

**ONTARIO  
POWER AUTHORITY**



**INDUSTRIAL ~~TRANSMISSION CONNECTED ELECTRICITY~~  
~~EFFICIENCY~~ ACCELERATOR<sup>OM</sup> PROGRAM**

**PROGRAM RULES  
Version ~~1.0~~2.0**

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## TABLE OF CONTENTS

<b>1.0</b>	<b>DEFINITIONS AND INTERPRETATION.....</b>	<b><u>43</u></b>
1.1	DEFINITIONS.....	<u>43</u>
1.2	INTERPRETATION .....	<u>710</u>
<b>2.0</b>	<b>OVERVIEW OF PROGRAM.....</b>	<b><u>912</u></b>
2.1	PURPOSE AND STRUCTURE .....	<u>912</u>
2.2	ELIGIBLE PARTICIPANTS .....	<u>912</u>
2.3	ELIGIBLE PROJECTS .....	<u>912</u>
2.4	INELIGIBLE PROJECTS .....	<u>1013</u>
2.5	ELIGIBLE COSTS .....	<u>1013</u>
2.6	PROJECT INCENTIVE.....	<u>1114</u>
2.7	<u>NET PROJECT INCENTIVE PAYMENTS (PERFORMANCE SECURITY).....</u>	<u>17</u>
2.8	<u>NET PROJECT INCENTIVE PAYMENTS (INCENTIVE SECURITY).....</u>	<u>21</u>
2.9	<u>OPA RESPONSIBILITIES – GENERAL.....</u>	<u>1823</u>
<del>2.8</del> <u>2.10</u>	<u>PARTICIPANT RESPONSIBILITIES – GENERAL .....</u>	<u>1824</u>
<b>3.0</b>	<b>REVIEW AND APPROVAL PROCESS.....</b>	<b><u>2025</u></b>
3.1	OVERVIEW .....	<u>2025</u>
3.2	SUMMARY OF STEPS IN PROCESS .....	<u>2025</u>
<b>4.0</b>	<b>STEPS 1 THROUGH 6: <del>PRE-FEASIBILITY AND FEASIBILITY</del><u>PRELIMINARY</u> <u>ENGINEERING AND DETAILED ENGINEERING</u> STUDY FUNDING .....</b>	<b><u>2127</u></b>
4.1	<del>FEASIBILITY</del> <u>PRELIMINARY</u> AND <del>PRE-FEASIBILITY</del> <u>DETAILED ENGINEERING</u> STUDY FUNDING APPLICATIONS.....	<u>2127</u>
4.2	STUDY INCENTIVES.....	<u>2228</u>
4.3	<u>STUDY REVIEW.....</u>	<u>28</u>
<b>5.0</b>	<b>STEPS 7 TO 9: PROJECT <del>INCENTIVE APPLICATION</del><u>REVIEW</u> PROCESS.....</b>	<b><u>2329</u></b>
5.1	PROJECT INCENTIVE APPLICATION.....	<u>2329</u>
5.2	PROJECT REVIEW .....	<u>2329</u>
5.3	MEASUREMENT AND VERIFICATION.....	<u>2430</u>
5.4	PREPARATION OF THE M&V PLAN.....	<u>2531</u>
5.5	IMPLEMENTATION OF THE M&V PLAN.....	<u>2531</u>
<b>6.0</b>	<b>STEPS 10 THROUGH 12: PROJECT INCENTIVE AGREEMENT EXECUTION.....</b>	<b><u>2531</u></b>
6.1	OFFER AND ACCEPTANCE.....	<u>2531</u>
6.2	<del>FORM OF</del> PROJECT INCENTIVE AGREEMENT .....	<u>2631</u>
6.3	TERM OF PROJECT INCENTIVE AGREEMENT .....	<u>2632</u>
<b>7.0</b>	<b>PERFORMANCE <u>AND INCENTIVE</u> SECURITY.....</b>	<b><u>2632</u></b>
7.1	REQUIREMENT TO POST PERFORMANCE SECURITY .....	<u>2632</u>
7.2	REQUIREMENT WAIVED .....	<u>2733</u>
<del>7.3</del>	<del>CALL ON PERFORMANCE SECURITY .....</del>	<del>27</del>
<u>7.3</u>	<u>RESULTS OF BREACH BY THE PARTICIPANT .....</u>	<u>33</u>
<u>7.4</u>	<u>CONTINUING OBLIGATION.....</u>	<u>34</u>
<b>8.0</b>	<b>MANDATORY REQUIREMENTS AND APPLICATION COSTS.....</b>	<b><u>2835</u></b>
8.1	REVIEW OF MANDATORY REQUIREMENTS FOR APPLICATIONS .....	<u>2835</u>
8.2	COSTS OF APPLICATIONS.....	<u>2835</u>
<b>9.0</b>	<b>CONFIDENTIALITY .....</b>	<b><u>2936</u></b>
9.1	OPA CONFIDENTIAL INFORMATION.....	<u>2936</u>
9.2	PARTICIPANT CONFIDENTIAL INFORMATION .....	<u>2936</u>

9.3	USE OF CONFIDENTIAL INFORMATION BY THE OPA.....	<del>29</del> <u>36</u>
9.4	EXCEPTIONS TO CONFIDENTIALITY REQUIREMENTS .....	<del>30</del> <u>37</u>
<b>10.0</b>	<b>ADDITIONAL RULES .....</b>	<del>30</del> <u>37</u>
10.1	PROGRAM AMENDMENTS .....	<del>30</del> <u>37</u>
10.2	ASSIGNMENT AND CHANGE OF CONTROL.....	<del>31</del> <u>38</u>
10.3	ENVIRONMENTAL ATTRIBUTES.....	<del>31</del> <u>38</u>
10.4	GENERAL .....	<del>31</del> <u>38</u>
<b>Schedule 1</b>	<b>Eligible Participants</b>	
<b>Exhibit A</b>	<del>Feasibility</del> <u>Preliminary Engineering</u> Study Minimum Requirements	
<b>Exhibit B</b>	<del>Pre-Feasibility</del> <u>Detailed Engineering</u> Study Minimum Requirements	
<b>Exhibit C</b>	<del>Request for Payment</del> <u>Invoice</u> Format	
<u><b>Exhibit D</b></u>	<u>Release and Waiver</u>	

## 1.0 DEFINITIONS AND INTERPRETATION

### 1.1 Definitions

1. ~~(a)~~ "**Actual Eligible Costs**" has the meaning ascribed to it in the second last sentence of ~~section~~Section 2.5 hereof;
2. ~~(b)~~ "**Affiliate**" means any person that: (i) Controls a Participant; (ii) is Controlled by a Participant; or (iii) is Controlled by the same person that Controls a Participant~~;~~;
3. ~~(c)~~ "**Annualized Electricity Savings**" means Electricity Savings divided by the number of years in the relevant Electricity Savings Period;
4. ~~(d)~~ "**Applicable Laws**" means any applicable ~~domestic or foreign~~ law including any statute, ~~subordinate~~ legislation ~~or~~, regulation and any applicable guideline, directive, rule, standard, requirement, policy, order, judgment, injunction, award or decree of a Governmental Authority;
5. ~~(e)~~ "**Application**" means the ~~Pre-Feasibility~~Preliminary Engineering Study Funding Application, the ~~Feasibility~~Detailed Engineering Study Funding Application or the Project Incentive Application, as applicable;
6. ~~(f)~~ "**Base Case**" means the projected economic, operational and technical configuration of the Industrial System without implementation of the Project, for the Electricity Savings Period, taking into account appropriate adjustments during such period;
7. ~~(g)~~ "**Base Case Baseline**" means the projected electricity consumption in MWh of the Base Case for the Electricity Savings Period, without the additional optimization for electricity energy efficiency provided by the Project, each as determined by the Technical Reviewer and contained in the Project Review;
8. ~~(h)~~ "**Business Day**" means any day that is not a Saturday, a Sunday, or a legal holiday in the Province of Ontario;
9. ~~(i)~~ "**CMVP**" means a certified measurement and verification professional who is currently registered as a CMVP by the Association of Energy Engineers or who has the equivalent combination of experience and qualifications as determined by the OPA and provided such party registers as a CMVP with the Association of Energy Engineers within one year of starting to provide services to the OPA;
10. ~~(j)~~ "**Control**" means, with respect to any Person at any time, (i) holding, whether directly or indirectly, as owner or other beneficiary (other than solely as the beneficiary of an unrealized security interest) securities or ownership interests of that Person carrying votes or ownership interests sufficient to elect or appoint fifty percent (50%) or more of the individuals who are responsible for the supervision or management of that Person, or (ii) the exercise of de facto control of that Person, whether direct or indirect and whether

through the ownership of securities or ownership interests or by contract, trust or otherwise, and "**Controlled**" has a corresponding meaning;

