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# RETROFIT PROGRAM PROGRAM REQUIREMENTS

## 1. PROGRAM DESCRIPTION

This Save on Energy Retrofit program provides Participant Incentives to upgrade Facilities with Measures to reduce electricity consumption (the “**Retrofit Program**”).

The Participants in the Retrofit Program are owners and operators of industrial, commercial, institutional and multi-family residential buildings, or Persons with the rights and authority to have the Measures installed. Notwithstanding the foregoing, certain Participant Incentives are specific to Social Housing Providers.

This Retrofit 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 (“**CDM**”) Framework.

These Program Requirements are effective as of January 1, 2021.

## 2. PARTICIPANT INCENTIVES

These Participant Incentives and Advance Incentives will apply only to those Projects in respect of which a Participant Agreement has been entered into no later than December 31, 2024 through Pre-Approval of an Application and the Measures have a Project completion date no later than December 31, 2025.

If an Application receives a Pre-Approval, the Participant must submit a Post-Project Submission within six (6) months of receipt of the Pre-Approval to be eligible for a Participant Incentive. The IESO, acting in its discretion, may declare the Pre-Approval and the underlying Application null and void if a Post-Project Submission is not received within this six-month time period.

Any Participant Incentive payable under the Retrofit 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 Post-Project Submission by the IESO.

From time to time throughout the Application review process and/or the term of the Participant Agreement, the IESO or its service providers may undertake quality assurance/quality control (“**QA/QC**”) activities in connection with an Application, including by collecting photographic evidence, conducting a physical inspection of the Facility, or requesting other information as may be reasonably required to verify Project details in respect of the existing equipment prior to its removal and/or the replacement Measure(s) following installation, at the IESO’s discretion.

## **2.1 PARTICIPANT INCENTIVES**

Subject to the eligibility requirements set out in Section 3, the following Participant Incentives are offered through the Retrofit Program:

- (a) Prescriptive Incentives; and
- (b) Social Housing Adder.

### **2.1.1 PRESCRIPTIVE INCENTIVE**

The Prescriptive Incentive will be calculated as the lesser of:

- (a) The Prescriptive Incentive calculated in accordance with the Prescriptive Worksheet(s);
- (b) 50% of the Eligible Costs for a Project with Prescriptive Measures, up to a maximum of 55% of the Estimated Eligible Costs in the Application approved by the IESO; and
- (c) \$1,000,000.

The IESO may approve a Micro Project under the Fast Track Application Process in its sole discretion.

### **2.1.2 SOCIAL HOUSING ADDER**

The Social Housing Adder will be calculated as the positive difference, if any, of:

- (a) the Participant Incentive that would otherwise be payable for such Project had the applicant not been a Social Housing Provider, multiplied by two (2), up to a maximum of 50% of the Eligible Costs for such Project or a maximum of 55% of the Estimated Eligible Costs in the Application approved by the IESO; and
- (b) the Participant Incentive that would otherwise be payable for such Project had the applicant not been a Social Housing Provider.

The Social Housing Adder will be payable subject to available IESO funds.

## **2.2 ADVANCE INCENTIVES**

As detailed below, the following Advance Incentives are offered:

- (a) SHP Advance Incentive

### **2.2.1 SHP ADVANCE INCENTIVE**

The IESO may, at its discretion, provide a SHP Advance Incentive. The amount of the SHP Advance Incentive will be determined by the IESO at its discretion up to a maximum of 50% of the total estimated Prescriptive Incentive (plus the Social Housing Adder, if any) payable to the Social Housing Provider upon request.

The total Participant Incentive payable upon completion of the Project will be reduced by the amount of the SHP Advance Incentive paid by the IESO prior to the completion of the Project.

## **3. PROGRAM ELIGIBILITY CRITERIA**

### **3.1 PARTICIPANT ELIGIBILITY**

A Participant must:

- (a) be a Non-Residential Customer or Recognized Farm Operation that has not previously entered into a binding commitment to acquire the Measures or services required to install the Measures, provided that the IESO may waive this requirement where (A) the circumstances in Section [3.3\(b\)\(ii\)](#) apply, or (B) where the Participant can demonstrate to the IESO's satisfaction, at the IESO's sole discretion, that the Participant intended to apply to the Retrofit Program prior to entering into a binding commitment; and
- (b) be a Social Housing Provider in order to qualify for the Social Housing Adder or SHP Advance Incentive.

### **3.2 FACILITY ELIGIBILITY**

A Facility must be a single facility, connected to, or behind the meter of, an electricity consumer connected to the IESO-Controlled Grid or a Distribution System, provided that a Facility may be located within or upon a building, but may also be a structure other than a building, such as a freestanding billboard.

