



**INDUSTRIAL ACCELERATOR^{OM} PROGRAM
PROCESS & SYSTEMS INITIATIVE**

PROGRAM RULES

June 23, 2015

THE IESO MAKES THESE PROCESS & SYSTEMS INITIATIVE PROGRAM RULES AVAILABLE FOR INFORMATION PURPOSES ONLY. THESE RULES ARE NOT BINDING NOR DOES IT CREATE ANY OBLIGATIONS. IT IS YOUR RESPONSIBILITY TO REVIEW THE PROJECT INCENTIVE CONTRACT IN DETAIL. IF THERE IS A CONFLICT BETWEEN THESE RULES AND THE PROJECT INCENTIVE CONTRACT, THE TERMS OF THE PROJECT INCENTIVE CONTRACT PREVAIL.

1.5 Ineligible Projects

The following types of Projects are not eligible to receive an Incentive:

- (a) a Project that the IESO determines is more appropriately funded by another IESO or other existing program;
- (b) Lighting;
- (c) Demand Response;
- (d) a Project designed to reduce voltage or improve Power Factor or Power Quality, other than as an ancillary benefit to obtaining Electricity Savings;
- (e) a Project which has a Minimum Expected Life of less than 10 complete years or in the case of a Small Capital Project, less than 5 complete years;
- (f) a Project that involves installation of any equipment or system and such equipment or the operation thereof that, in either case, does not comply with all Applicable Laws, regulations and standards; or
- (g) a Project in respect of which, prior to submitting a Preliminary Engineering Study Funding Application, a Detailed Engineering Study Funding Application or a Project Incentive Application, the Participant has entered into an agreement with a contractor or consultant, or ordered or purchased any equipment for use in relation to this Project without the prior written consent of the IESO.

1.6 Project Incentive

Please see the Project Incentive Contract or the Small Capital Project Agreement for full details on the payments that a Participant may be eligible for under this Program (the “**Project Incentive**”), financial security requirements or amounts held back by the IESO to secure performance, and timing requirements for providing a certificate evidencing solvency of the Participant (substantially in the form attached as Exhibit E). The following is a high level overview of the payment amounts and payment structure.

- (a) **The Project Incentive for a Project is an amount equal to the lowest of the following:**
 - (i) **70% of the Eligible Costs of the Project or, in the case of a CCHP Project, 40% of such Eligible Costs;**
 - (ii) the product of the estimated Annualized Electricity Savings:
 - A. in the case of a Project that is not otherwise part of a Portfolio, multiplied by \$230/MWh; or

- B. in the case of each Project within a Portfolio, multiplied by \$320/MWh; and
 - (iii) the amount that would provide a Project Payback of one year for a Project.
- (b) The Project Incentive for a Portfolio is an amount equal to the lowest of the following:
 - (i) the sum of the Project Incentives for each Project in the Portfolio as determined pursuant to Section 1.6(a);
 - (ii) 70% of the total Eligible Costs for all Projects within the Portfolio;
 - (iii) the total MWh of estimated Annualized Electricity Savings for all Projects within the Portfolio multiplied by \$230/MWh; or
 - (iv) an amount that would provide a Project Payback of one year for the Portfolio.
- (c) Amounts paid to a Participant pursuant to a Preliminary Engineering Study Funding Contract or a Detailed Engineering Study Funding Contract for a Project or Portfolio shall be deducted from the Project Incentive for such Project or Portfolio to determine the Net Project Incentive so that the total amount of Project Incentive payable shall be net of such amounts. For examples please see www.industrialaccelerator.ca.
- (d) The maximum amount payable to a Participant pursuant to a Project Incentive Contract in respect of a Project or a Portfolio is \$10 million, or in the case of a Small Capital Project, \$1 million, or in both cases, such other amount as determined by the IESO and agreed to in a Project Incentive Contract.
- (e) Projects can be grouped and submitted to the Program as a Portfolio (using one Application for multiple Projects) in such a way that the Project Incentive is calculated pursuant to Section 1.6(b). This Section 1.6(e) does not apply to Small Capital Projects or CCHP Projects and Small Capital Projects and CCHP Projects may not be included in a Portfolio.
- (f) No Project or Portfolio may have a Project Payback of less than one year.
- (g) Each Project or Portfolio must have an In-Service Date no later than December 31, 2022.
- (h) The IESO may withhold an amount equal to 25% of the Project Incentive until such time as the Participant files an Energy Management Plan with the IESO, and if the Participant does not deliver such Energy Management Plan