11. ~~(k)~~ "**Credit Rating**" means, (i) with respect to the Participant or an Affiliate (A) its long-term senior unsecured debt rating (not supported by third party credit enhancement) or (B) the lower of its issuer or corporate credit rating, as applicable, in either case being the lower provided by S&P, Moody's or DBRS or any other established and reputable debt rating agency, agreed to by the Parties from time to time, each acting reasonably;
12. ~~(l)~~ "**DBRS**" means Dominion Bond Rating Service limited or its successors;
13. ~~(m)~~ "**Demand Response**" means a reduction in consumption of MW ~~by the Industrial System~~ as a result of the activation of measures or protocols that are or were implemented in order to load shift or load shed in order to reduce the electricity demand of the Industrial System;
14. "Detailed Engineering Incentive" means funding paid by the OPA to the Participant pursuant to a Detailed Engineering Study Funding Contract;
15. "Detailed Engineering Study" means a detailed study of the Industrial System load within a Facility and specific activities, Measures and or Generation that can be implemented in order to reduce the electricity consumption in the Facility, substantially in the form of Exhibit B – Detailed Engineering Study Minimum Requirements to these Program Rules;
16. "Detailed Engineering Study Funding Application" means an application by the Participant for a Detailed Engineering Incentive from the OPA prepared in accordance with instructions posted on the Website from time to time and as referred to in Section 4.1(a) hereof;
17. "Detailed Engineering Study Funding Contract" means a contract between a Participant and the OPA for funding of a Detailed Engineering Study pursuant to Article 4.0 hereof;
18. "Distribution System" means a distribution system in respect of which the distributor is subject to the Ontario Energy Board's Distribution System Code;
19. ~~(n)~~ "**Electricity Savings**" means the aggregate electricity reduction in MWh obtained during the Electricity Savings Period due to the use of the Measure or Measures included in the Project, as adjusted for Project specific circumstances, measured in MWh under normal operating conditions following the In-Service Date in the relevant Electricity Savings Period, initially as projected by the Technical Reviewer and contained in the Project Review and ultimately as verified by the ~~Technical Reviewer~~ CMVP in the M&V Report;

20. ~~(e)~~ **"Electricity Savings Period"** means the period commencing on the In-Service Date and ending on the 10<sup>th</sup> anniversary thereof or in the case of a Micro-Project, on the 5<sup>th</sup> anniversary thereof;
21. ~~(p)~~ **"Eligible Costs"** shall have the meaning ascribed thereto in ~~section~~Section 2.5 hereof;
- ~~(q)~~ **"Energy Manager"** means a person employed or engaged by a Participant whose primary responsibility is to propose and lead methodologies and processes to reduce energy consumption in the Participant's facilities;
22. ~~(r)~~ **"Energy Management Plan"** means a document generated by an Energy Manager in connection with ~~its~~the Participant's conservation policy and planning, describing the activities and plans required to reduce energy consumption in the Participant's facilities and detailing how the Participant is demonstrating leadership in the area of energy conservation by, among other things, developing conservation policies and establishing employee, community and peer-to-peer awareness programs;
23. **"Energy Manager"** means a person employed or engaged by a Participant whose primary responsibility is to propose and lead methodologies and processes to reduce energy consumption in the Participant's facilities;
24. ~~(s)~~ **"Environmental Attributes"** means environmental attributes associated with a ~~facility~~Facility having decreased environmental impacts resulting from the implementation of a Project, and includes:
- (A) ~~(i)~~ rights to any fungible or non-fungible attributes, whether arising from the ~~facility~~Facility itself, from the interaction of the ~~facility~~Facility with the IESO-Controlled Grid or because of applicable legislation or voluntary programs established by governmental authorities, governmental agencies or applicable regulatory bodies;
- (B) ~~(ii)~~ any and all rights relating to the nature of the energy source as may be defined and awarded through applicable legislation or voluntary programs and specific Environmental Attributes include ownership rights to any applicable credits, entitlements or other instruments resulting from interaction of the ~~facility~~Facility with the IESO-Controlled Grid or as specified by applicable legislation or voluntary programs, and the right to quantify and register these with competent authorities; and
- (C) ~~(iii)~~ all revenues, entitlements, benefits, and other proceeds arising from or related to the foregoing;
- ~~(t)~~ **"Feasibility Incentive"** means funding paid by the OPA to the Participant pursuant to a Feasibility Study Funding Contract;
- ~~(u)~~ **"Feasibility Study"** means a detailed study of the Industrial System load within a facility and specific activities and Measures that can be implemented in order to reduce the

~~electricity consumption in the facility, substantially in the form of Exhibit B – Feasibility Study Minimum Requirements to these Program Rules;~~

~~(v) "Feasibility Study Funding Application" means an application for feasibility study funding from the Participant to the OPA in accordance with instructions posted on the OPA's website from time to time (see section 4.1(a) hereof);~~

~~(w) "Feasibility Study Funding Contract" means a contract between a Participant and the OPA for funding of a Feasibility Study pursuant to Article 4.0 hereof;~~

25. "Facility" means the building(s) and premises owned or occupied by the Participant and in which the Industrial System is located;

26. ~~(x) "Generation" means a process used to produce energy in the form of electricity that is primarily for the Participant's own use and the impact of which is measured in accordance with the M&V Plan and that:~~

(A) ~~(i) that~~ has all permits and approvals required by Applicable Laws including, without limitation, all permits and approvals that may be required for the operation of the generator from the Ontario Ministry of the Environment pursuant to the *Environmental Assessment Act* (Ontario) and the *Environmental Protection Act* (Ontario); ~~and~~

(B) ~~(ii) that~~ meets all of the relevant requirements for a generator under the Market Rules including, without limitation, the requirements described in any amendments to the Market Rules from time to time; and

(C) ~~(iii) whose~~ embedded generator(s) have an aggregate Nameplate Capacity that does not exceed the annual peak demand of the Industrial System electricity load in the ~~facility~~ Facility, as confirmed in the M&V Plan; ~~;~~

27. ~~(y) "Good Engineering Practices" shall have the meaning ascribed thereto in the Project Incentive Agreement;~~

28. ~~(z) "Governmental Authority" means any legislative, executive, judicial or administrative body or person~~ Person having jurisdiction in the relevant circumstances;

29. ~~(aa) "IESO" means the Independent Electricity System Operator in the Province of Ontario;~~

30. ~~(bb) "IESO-Controlled Grid" has the meaning ascribed to it by the IESO Market Rules;~~

31. ~~(cc) "IESO Market Rules" means the rules made under section 32 of the *Electricity Act, 1998*, together with all market manuals, policies and guidelines issued by the IESO, all as amended or replaced from time to time;~~

32. ~~(dd)~~ "**Incentive**" means one or more of the ~~Pre-Feasibility~~Preliminary Engineering Incentive, ~~Feasibility~~Detailed Engineering Incentive and ~~the~~ Project Incentive, as determined by these Program Rules;
33. "Incentive Security" has the meaning ascribed to it in Section 2.8(a) hereof.
34. ~~(ee)~~ "**Industrial**" means any entity which carries on an activity in the Province of Ontario falling into NAICS categories 31, 32 and 33 or subcategories 113, 1153 and 212 or any other NAICS category or subcategory that the OPA may approve from time to time, the current list of which is attached hereto as Schedule 41 as the same may be amended from time to time;
35. ~~(ff)~~ "**Industrial System**" means the industrial system in the ~~facility~~Facility to which the Project is proposed to be installed ~~and used~~in order to obtain Electricity Savings;
36. ~~(gg)~~ "**In-Service Date**" means the first day that the Project or Portfolio is fully installed in accordance with the Project Incentive Agreement and delivers Electricity Savings, as certified by the Technical Reviewer to the OPA;
37. ~~(hh)~~ "~~Investment Grade~~" ~~means the Participant or Affiliate has a Credit Rating of at least A- from S&P, A- low from DBRS or A3 from Moody's~~Invoice" means a request for payment to the OPA from the Participant substantially in the form of Exhibit C – Invoice;
38. ~~(ii)~~ "**IPMVP**" means the most current version of the International Performance Measurement and Verification Protocol, as published and maintained by the Efficiency Valuation Organization from time to time;
39. ~~(jj)~~ "**Lighting**" means equipment and controls used to provide illumination through the use of electricity resulting in a load;
- ~~(kk)~~ "~~Market Rules~~" ~~means the rules made under section 32 of the Electricity Act, 1998 (Ontario), as amended from time to time;~~
- ~~(ll)~~ "~~M&V Plan~~" ~~means a document outlining the methodology and activities to be undertaken to measure and verify Electricity Savings that will be delivered by the Measure or Measures included in a Project, as developed by the Technical Reviewer and contained in the Project Review;~~
40. ~~(mm)~~ "**Measure**" means the installation, retrofit, replacement or modification of an Industrial System that draws power from the IESO-Controlled Grid for the primary purpose of obtaining Electricity Savings when applied by the Participant to the Industrial System's load, as described in an Application;
41. ~~(nn)~~ "M&V Plan" means a measurement and verification document outlining the methodology and activities to be undertaken to measure and verify Electricity Savings

that will be delivered by the Measure or Measures included in a Project, as developed by a CMVP and contained in the Project Review:

42. **"M&V Report"** means a measurement and verification document containing the analysis by a CMVP of the measured Electricity Savings delivered by the Measure or Measures included in a Project during the reporting period specified by the M&V Plan which shall not be less than quarterly reporting during the first year following the In-Service Date and thereafter not less than annually;
43. ~~(oo)~~ **"Micro Project"** means a stand-alone Project, which, when installed, is expected to deliver Electricity Savings, as confirmed by the Technical Reviewer in the Project Review, of at least 100 MWh of Annualized Electricity Savings and not more than 700 MWh of Annualized Electricity Savings;
44. ~~(pp)~~ **"Minimum Expected Life"** means the number of years ~~the Project, which shall not be less than 5 years, as confirmed by the Technical Reviewer in the Project Review, will continue~~ a Project or Portfolio is required to provide the Electricity Savings, being 10 years after the In-Service Date other than in the case of a Micro Project in which case the Minimum Expected Life is 5 years after the In-Service Date;
45. ~~(qq)~~ **"Moody's"** means Moody's Investors Service, Inc. or its successor-;
46. ~~(rr)~~ **"MW"** means a megawatt;
47. ~~(ss)~~ **"MWh"** means a megawatt hour;
48. ~~(tt)~~ **"Nameplate Capacity"** means the rated, continuous load-carrying capability net of parasitic or station service loads, expressed in MW, of a generating facility to generate and deliver electricity at a given time;
49. ~~(uu)~~ **"Negative Outlook"** means, with respect to any credit rating agency providing a Credit Rating for purposes of these Program Rules, a potential or threatened downgrade to the Credit Rating of any Participant;
50. ~~(vv)~~ **"Net Project Incentive"** means the Project Incentive for a Project less the amount of any ~~Pre-Feasibility~~ Preliminary Engineering Incentive and or ~~Feasibility~~ Detailed Engineering Incentive paid or to be paid to the Participant in respect of such Project;
51. ~~(ww)~~ **"Offer Notice"** has the meaning ascribed to in ~~section~~ Section 6.1(a) of these Program Rules;
52. ~~(xx)~~ **"OPA"** means the Ontario Power Authority;
53. ~~(yy)~~ **"Participant"** means a party submitting an Application to participate in the Program;

54. "Participant Security Election" means an election to be made by the Participant and delivered to the OPA pursuant to Section 6.1(a) hereof pursuant to which the Participant elects either to (i) post performance security in accordance with Section 7.1 hereof and receive Net Project Incentive payments in accordance with Section 2.7 hereof; or (ii) provide Incentive Security and receive Net Project Incentive payments in accordance with Section 2.8 hereof;
55. ~~(zz)~~ **"Party"** means either of the Participant and the OPA, and the Participant and the OPA are collectively referred to as the **"Parties"**;
56. ~~(aaa)~~ **"Person"** means a natural person, firm, trust, partnership, limited partnership, company or corporation (with or without share capital), joint venture, sole proprietorship, governmental authority or other entity of any kind;
57. ~~(bbb)~~ **"Portfolio"** means two or more Projects which are grouped together for the purpose of obtaining Project Incentives for the Projects as so grouped, pursuant to ~~section~~Section 2.6(c) hereof;
58. ~~(eee)~~ **"Power Factor"** means the ratio of active power, measured in watts, to apparent power, measured in volt-amperes as defined in the IESO Market Manual 7: System Operations, Part 7.6: Glossary of Standard Operating Terms;
59. ~~(ddd)~~ **"Power Quality"** means a wide variety of electromagnetic phenomena which characterize the normal voltage, frequency and current at a given time and at a given location at the ~~facility~~Facility or beyond;
60. ~~(eee)~~ **"Pre-Feasibility Preliminary Engineering Incentive"** means funding paid by the OPA to the Participant pursuant to a ~~Pre-Feasibility Preliminary Engineering~~ Study Funding Contract;
61. ~~(fff)~~ **"Pre-Feasibility Preliminary Engineering Study"** means a preliminary study of the consumption of electricity of an Industrial System load within a ~~facility~~Facility and activities and Measures that could give rise to Electricity Savings, substantially in the form of Exhibit ~~C~~ A – Preliminary Engineering Study Minimum Requirements to these Program Rules;
62. ~~(ggg)~~ **"Pre-Feasibility Preliminary Engineering Study Funding Application"** means an application by the Participant to the OPA for ~~pre-feasibility preliminary engineering~~ study funding, substantially in accordance with instructions posted on the ~~OPA's website~~Website from time to time;
63. ~~(hhh)~~ **"Pre-Feasibility Preliminary Engineering Study Funding Contract"** means a contract between a Participant and the OPA for funding of a ~~Feasibility Preliminary Engineering~~ Study pursuant to Article 4.0 hereof;

~~(iii)~~ —

64. "Prime Rate" means the annual rate of interest equal to the rate which the Royal Bank of Canada establishes at its principle office in Toronto as the reference rate of interest to determine interest rates it will charge on such day for commercial loans in Canadian dollars made to its customers in Canada and which it refers to as its "prime rate of interest";
65. "Program" means the OPA's Industrial ~~Transmission—Connected—Electricity Efficiency~~ Accelerator<sup>OM</sup> Program;
66. ~~(jjj)~~ "Program Rules" means these program rules, as amended from time to time and posted on the ~~OPA's website at [•]~~ Website;
67. ~~(kkk)~~ "Project" means one or more Measures, which, when installed on a single Industrial System, are expected to deliver Electricity Savings and "Project", where appropriate in accordance with the terms hereof, includes a Micro-Project;
68. ~~(lll)~~ "Project Benefits" means the sum of all expected benefits ~~expected~~ anticipated to be generated from implementation of the Project as determined by the OPA, including benefits not related directly to savings in the consumption of electricity and including all economic benefits from reducing electricity consumption, use of alternative fuels, positive and negative differences in operating and maintenance costs and other avoided costs;
69. ~~(mmm)~~ "Project Incentive" means the incentive to be paid by the OPA to the Participant pursuant to ~~section~~ Section 2.6(a) hereof and a Project Incentive Agreement;
70. ~~(nnn)~~ "Project Incentive Agreement" means the agreement between the OPA and the Participant in respect of any approved Project or Portfolio , which agreement will have a term up to 12 years, being an initial period not greater than 2 years to achieve the In-Service Date and a further period equal to 10 years, other than in the case of a Micro Project which shall have a term of up to 7 years, being an initial period not greater than 2 years to achieve the In-Service Date and a further period equal to 5 years;
71. ~~(ooo)~~ "Project Incentive Application" means an application by the Participant to receive a Project Incentive pursuant to a Project Incentive Agreement entered into in accordance with these Program Rules;
72. ~~(ppp)~~ "Project Payback" means the calculation, as confirmed by the Technical Reviewer in the Project Review, of the expected number of years it will take to recover the Eligible Costs, and is calculated by subtracting from the Eligible Costs (i) the sum of any Third Party Contributions to the Eligible Costs; and (ii) the ~~Pre-Feasibility Study~~ Preliminary Engineering Incentive, the ~~Feasibility—Study~~ Detailed Engineering Incentive and the Net Project Incentive received by the Participant, if any, and dividing the remainder thereof by the expected Project Benefits;
73. ~~(qqq)~~ "Project Review" shall have the meaning ascribed thereto in ~~section~~ Section 5.2 hereof;

74. ~~(rrr)~~ ~~"Request for Payment"~~ means a request for payment to the OPA from the Participant substantially in the form of Exhibit D ~~Request for Payment Format~~; Required Rating means the Participant or Affiliate has a Credit Rating of at least A- from S&P, A low from DBRS or A3 from Moody's;
75. ~~(sss)~~ ~~"Scheduled Program Review"~~ has the meaning ascribed to it in ~~section 11.1~~ Section 10.1 of these Program Rules;
76. ~~(ttt)~~ ~~"S & P"~~ means the Standard and Poors Rating Group (a division of McGraw-Hill Inc.) or its successor;
77. "Status Report" means a document prepared by the Participant in a form as posted on the Website from time to time and containing, without limitation, the Actual Eligible Costs incurred to and paid to the date thereof, the status of the Project implementation relative to the budget and schedule approved in the Project Review with a description of any changes in scope or other issues that may impact the Project In-Service Date or Electricity Savings;
78. ~~(tttt)~~ ~~"Technical Reviewer"~~ means a Person retained by the OPA having on its staff individuals who are professional ~~engineer~~ engineers licensed in the Province of Ontario, ~~a~~ CMVPs, certified engineering ~~technologist~~ technologists in the Province of Ontario registered with The Ontario Association of Certified Engineering Technicians and Technologists; and or ~~a~~ Certified Energy ~~Manager~~ Managers registered with the Association of Energy Engineers with having at least 5 years experience in a specific technology area or an equivalent combination of experience and qualifications as approved by the OPA;
79. ~~(vvv)~~ ~~"Third Party Contributions"~~ means any financial or other contribution (including the value of contributions in kind) towards the Eligible Costs from or by any party other than the Participant or the OPA; ~~and~~
80. ~~(www)~~ ~~"Transmission System"~~ means a system for conveying electricity at voltages of ~~more than~~ 50 kilovolts or higher and including any structures, equipment or other things used for that purpose, which, for greater certainty, shall be included in the IESO-Controlled Grid; and
81. "Website" means the OPA's website at www.industrialaccelerator.ca.