### **3.3 PROJECT ELIGIBILITY**

A Project must:

- (a) be comprised of one or more Measures that
  - (i) produce Demand Savings and/or Energy Savings through an increase in energy efficiency as compared to the existing equipment being replaced; and
  - (ii) in the case where the Measure(s) being installed is not replacing any previously existing equipment, produce Demand Savings and/or Energy Savings through an increase in energy efficiency as compared to the equipment that would otherwise be installed in the absence of an available incentive under the Retrofit Program;
- (b) for Prescriptive Measures:
  - (i) result in a minimum Participant Incentive of \$500; and
  - (ii) for the unplanned replacement of recently failed existing equipment with a Prescriptive Measure listed on the Unitary AC Eligible Measures Worksheet or the VFD or VD Compressor Eligible Measures Worksheet that, have the following:
    - A. an Estimated Participant Incentive less than \$10,000; and
    - B. an Application submitted within 45 days following the completion of such Project;
- (c) be located in a Facility;
- (d) not comprise the following:
  - (i) an Application for Prescriptive Measures that proposes the replacement of existing equipment that was previously incented;
  - (ii) a Project that is split into smaller Projects across multiple Applications for the purpose of obtaining a higher Participant Incentive, circumventing any of the Program Requirements, or obtaining any other benefits under the Retrofit Program; or
  - (iii) a project that participated in a previous IESO or former Ontario Power Authority-funded program for the same Measures, unless evidence supports the installation of Measures in a different area of the Facility; and
- (e) have a Project completion date of no later than December 31, 2025.

### **3.4 ELIGIBLE COSTS**

Eligible Costs must:

- (a) for Prescriptive Measures, be reasonable standard industry costs, be directly related to procurement and implementation, and be limited to:

- (i) cost of the equipment purchased;
  - (ii) cost of labour for equipment installed by a third party; and
  - (iii) costs to dispose of or decommission the replaced equipment;
- (b) not comprise of the following:
- (i) costs of the Participant's labour, service, administration or overhead that are not incurred by a third party;
  - (ii) financing costs including, but not limited to, costs associated with financing, leasing and lease-to-own procurement arrangements and such other financing costs associated with leasing or borrowing capital;
  - (iii) insurance costs;
  - (iv) costs associated with post-installation work related to equipment maintenance or repair;
  - (v) costs of spare parts, spare equipment or other inventories;
  - (vi) costs of purchase or lease of tools for equipment installation;
  - (vii) HST; and
  - (viii) any costs already covered by or that will be covered by funding or grants funded by a Governmental Authority, whether administered by the IESO, a local electricity or gas distributor or any other party (unless funding is principally directed to Social Housing Providers and if such funding, when combined with the Participant Incentive, does not exceed the Project cost), or rebates from manufacturers, wholesalers or other supply chain participants.

## 4. PROGRAM SPECIFIC DEFINITIONS

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

***Advance Incentive*** means a portion of the total Participant Incentive to which a Participant is entitled pursuant to Section [2.2](#) of these Program Requirements and payable prior to completion of the Project.

***Application*** means a complete application for an incentive in respect of a proposed Project under the Retrofit Program, in the form specified by the IESO on the Save on Energy website, submitted by a Participant **or** Applicant Representative via the Retrofit Portal to the IESO for approval.

***Applicant Representative*** means a representative of the Participant that enters applicant and project information into the Retrofit Portal on behalf of the Participant.

***Demand Savings*** means the average load reduction in electricity demand between the base case and the energy efficient case occurring between 1 p.m. to 7 p.m. on business days, June 1 through August 31. For Measures that are weather dependent, Demand Savings shall be considered as occurring at peak design load conditions.

***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.

***Eligible Costs*** means the costs that are eligible to be included in the calculation of the Participant Incentive payable to a Participant under these Program Requirements pursuant to Section [3.4](#).

***Energy Savings*** means the estimated, determined or actual kilowatt hour reduction in energy consumption (as the context may require), attributable to the installation of a Measure during the first year after completion of the Project, as set out in the Prescriptive Worksheet.

***Estimated Eligible Costs*** means an estimation of the anticipated Eligible Costs, as specified in the Application approved by the IESO in a Pre-Approval.

***Estimated Participant Incentive*** means an estimation of the anticipated Participant Incentive, as specified in the Application approved by the IESO in a Pre-Approval.

***Facility*** means a building structure where Measures are installed that meets the eligibility requirements as specified in Section [3.2](#).

***Fast Track Application Process*** means a streamlined approval process for Micro Projects, as defined by the IESO.

***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 Ontario Energy Board, 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.

***HST*** means the harmonized sales tax payable pursuant to the *Excise Tax Act*, R.S.C. 1985, c. E-15.

***IESO*** has the meaning given to it in Section [1](#).

***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 any eligible electricity savings measure or activity that may be undertaken in accordance with these Program Requirements or as otherwise approved by the IESO.

