of these Energy Performance Program Requirements.

“**Pay-for-Performance Period**” means each 12-month period during which the Participant implements and/or maintains Eligible Measures for a Facility and during which Electricity Savings and Peak Demand Savings will be measured, with the first such period for a Facility commencing on the date that the Facility Application Form is approved by the IESO, and the next such period commencing immediately after the expiration of 12 months.

“**Peak Demand Incentive Rate**” means the dollar per kW rate paid to the Participant for Peak Demand Savings as set out in Section 4(b)(ii) of the Agreement.

“**Peak Demand Savings**” means the difference between the average summer peak demand predicted for a Facility by the Baseline Models over a Pay-for-Performance Period and the average summer peak demand recorded by the Facility’s revenue-grade electricity meter for the same Pay-for-Performance Period in accordance with the M&V Procedures. In the event of a dispute, the IESO’s evaluation of Peak Demand Savings will be final and binding.

“**Performance Incentives**” means the amount to be paid to the Participant for each Pay-for-Performance Period calculated as the sum of the Energy Incentive Rate multiplied by the Electricity Savings and the Peak Demand Incentive Rate multiplied by the Peak Demand Savings.

“**Person**” means a natural person, firm, trust, partnership, association, unincorporated organization, limited partnership, company or corporation (with or without share capital), joint venture, sole proprietorship, Governmental Authority or other entity of any kind.

“**Pre-Project Incentive**” has the meaning given to it in Section 2(d) of the Agreement.

“**Program**” has the meaning given to it in Section 1 of these Energy Performance Program Requirements.

“**Savings Report**” means a report submitted by Participants evidencing the Electricity Savings and Peak Demand Savings achieved for a Facility during a given Pay-for-Performance Period in the form attached as Schedule “F” to the Agreement and also made available on the Website.

“**Technical Reviewer**” means a third party retained by the IESO.

“**Term**” has the meaning given to it in Section 6(a) of the Agreement.

“**Website**” means the website located at the address: <https://saveonenergy.ca> or such other website as the IESO may notify the Participant of from time to time.