## 1.2 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 OPA may pursuant hereto take an action, give any approval or make a determination including as to whether something is acceptable or satisfactory to it, under these Program Rules, the decision to take such action, give such approval or make such determination shall in all cases be at the OPA's sole and absolute discretion.
- (d) **Governing Law.** These Program 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.
- (e) **Headings.** Headings of ~~sections~~Sections are inserted for convenience of reference only and do not affect the construction or interpretation of these Program Rules. References to ~~sections~~Sections means ~~sections~~Sections of these Program Rules, unless otherwise specified.
- (f) **Including.** Where "including" is used in these Program Rules, it means "including (or includes) without limitation".
- (g) **No Strict Construction.** Despite the fact that these Program Rules were drafted by the OPA's legal and other professional advisors, each Participant acknowledges and agrees that any doubt or ambiguity in the meaning, application or enforceability of any term or provision in these Program Rules shall not be construed against the OPA in favour of the Participant when interpreting such term or provision, by virtue of such fact.
- (h) **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.
- (i) **Severability.** If any provision of these Program 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 Program Rules and without affecting its application to the other Party or circumstances.
- (j) **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.
- (k) **Time.** Time is of the essence in the performance of the Parties' respective obligations.
- (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.

## 2.0 OVERVIEW OF PROGRAM

### 2.1 Purpose and Structure

The purpose of the Program is to encourage Industrial entities in Ontario to implement efficiency initiatives that require capital expenditures. The OPA will initially accept Applications for a 5 year period from the date the Program is launched and is seeking an aggregate of 300 MW of ~~average~~ demand reductions.

### 2.2 Eligible Participants

In addition to the specific eligibility requirements for receipt of a Project Incentive set out in ~~section~~ Section 2.5, to be eligible to participate in the Program, the Participant must:

- (a) be an Industrial entity listed in Schedule 1 hereto and any successor entities;
- ~~(b) be directly connected to the IESO Controlled Grid;~~
- (b) ~~(e)~~ not be insolvent; and
- (c) ~~(d)~~ provide evidence, satisfactory to the OPA, of the Participant's or its Affiliate's, if applicable, solvency or other measure of overall financial health, including, without limitation, a certificate of the Participant's or Affiliate's, as the case may be, chief financial officer with respect to solvency and ability to post required performance security, if any, and to provide audited financial statements and/or a ratings report from a rating agency acceptable to the OPA.

### 2.3 Eligible Projects

In addition to the specific eligibility requirement for receipt of a Project Incentive set out in ~~section~~ Section 2.5, to be eligible to participate in the Program, the proposed Project:

- (a) must involve installation of a Measure;

- (b) must be in a Facility located in the Province of Ontario and must be directly connected to ~~a Transmission~~the IESO-Controlled Grid and not to a Distribution System;
- (c) must be projected to ~~generated~~provide at least 350 MWh of Annualized Electricity Savings or, in the case of a Micro-Project, 100 MWh of Annualized Electricity Savings; and
- (d) may involve Generation, provided that it does not:
  - (i) exceed 20 MW of Nameplate Capacity;
  - (ii) produce electricity that is delivered to the local ~~distribution system~~Distribution System or a ~~transmission system~~Transmission System, other than as an ancillary benefit;
  - (iii) involve coal, diesel or any other fuel disallowed by the OPA, unless otherwise approved in writing by the OPA; or
  - (iv) receive funding under another OPA contract or other ratepayer or taxpayer funding mechanism.

## 2.4 Ineligible Projects

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

- (a) a Project that the OPA determines is more appropriately funded by another OPA 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 ~~five full~~10 complete years or in the case of a Micro 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~~Applicable Laws, regulations and standards;
- (g) except as otherwise approved in writing by the OPA, a Project for which any financial incentive has been, is being or may be received by the Participant from the OPA (other than an Incentive), the provincial crown or an agency thereof; and
- (h) prior to submitting a ~~Pre-Feasibility~~Preliminary Engineering Incentive Application, a ~~Feasibility~~Detailed Engineering Incentive 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 OPA.

## 2.5 Eligible Costs

Costs which are eligible to be included in determining the applicable Project Incentive for a Project or Portfolio are those costs directly related to design, selection, purchase and installation of the Measure or Measures included in a Project or Portfolio and will include only the following:

- (a) capital expenses;
- (b) equipment and products, including diagnostic and testing tools and instruments, and associated software;
- (c) data collection services, including processing, analysis and data management;
- (d) meter purchase, installation and configuration costs associated with implementing the M&V Plan;
- (e) ~~(d)~~ salaries and benefits of employees directly involved in the design, selection, purchase and installation of the Measure or Measures included in the Project or Portfolio;
- (f) ~~(e)~~ professional, engineering, scientific, technical, management and contracting services, including those required for training employees in the proper operation of the Project;
- (g) ~~(f)~~ travel, including accommodation but excluding meals;
- (h) ~~(g)~~ printing services;
- (i) ~~(h)~~ permits and license fees;
- (j) ~~(i)~~ costs associated with environmental assessments;
- (k) ~~(j)~~ technical audits and studies associated with the Project (excluding the Participant's ~~Pre-Feasibility~~Preliminary Engineering Study and ~~Feasibility~~Detailed Engineering Study expenses not funded by the OPA), including a study of energy consumption before or after the Project implementation, in each case as approved in writing in advance by the OPA; and
- (l) ~~(k)~~ such additional category of costs as may be consented to by the OPA in writing in advance of such expenses being incurred.

For greater certainty, all Eligible Costs are subject to the approval of the OPA and for the purposes hereof, the Project Incentive shall be based upon the lower of (i) the Eligible Costs estimated by the Technical Reviewer and contained in the Project Review and (ii) the actual Eligible Costs incurred by the Participant ("**Actual Eligible Costs**"). Eligible Costs shall not

include value added taxes imposed by a Government Authority and in respect of which the payor is entitled to an input tax credit.

## 2.6 Project Incentive

- (a) The OPA will provide a Project Incentive of up to \$230/MWh of Annualized Electricity Savings per Project or as applied over a Portfolio of Projects. Amounts paid to a Participant pursuant to a ~~Pre-Feasibility~~Preliminary Engineering Study Funding Contract or a ~~Feasibility~~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.

### Example 1 - Sample calculations of the Project Incentive

	Project A	Project B
Year	MWh <del>Electricity</del> Savings <u>savin</u> gs per year	MWh <del>Electricity</del> Savings <u>saving</u> s per year
1	1,000	1,000
2	1,050	1,050
3	950	190
4	975	220
5	1,050	230
6	1,025	250
7	980	240
8	950	230
9	1,050	220
10	970	210
Electricity Savings [MWh]	10,000	3,840
Annualized Electricity Savings [MWh]	<b>1,000</b>	<b>384</b>
Project Incentive	\$230,000	\$88,320

End of Example

- (b) The maximum amount payable to a Participant pursuant to a Project Incentive Agreement in respect of a Project or a Portfolio is \$10 million.
- (c) Projects can be grouped and submitted to the Program as a Portfolio (using one Application for multiple Projects) in such a way that the calculation of the total Project Incentive for all Projects in the Portfolio divided by the total MWh of Annualized

Electricity Savings for all Projects in the Portfolio is no more than \$230/MWh, provided that:

- (i) the maximum Project Incentive applied to an individual Project in the Portfolio can be no more than \$320/MWh as indicated in the following ~~chart~~:

**Example 2- Sample Calculation of a Portfolio**

Project #	Annualized Electricity Savings [MWh]	A	B	C	Project Incentive (Minimum of A, B, C) [\$]	Project Incentive [\$/MWh]	Project Savings Benefits [\$ /Year]	Actual Eligible Costs [\$]	Third Party Contributions [\$]	Project Payback [Years]
		Project Incentive (Annualized Electricity Savings x \$320/MWh) [\$]	Project Incentive based on 70% of total Eligible Costs [\$]	Project Incentive based on a minimum of 1 year Project Payback [\$]						
1	7,000	2,240,000	<b>1,820,000</b>	1,875,000	1,820,000	260	625,000	2,600,000	100,000	1.1
2	10,500	3,360,000	2,100,000	<b>2,087,500</b>	2,087,500	199	837,500	3,000,000	75,000	1.0
3	14,000	4,480,000	<b>3,150,000</b>	3,300,000	3,150,000	225	1,075,000	4,500,000	125,000	1.1
4	7,000	2,240,000	<b>1,330,000</b>	1,350,000	1,330,000	190	525,000	1,900,000	25,000	1.0
5	1,750	560,000	<b>385,000</b>	393,750	385,000	220	131,250	550,000	25,000	1.1
6	3,125	<b>1,000,000</b>	1,050,000	1,190,625	1,000,000	320	259,375	1,500,000	50,000	1.7

Total Portfolio Annualized Electricity Savings [MWh]                    43,375  
 Total Portfolio Project Incentive [\$]                                    9,772,500  
 Total Portfolio Incentive [\$/MWh]    225

Note: Please refer to Example ~~2~~<sup>3</sup> for a more detailed explanation of the individual calculations.