***Micro Project*** means a Project that includes only Prescriptive Measures with an estimated Prescriptive Incentive of less than \$6,000, approved by the IESO under the Fast Track Application Process.

***Multi-Family Building*** means a Facility that houses multiple residential tenants and is captured by the: (a) general service less than 50 kW account, (b) general service greater than 50 kW account, or (c) the large user account, as applicable.

***Non-Residential Customer*** means electricity customers in Ontario that: (a) are not classified as residential in the most recent *Yearbook of Electricity Distributors* published by the Ontario Energy Board, and (b) are connected to the IESO-Controlled Grid.

***Participant*** means, in respect of the Retrofit Program, a Person who meets the eligibility requirements outlined in Section [3.1](#), whose Application has been accepted by the IESO, and has signed a Participant Agreement to be eligible to receive a Participant Incentive.

***Participant Agreement*** means, in respect of the Retrofit Program, the agreement between the IESO and the Participant setting out the terms and conditions of the Participant's participation in the Retrofit Program that a Participant must enter into or agree to be bound by in order to participate in the Retrofit Program or to receive a Participant Incentive.

***Participant Incentives*** means, in respect of the Retrofit Program, the financial incentives paid or payable to a Participant pursuant to Section [2.1](#) of these Program Requirements. For greater certainty, Participant Incentive includes a Prescriptive Incentive and a Social Housing Adder.

***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.

***Post-Project Submission*** means the submission made by the Participant via the Retrofit Portal after the completion of a Project, which shall include, without limitation, evidence of completion and implementation of the Project, verification of the Project's Eligible Costs, in

the form of accounting records and contractor invoices, and any other evidence required by the IESO (including visual inspections by the IESO or its service providers).

***Pre-Approval*** means a notice from the IESO to the Participant via the Retrofit Portal that their Application has been reviewed and their Project has been deemed eligible for a Participant Incentive, and that the Participant may proceed with the Project in accordance with these Program Requirements and the notice.

***Prescriptive Incentive*** means a Participant Incentive payable for the installation of a Prescriptive Measure calculated in accordance with Section [2.1.1](#).

***Prescriptive Measure*** means a Measure that replaces existing equipment with energy efficient equipment listed in a Prescriptive Worksheet.

***Prescriptive Worksheet*** means the worksheets describing Prescriptive Measures, in the form made available by the IESO, as updated from time to time, and embedded in the Retrofit Portal.

***Program Requirements*** means the terms and conditions contained herein governing the Retrofit Program.

***Project*** means one or more Measures that are expected to be undertaken in accordance with the eligibility requirements in Section [3.3](#).

***QA/QC*** has the meaning given to it in Section [2](#).

***Recognized Farm Operation*** means a farm property that possesses a farm business registration number, being the six to seven-digit number administered by Agricorp, an agency of the Government of Ontario.

***Retrofit Portal*** means the IESO's online portal for the Retrofit Program, used for Application submissions, Pre-Approvals, Post-Project Submissions and approvals, and invoice submissions.

***Retrofit Program*** has the meaning given to it in Section [1](#).

***SHP Advance Incentive*** means an Advance Incentive payable to a Social Housing Provider calculated in accordance with Section [2.2.1](#) of these Program Requirements.

***Social Housing Adder*** means a Participant Incentive payable to a Social Housing Provider for a Project in addition to a Prescriptive Incentive and calculated in accordance with Section [2.1.2](#).



***Social Housing Provider*** means a non-profit provider of assisted or social housing under a federal, provincial or municipally funded program, and includes, without limitation, non-profit corporations governed by the *Housing Services Act, 2011*, as amended or any successor legislation; public housing corporations owned by municipalities directly or through local housing corporations; non-profit housing co-operatives as defined in the *Co-operative Corporations Act*; non-profit housing corporations that manage or own residential buildings developed under the "Affordable Housing Program"; and, non-profit organizations, or municipal or provincial governments that manage or own residential supportive housing, shelters and hostels.

***Unitary AC Eligible Measures*** means Prescriptive Measures that are unitary air-conditioning eligible measures.

***Unitary AC Eligible Measures Worksheet*** means the Prescriptive Worksheet for the Unitary AC Eligible Measures, in the form made available by the IESO, as updated from time to time, and embedded in the Retrofit Portal.

***VFD or VD Compressor Eligible Measures*** means Prescriptive Measures that are variable frequency drive or variable drive compressor eligible measures.

***VFD or VD Compressor Eligible Measures Worksheet*** means the Prescriptive Worksheet for the VFD or VD Compressor Eligible Measures, in the form made available by the IESO, as updated from time to time, and embedded in the Retrofit Portal.