*End of Example*

- (ii) the sum of the Annualized Electricity Savings of all Projects in the portfolio is at least 3,500 MWh of Annualized Electricity Savings, unless otherwise approved in writing by the OPA;
  - (iii) each Project in the Portfolio must conform to the requirements of the applicable M&V Plan for the Portfolio;
  - (iv) ~~Any~~<sup>any</sup> Project to be included in a Portfolio must have been the subject of an OPA approved ~~Feasibility~~<sup>Detailed Engineering</sup> Study; and
  - (v) ~~A~~<sup>a</sup> Micro-Project may not be included in any Portfolio.
- (d) With respect to a Portfolio, the delivery of Electricity Savings will be determined at the Portfolio level such that over-delivery of Electricity Savings on an individual Project in the Portfolio can be used to off set under-delivery of Electricity Savings on any other Project in the Portfolio.
- (e) No Project or Portfolio may have a Project Payback, including all applicable Incentives, of less than one year.

- (f) Each Project or Portfolio must have a scheduled In-Service Date not later than two years following the date of execution of the Project Incentive Agreement for the Project or Portfolio, as the case may be, unless otherwise approved by the OPA.
- (g) The Project Incentive can contribute no more than 70 % of the total Eligible Costs of the Project or Portfolio, as such Eligible Costs are determined in accordance with ~~section~~Section 2.5 hereof.
- (h) The OPA will have the right to withhold an amount equal to 25% of the Project Incentive until such time as the Participant files an Energy Management Plan with the OPA in accordance with Section 2.10(i) hereof and if the Participant does not deliver such Energy Management Plan to the OPA prior to the In-Service Date, the OPA's obligation to pay such amount to the Participant shall terminate on the In-Service Date.
- (i) An Invoice by the Participant shall be deemed to be a representation and warranty of the Participant to the OPA that the work herein required to be completed to receive such payment has been completed in all material respects in accordance with the Project Incentive Agreement, unless otherwise agreed to by the OPA.
- (j) No Project Incentive will be paid in respect of or relating to Electricity Savings in excess of those anticipated by the Technical Reviewer in the Project Review of the Project.

## 2.7 Net Project Incentive Payments (Performance Security)

- (a) ~~(h) The~~ Where the Participant provides the performance security referred to in Section 7.1 hereof, the Net Project Incentive will be paid on a Project basis or Portfolio basis as follows:
  - (i) the first 25 % of the Net Project Incentive, less 2.5 % of the Project Incentive, will be paid within approximately 30 days of execution of the relevant Project Incentive Agreement and ~~receipt~~acceptance by the OPA of ~~a Request for Payment~~an Invoice;
  - (ii) the second 25 % of the Net Project Incentive, less 2.5 % of the Project Incentive, will be paid within approximately 30 days of ~~receipt~~acceptance by the OPA of ~~a Request for Payment and~~ evidence satisfactory to ~~the OPA~~it that 25 % of the Eligible Costs have been incurred and paid by the Participant and acceptance by the OPA of an Invoice and of the most recent ~~status report~~Status Report in the form posted on the ~~OPA website~~Website from time to time;
  - (iii) the third 25 % of the Net Project Incentive, less 2.5 % of the Project Incentive, will be paid within approximately 30 days of ~~receipt~~acceptance by the OPA of ~~a Request for Payment and~~ evidence satisfactory to the OPA that 50 % of the Eligible Costs have been incurred and paid by the Participant and acceptance by the OPA of an Invoice and of the most recent ~~status report~~Status Report in the form posted on the ~~OPA website~~Website from time to time;

- (iv) the next 25 % of the Net Project Incentive, less 2.5 % of the Project Incentive, will be paid within approximately 60 days of receipt by the OPA of ~~a Request for Payment and~~ evidence satisfactory to the OPA that all of the Actual Eligible Costs have been incurred and paid by the Participant and acceptance by the OPA of an Invoice and of the final ~~status report~~ Status Report which shall include the certification by the Technical Reviewer that the Project was completed in accordance with the Project Incentive Agreement in all material respects including confirmation of the ~~actual~~ Actual Eligible Costs, provided however that any material variation between the Project as completed and the Project as described in the Project Incentive Agreement shall be subject to the consent of the OPA; and
- (v) the balance of the Net Project Incentive will be paid within approximately 60 days of (a) the OPA accepting the Measurement and Verification Report submitted by the CMVP for the first ~~reporting period specified by the M&V Plan for the Project~~ year following the In-Service Date, subject to the Project successfully achieving at least 90 % of the Electricity Savings anticipated to be received by such date as contained in the Project Review of the Project and (b) receipt by the OPA of ~~a Request for Payment~~ an Invoice;

~~(i) A Request for Payment by the Participant shall be deemed to be a representation and warranty of the Participant to the OPA that the work herein required to be completed to receive such payment has been completed in all material respects in accordance with the Project Incentive Agreement, unless otherwise agreed to by the OPA.~~

~~(j) No Project Incentive will be paid in respect of or relating to Electricity Savings in excess of those anticipated by the Technical Reviewer in the Project Review of the Project.~~

**Example 23 – Sample Project Incentive calculation where there is performance security**

As shown below, the Project Incentive is determined to be \$1,150,000 for an example Project.

	A	B	C						
Annualized Electricity Savings [MWh]	Project Incentive (Annualized Electricity Savings x \$230/MWh) [\$]	Project Incentive based on 70% of total Eligible Costs [\$]	Project Incentive based on a minimum 1 year Project Payback [\$]	Project Incentive (Minimum of A, B, C) [\$]	Project Incentive [\$ /MWh]	Project Savings Benefits [\$ /Year]	Actual Eligible Costs [\$]	Third Party Contributions [\$]	Project Payback [Years]
5,000	1,150,000	1,207,500	1,200,000	1,150,000	230	475,000	1,725,000	50,000	1.1

It is assumed for the purposes of this example that the Feasibility Detailed Engineering Incentive approved for the Project is \$150,000, the Project Savings Benefits are \$475,000 per year and the Actual Eligible Costs are \$1,725,000.

The potential Project Incentive in Column A is calculated by multiplying the Annualized Electricity Savings by \$230/MWh = 5,000 x \$230/MWh = \$1,150,000.

The potential Project Incentive in Column B is calculated as 70 per cent of Actual Eligible Costs =  $0.70 \times \$1,725,000 = \$1,207,500$ .

The potential Project Incentive in Column C is calculated by determining the Project Incentive required such that the Project Payback is exactly equal to 1.0 years. This value is determined to be \$1,200,000. Using this value, the Project Payback can be calculated as  $(\$1,725,000 - \$50,000 - \$1,200,000)/(\$475,000) = 1.0$  years.

The actual Project Payback for this project is calculated by subtracting the Third Party Contributions and the Project Incentive from the Actual Eligible Costs and dividing the remainder by the Project SavingsBenefits =  $(\$1,725,000 - \$50,000 - \$1,150,000)/(\$475,000) = 1.1$  years.

The Net Project Incentive is calculated as the Project Incentive minus the FeasibilityDetailed Engineering Incentive =  $\$1,150,000 - \$150,000 = \$1,000,000$ .

10% of the Project Incentive ( $0.10 \times \$1,150,000 = \$115,000$ ) will be accumulated for the final fifth payment and calculated as 2.5% of the Project Incentive ( $0.025 \times \$1,150,000 = \$28,750$ ) at each of the four initial payments as shown in the table below.

	Payment Components			Payment = A - B - C	D
	A	B	C		
	25% of Net Project Incentive	2.5% of Project Incentive	Impact of lower Actual Eligible Costs		Cumulative Payments
Payment #1 Calculations	\$ 250,000	\$ 28,750	\$ -	\$ 221,250	\$ 221,250
Payment #2 Calculations	\$ 250,000	\$ 28,750	\$ -	\$ 221,250	\$ 442,500
Payment #3 Calculations	\$ 250,000	\$ 28,750	\$ -	\$ 221,250	\$ 663,750
Payment #4 Calculations	\$ 250,000	\$ 28,750	\$ -	\$ 221,250	\$ 885,000
				<b>\$ 885,000</b>	
			Payment #5 (10% of Project Incentive)	\$ 115,000	
			<u>Net Project Incentive</u>	<u>\$1,000,000</u>	
			<u>Detailed Engineering Incentive</u>	<u>\$ 150,000</u>	
			<u>Project Incentive</u>	<u>\$1,150,000</u>	

End of Example-3

**Example 4 – Sample Project Incentive calculation with performance security and with lower Actual Eligible Costs**

In this sample calculation, during the Project implementation, the Actual Eligible Costs are lower than the Eligible Costs that were estimated during the Project Review.

		A	B	C	D					
Payment #	Annualized Electricity Savings [MWh]	Project Incentive (Annualized Electricity Savings x \$230/MWh) [\$]	Project Incentive based on 70% of total Eligible Costs [\$]	Project Incentive based on a minimum 1 year Project Payback [\$]	Project Incentive (Minimum of A, B, C) [\$]	Project Incentive [\$ /MWh]	Project Savings Benefits [\$ /Year]	Actual Eligible Costs [\$]	Third Party Contributions [\$]	Project Payback [Years]
<del>1,2,3</del>	5,000	1,150,000	1,207,500	1,200,000	1,150,000	230	475,000	1,725,000	50,000	1.1
<del>3</del>	5,000	1,150,000	<del>980,000</del> <u>1,100,000</u>	<del>875,000</del> <u>920,000</u>	<del>875,000</del> <u>920,000</u>	<del>175</del> <u>184</u>	475,000	<del>1,400,000</del> <u>1,445,000</u>	50,000	1.0
<del>4</del>	<del>5,000</del>	<del>1,150,000</del>	<del>892,500</del>	<del>750,000</del>	<del>750,000</del>	<del>150</del>	<del>475,000</del>	<del>1,275,000</del>	<del>50,000</del>	<del>1.0</del>

In the table example above:

It is assumed for the purposes of this example that the ~~Feasibility Incentive~~ Detailed Engineering for the Project is \$150,000, the Project Savings Benefits are \$475,000 per year and the Third Party Contribution is \$50,000. The Actual Eligible Costs are assumed for the purposes of this example to be 1,725,000 for the first ~~and second payment~~, ~~\$1,400,000 for the third payment, and \$1,275,000 for three payments.~~ Before the fourth payment. ~~The assumption is that Actual Eligible Costs are lower than initially expected,~~ the Actual Eligible Costs are lower than initially expected at \$1,445,000. Consequently, the Project Incentive required for payment ~~#3 and #4~~ is now lower as shown is Column D of the table above.

The Project Incentive used to calculate the first three payments ~~#1 and #2~~ is \$1,150,000.

The Net Project Incentive for ~~payment #1 and #2~~ the first three payments is calculated as the Project Incentive minus the ~~Feasibility~~ Detailed Engineering Incentive = \$1,150,000 - \$150,000 = \$1,000,000.

2.5% of the Project Incentive ~~as it is determined at payment #1 and payment #2~~ for the first three payments will be accumulated for the final fifth payment which is equal to 2.5% of \$1,150,000 which is equal to \$28,750.

The Project Incentive used to calculate payment #~~3~~4 is now determined to be ~~\$875,000~~ 920,000 due to lower Actual Eligible Costs ~~(the Project Incentive for the first payment was \$1,150,000).~~

~~The Net Project Incentive for payment #3 is calculated as the Project Incentive minus the Feasibility Incentive = \$875,000 - \$150,000 = \$725,000.~~

~~2.5% of the Project Incentive as it is determined at payment #3 will be accumulated for the final fifth payment which is equal to 2.5% of \$875,000 or \$21,875.~~

~~The Project Incentive used to calculate payment #4 is now determined to be \$750,000 due to lower Actual Eligible Costs (the Project Incentive for the third payment was \$875,000).~~

The Net Project Incentive used to calculate payment #4 is calculated as the Project Incentive minus the ~~Feasibility~~ Detailed Engineering Incentive = ~~\$750,000~~ 920,000 - \$150,000 = ~~\$600,000~~ 770,000.

2.5% of the Project Incentive as it is determined at payment #4 which is equal to 2.5% of \$920,000 or \$23,000, will be accumulated for the final fifth payment ~~which is equal to 2.5% of \$750,000 or \$18,750.~~

In the table below:

~~Payments #3 and~~ Payment #4 ~~are~~ is adjusted by the amount in column C such that the cumulative payments following payment ~~#3 and~~ #4 reflects the lower Project Incentive required as a result of the lower Actual Eligible Costs.

~~The cumulative payment in column E for payment #3 is the cumulative payment that would have occurred after the third payment for a Project Incentive of \$875,000. The cumulative payment in column E for payment #4 is the cumulative payment after the fourth payment that would have occurred for a Project Incentive of \$750,000.~~

Payment #5 represents 10% of the final Project Incentive as determined at payment #4, 10% of ~~\$750,000~~ 920,000, or ~~\$75,000~~ 92,000.

Payment Components					
	A	B	C		E
	25% of Net Project Incentive	2.5% of Project Incentive	Impact of lower Actual Eligible Costs	Payment = A - B - C	Cumulative Payments
Payment #1 Calculations	\$ 250,000	\$ 28,750	\$ <del>_____</del> NA	\$ 221,250	\$ 221,250
Payment #2 Calculations	\$ 250,000	\$ 28,750	\$ <del>_____</del> NA	\$ 221,250	\$ 442,500
Payment #3 Calculations	\$ <del>181,250</del> 250,000	\$ <del>21,875</del> 28,750	\$ <del>123,750</del> NA	\$ <del>35,625</del> 221,250	\$ <del>478,125</del> 663,750
Payment #4 Calculations	\$ <del>150,000</del> 192,500	\$ <del>18,750</del> 23,000	\$ <del>84,375</del> 155,250	\$ <del>46,875</del> 14,250	\$ <del>525,000</del> 678,000
				\$ <del>525,000</del> 678,000	
Payment #5 (10% of Project Incentive)				\$ <del>75,000</del> 92,000	
<u>Net Project Incentive</u>				<u>\$ 770,000</u>	
<u>Detailed Engineering Incentive</u>				<u>\$ 150,000</u>	
<u>Project Incentive</u>				<u>\$ 920,000</u>	

End of Example

## 2.8 Net Project Incentive Payments (Incentive Security)

(a) A Participant may elect in a Participant Security Election to provide Incentive Security, in which case Section 2.7 hereof shall not be applicable and the Net Project Incentive shall, subject to Sections 7.3 and 7.4 hereof, be paid as hereinafter set out. If the Participant makes such election in a Participant Security Election, all Net Project Incentive payments shall be withheld until approval by the OPA of the M&V Reports hereinafter set out and such payments shall be retained by the OPA until so paid as Incentive Security. The Participant, as a condition of each and every payment hereinafter set out, shall deliver to the OPA the Status Reports identified in the Project Review for such Project corresponding to the date in the approved schedule that the Participant is projected to have incurred 25% of Eligible Costs, 50% of Eligible Costs and 100% of Actual Eligible Costs. Provided the Participant satisfies the foregoing condition and otherwise is not in breach of the Project Incentive Agreement:

- (i) the first third of the Net Project Incentive less ten percent of one third of the Project Incentive will be paid within 30 days following approval by the OPA

of the first quarterly M&V Report following the In-Service Date and acceptance by the OPA of an Invoice;

- (ii) the second third of the Net Project Incentive less ten percent of one third of the Project Incentive will be paid within 30 days following approval by the OPA of the second quarterly M&V Report following the In-Service Date and acceptance by the OPA of an Invoice;
- (iii) the final third of the Net Project Incentive less ten percent of one third of the Project Incentive will be paid within 30 days following approval by the OPA of the third quarterly M&V Report following the In-Service Date and acceptance by the OPA of an Invoice; and
- (iv) the balance of the Net Project Incentive will be paid within 30 days following acceptance by the OPA of the fourth quarterly M&V Report following the In-Service Date and acceptance by the OPA of an Invoice.

**Example 5 – Sample Project Incentive calculation with Incentive Security**

Using the same Project Incentive calculations as illustrated and described in Example 3 above, if the Participant elects to provide Incentive Security, payments will be made in accordance with this Section 2.8 as illustrated in the table below:

<u>Payment Components</u>					
<u>A</u>	<u>B</u>	<u>C</u>		<u>E</u>	
<u>1/3 of Net Project Incentive</u>	<u>10% of 1/3 of Project Incentive</u>	<u>Impact of lower Actual Eligible Costs</u>	<u>Payment = A - B - C</u>	<u>Cumulative Payments</u>	
<u>Payment #1 Calculations</u>	<u>\$ 333,333</u>	<u>\$ 38,333</u>	<u>N/A</u>	<u>\$ 295,000</u>	<u>\$ 295,000</u>
<u>Payment #2 Calculations</u>	<u>\$ 333,333</u>	<u>\$ 38,333</u>	<u>N/A</u>	<u>\$ 295,000</u>	<u>\$ 590,000</u>
<u>Payment #3 Calculations</u>	<u>\$ 333,333</u>	<u>\$ 38,333</u>	<u>N/A</u>	<u>\$ 295,000</u>	<u>\$ 885,000</u>
<u>\$ 885,000</u>		<u>Payment #4 (10% of Project Incentive)</u>	<u>\$ 115,000</u>		

	<u>N</u>	
	<u>e</u>	
	<u>t</u>	
	<u>P</u>	
	<u>r</u>	<u>\$</u>
	<u>o</u>	<u>1</u>
	<u>i</u>	<u>0</u>
	<u>c</u>	<u>0</u>
	<u>c</u>	<u>0</u>
	<u>t</u>	<u>0</u>
<u>I</u>	<u>0</u>	
<u>n</u>	<u>0</u>	
<u>c</u>	<u>0</u>	
<u>e</u>		
<u>n</u>		
<u>t</u>		
<u>i</u>		
<u>v</u>		
<u>e</u>		

End of Example

Example 6 – Sample Project Incentive calculation with Incentive Security and with lower Actual Eligible Costs

Using the same Project Incentive calculations as illustrated and described in Exhibit 4 above, if the Participant elects to provide Incentive Security, payments will be made in accordance with this Section 2.8 as illustrated in the table below:

<u>Payment Components</u>						
<u>A</u>	<u>B</u>	<u>C</u>		<u>E</u>		
<u>1/3 of Net Project Incentive</u>	<u>10% of 1/3 of Project Incentive</u>	<u>Impact of lower Actual Eligible Costs</u>	<u>Payment = A - B - C</u>	<u>Cumulative Payments</u>		
<u>Payment #1 Calculations</u>	<u>\$ 333,333</u>	<u>\$ 38,333</u>	<u>N/A</u>	<u>\$ 295,000</u>	<u>\$ 295,000</u>	
<u>Payment #2 Calculations</u>	<u>\$ 333,333</u>	<u>\$ 38,333</u>	<u>N/A</u>	<u>\$ 295,000</u>	<u>\$ 590,000</u>	
<u>Payment #3 Calculations</u>	<u>\$ 256,667</u>	<u>\$ 30,667</u>	<u>\$ 138,000</u>	<u>\$ 88,000</u>	<u>\$ 678,000</u>	

	<u>\$ 678,000</u>	
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<u>\$ 92,000</u>	
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<p><u>\$ 770,000</u></p>	
<p><u>\$ 150,000</u></p>	

\$ 920,000

*End of Example*

~~The foregoing~~ Examples 1 to 6, inclusive, are for illustrative purposes and should not be construed as indicating any particular relationship between incentive levels.

**2.9    ~~2.7~~ OPA Responsibilities – General**

In accordance with these Program Rules, the OPA will:

- (a) evaluate the ~~Pre-Feasibility~~ Preliminary Engineering Study Funding Application;
- (b) evaluate the ~~Pre-Feasibility~~ Preliminary Engineering Study Report;
- (c) evaluate the ~~Feasibility~~ Detailed Engineering Study Funding Application;
- (d) evaluate the ~~Feasibility~~ Detailed Engineering Study Report;
- (e) evaluate the Project Incentive Application, including assessing the Project Review and M&V Plan prepared by the Technical Reviewer at the request of the OPA;
- (f) evaluate the M&V Report; and
- (g) pay the ~~Pre-Feasibility~~ Preliminary Engineering Incentive, ~~Feasibility~~ Detailed Engineering Study Incentive and Project Incentive or Net Project Incentive, as the case may be, in accordance with these Program Rules.

**2.10    ~~2.8~~ Participant Responsibilities – General**

In accordance with these Program Rules, the Participant will:

- (a) implement the Project in accordance with the Project Incentive Agreement, Good Engineering Practices and all Applicable Laws, in each case as therein defined;
- (b) deliver to the OPA not less than 10 Business Days prior written notice of the commissioning of the Project and of a proposed In-Service Date and provide any data in electronic or written form relating thereto reasonably requested by the OPA;
- (c) operate and maintain the Project or Portfolio for a period of not less than the Minimum Expected Life;
- (d) throughout the term of the Project Incentive Agreement, provide all reasonable access to the Facility and all relevant data required by the OPA for the purposes of preparing M&V Reports;

- (e) ~~(b)~~ ensure that at any time during the term of the Project Incentive Agreement, the Project continues to achieve at least 90 % of the Electricity Savings anticipated to have been achieved to such date by the Technical Reviewer as contained in the Project Review of the Project;
- ~~(c)~~ ~~provide status reports on the milestones identified in the Project Review comparing actual progress and costs on the implementation of the Project compared to budgeted Project costs and the approved Project schedule contained in the Project Review;~~
- (f) provide Status Reports to the OPA in accordance with the terms hereof;
- (g) ~~(d)~~ review, comment on and carry out the Participant's obligations as required pursuant to the M&V Plan such as, without limitation, installing metering equipment, data collection and delivering such data to the OPA;
- (h) ~~(e)~~ throughout the term of any Project Incentive Agreement, provide the OPA and its representatives with access to the ~~facility~~Facility in which the Project is installed for the purpose of installing additional metering if required by the OPA as part of the OPA's evaluation of the Project and for inspection of the operation of the Project at reasonable times upon reasonable request;
- (i) ~~(f)~~ ensure that its personnel are familiar with the Project and available to the OPA evaluation, measurement and verification parties throughout the term of any Project Incentive Agreement;
- (j) ~~(g)~~ demonstrate leadership in the area of energy conservation by, among other things, developing conservation policies and establishing employee, community and peer-to-peer awareness programs and shall file an Energy Management Plan with the OPA within one year of the date of its first Application, failing which, the OPA will be entitled to withhold a portion of the Project Incentive in an amount not to exceed 25 % of the total Project Incentive;
- (k) ~~(h)~~ at the request of the OPA, provide updated evidence, satisfactory to the OPA, of the Participant's solvency or other measure of overall financial health, including, without limitation, a certificate of the Participant's chief financial officer with respect to the Participant's solvency and ability to post required performance security, if any, and to provide audited financial statements and/or a ratings report from a rating agency acceptable to the OPA;
- (l) ~~(i)~~ ensure that all equipment being replaced in whole or in part by all or part of any Measure, when removed, is not sold for reuse and at the request of the OPA provide a written confirmation of such by a senior officer of the Participant; and
- (m) ~~(j)~~ obtain and maintain throughout the Electricity Savings Period, all permits and approvals necessary for the installation and operation of the Project.

### 3.0 REVIEW AND APPROVAL PROCESS

#### 3.1 Overview

The OPA will accept ~~Pre-Feasibility~~Preliminary Engineering Study Funding Applications, ~~Feasibility~~Detailed Engineering Study Funding Applications and Project Incentive Applications in respect of a Project, Portfolio or Micro-Project.

As indicated in the following table, a ~~Pre-Feasibility~~Preliminary Engineering Study is not mandatory and a Micro-Project may also proceed without a ~~Feasibility~~Detailed Engineering Study, however, in all other cases a ~~Feasibility~~Detailed Engineering Study approved by the OPA is mandatory and must be included with the Project Incentive Application:

Table 1 – Project Application Requirements

	Micro-Project	Project	Portfolio
<del>Pre-Feasibility</del> <u>Preliminary Engineering</u> Study	Optional	Optional	Optional
<del>Feasibility</del> <u>Detailed Engineering</u> Study	Optional	Mandatory	Mandatory
Incentive Agreement	Mandatory	Mandatory	Mandatory

#### 3.2 Summary of Steps in Process

Each Project and Portfolio will be subject to the following sequential process other than in the case of those Participants who choose not to include an optional item referred to in Table 1 above:

- Step 1: A Participant may submit a ~~Pre-Feasibility~~Preliminary Engineering Study Funding Application.
- Step 2: Upon receipt of OPA approval of the ~~Pre-Feasibility~~Preliminary Engineering Study Funding Application, OPA and Participant enter into a ~~Pre-Feasibility~~Preliminary Engineering Study Funding Contract.
- Step 3: The Participant must deliver a ~~Pre-Feasibility~~Preliminary Engineering Study Report to the OPA for approval by the OPA.
- Step 4: The Participant may submit a ~~Feasibility~~Detailed Engineering Study Funding Application.
- Step 5: Upon receipt of OPA approval of the ~~Feasibility~~Detailed Engineering Study Funding Application, OPA and Participant enter into a ~~Feasibility~~Detailed Engineering Study Funding Contract.

- Step 6: The Participant must deliver a ~~Feasibility~~Detailed Engineering Study Report to the OPA for approval by the OPA.
- Step 7: Upon approval by the OPA of the ~~Feasibility~~Detailed Engineering Study Report, the Participant may submit a Project Incentive Application.
- Step 8: Upon receipt by the OPA of the Project Incentive Application the OPA will instruct the Technical Reviewer to conduct a Project Review including development of the M&V Plan.
- Step 9: The Participant may review and comment on a summary report of the Project Review within 20 days of receiving it. Any adjustments resulting from such comments will be confirmed in writing by the OPA.
- Step 10: Upon approval of the Application, the OPA will deliver the Acceptance Notice pursuant to ~~section~~Section 6.1(a) hereof.
- Step 11: The Participant must deliver the Acceptance Reply within 30 days pursuant to ~~section~~Section 6.1(a) hereof.
- Step 12: Provided the Participant has complied with Step 11, the OPA will deliver the Offer Notice to the Participant and the Parties must enter into the Project Incentive Agreement within 10 Business Days thereof in accordance with ~~section~~Section 6.1(b) hereof.

It is anticipated that the OPA will normally approve Project Reviews within 60 days of receipt of the complete Project Incentive Application referred to in Step 8 above and within 30 days of receipt of the complete Project Incentive Application referred to in Step 8 above in the case of a Micro-Project. Other OPA approvals referred to in the above steps will generally be completed within 30 days.

A Micro Project may commence the process at Step 8 by submitting a Project Incentive Application without delivery of a ~~Feasibility~~Detailed Engineering Report.

Notwithstanding the foregoing, a Participant wanting to obtain a Project Incentive pursuant to a Project Incentive Agreement without entering into a ~~Pre-Feasibility~~Preliminary Engineering Study Funding Contract or a ~~Feasibility~~Detailed Engineering Study Funding Contract may commence the process at Step ~~3~~6 by delivering a ~~Feasibility~~Detailed Engineering Study Report to the OPA for its approval.

#### **4.0 ~~STEPS 1 THROUGH 6: PRE-FEASIBILITY AND FEASIBILITY~~PRELIMINARY ENGINEERING AND DETAILED ENGINEERING STUDY FUNDING**

For all Projects and Portfolios, a ~~Feasibility~~Detailed Engineering Study meeting the requirements set out in Exhibit B must be submitted to the OPA before an Incentive Application will be accepted.

#### 4.1 ~~Feasibility~~Preliminary and ~~Pre-Feasibility~~Detailed Engineering Study Funding Applications

- (a) The OPA will consider applications to provide funding for a ~~Pre-Feasibility~~Preliminary Engineering Study or ~~Feasibility~~Detailed Engineering Study in respect of any Project. The OPA will require the inclusion of an engineering proposal for the scope, budget and schedule of the ~~Pre-Feasibility or Feasibility~~Preliminary Engineering Study or Detailed Engineering Study to be attached to a ~~Pre-Feasibility~~Preliminary Engineering Study Funding Application or a ~~Feasibility~~Detailed Engineering Study Funding Application. A Participant wanting to secure such funding shall submit a ~~Pre-Feasibility~~Preliminary Engineering Study Funding Application or ~~Feasibility~~Detailed Engineering Study Funding Application, as the case may be, to the OPA in accordance with instructions posted on the ~~OPA's website~~Website from time to time.
- (b) Each Application will be reviewed by the OPA and a Technical Reviewer engaged by the OPA for such purpose. This review, for the sole benefit of the OPA, will provide the necessary due diligence to approve study funding including an assessment of the study scope, qualifications of the personnel who will perform the study, the proposed budget for the study, and compliance with the Program Rules. Each Application shall include the Release and Waiver set out in Exhibit D in favour of the OPA and the Technical Reviewer.
- (c) In determining whether to approve an Application, the OPA may take into consideration the current status of any Project of the Participant and or any amounts paid to the Participant as an Incentive.
- (d) The maximum amount available for funding of a ~~Pre-Feasibility~~Preliminary Engineering Study for any one Project is \$10,000. In the second year of the Program the OPA will introduce caps on the amounts available for funding Detailed Engineering Studies for Projects and Portfolios.
- (e) While the Participant will be responsible for contracting with an independent third party that will complete the ~~Pre-Feasibility~~Preliminary Engineering Study or ~~Feasibility~~Detailed Engineering Study, as the case may be, ~~such party must be selected from the list of approved vendors maintained by the OPA, and~~ the OPA must approve the cost and scope of work to be performed by such party, in advance of any work being performed.
- (f) If a ~~Pre-Feasibility~~Preliminary Engineering Study or ~~Feasibility~~Detailed Engineering Study Funding Application is approved, the OPA and the Participant will enter into a ~~Pre-Feasibility~~Preliminary Engineering Study Funding Contract or ~~Feasibility~~Detailed Engineering Study Funding Contract, as the case may be.
- (g) Each Preliminary Engineering Study Application and Detailed Engineering Study Application shall include a signed release provided the Participant in the form attached hereto as Exhibit D.

## 4.2 Study Incentives

- (a) If a ~~Pre-Feasibility or Feasibility~~Preliminary Engineering Study Funding Application or Detailed Engineering Study Funding Application is approved, the OPA will advance:
- (i) 50% of the lower of (A) the total funds approved for the ~~Pre-Feasibility~~Preliminary Engineering Study or ~~Feasibility~~Detailed Engineering Study, as the case may be, and (B) the actual costs incurred by the Participant to complete such ~~Pre-Feasibility or Feasibility~~Preliminary Engineering Study or Detailed Engineering Study, within 30 days of ~~receipt~~(a) acceptance by the OPA ~~for its approval of an Invoice and (b) the OPA's acceptance~~ of a draft report on the results of such study ~~prepared~~provided by the Participant, ~~which approval. The acceptance of such draft report~~ will in part be based on the extent to which such draft report reflects appropriately the originally contemplated scope of the study, as set out in the relevant Application and not on the specific recommendations set out in the draft report and shall not in any event be construed as a substantive approval of such report; and
  - (ii) the remaining amount of the actual funds as determined in (i) above for the ~~Pre-Feasibility~~Preliminary Engineering Study or ~~Feasibility~~Detailed Engineering Study, as the case may be, shall be paid within 30 days of (a) acceptance by the OPA of an Invoice and (b) approval by the OPA of a final report on the results of such study prepared provided by the Participant.
- (b) The total amount of funding advanced pursuant to a ~~Pre-Feasibility~~Preliminary Engineering Study Funding Contract or ~~Feasibility~~Detailed Engineering Study Funding Contract, as the case may be, will be deducted from any Project Incentive so that the total amount paid to a Participant in respect of the Project does not exceed the maximum Project Incentive determined in accordance with ~~section~~Section 2.6 hereof.

## 4.3 ~~4.3~~ — Study Review

- (a) ~~(a)~~ — The OPA will use commercially reasonable efforts to ensure that the review of the draft report is completed and comments are provided to the Participant within 30 days of receipt thereof. The Participant will be required to deliver the final report within 60 days of ~~acceptance by the date the OPA of the~~provides its comments on such draft report to the Participant.
- (b) ~~(b)~~ — If the Industrial System that is the subject of the ~~Feasibility~~Detailed Engineering Study has been changed or altered since the date of the ~~Feasibility~~Detailed Engineering Study, then the Participant shall be required to update the ~~Feasibility~~Detailed Engineering Study and the updated ~~Feasibility~~Detailed Engineering Study shall satisfy the requirements of Exhibit B, failing which the OPA may not accept the ~~Feasibility~~Detailed Engineering Study Report.

## 5.0 STEPS 7 TO 9: PROJECT ~~INCENTIVE APPLICATION~~ REVIEW PROCESS

### 5.1 Project Incentive Application

- (a) A Participant wanting to apply for a Project Incentive shall submit a Project Incentive Application to the OPA in accordance with instructions posted on the ~~OPA's website~~ Website from time to time, together with all documents required to establish that the Participant has satisfied all of the eligibility criteria set out in these Program Rules.
- (b) Subject to ~~section~~ Section 3.2 hereof, an Application to enter into a Project Incentive Agreement shall include a Project Incentive Application Form and subject to ~~section~~ Section (c) hereof, confirmation that the OPA is in possession of a completed ~~Feasibility~~ Detailed Engineering Study approved by the OPA.
- (c) A ~~Feasibility~~ Detailed Engineering Study is not required in the case of an Application for a Micro Project, however the Participant shall deliver the information required by Exhibit B.
- (d) Each Project Incentive Application shall include a signed release provided the Participant in the form attached hereto as Exhibit D.

### 5.2 Project Review

A Project Review means a written assessment of a Project or Portfolio by a Technical Reviewer, ~~including~~ The qualified employee of the Technical Reviewer providing the M&V Plan and the M&V Reports for any Project or Portfolio will be different from the qualified employee of the Technical Reviewer completing the balance of the Project Review. The Project Review will include, without limitation, an assessment of:

- (a) ~~(a)~~—the projected Electricity Savings to be obtained from implementing the Measure or Measures in the Project or Portfolio, as applicable, with consideration of the operational, technical and business risks;
  - (i) ~~(i)~~—Project information and data needed to determine the Base Case;
  - (ii) ~~(ii)~~—Projected Electricity Savings based on an hourly and seasonal basis;
  - (iii) ~~(iii)~~—Analysis of the anticipated economic and technical end-of-life of current equipment and anticipated replacement in the absence of the Project or Portfolio, as applicable, resulting in a determination of the number of years that the equipment replacement has been accelerated and the consequential impact on Electricity Savings;
  - (iv) ~~(iv)~~—Determination of the incremental Electricity Savings and capital and other costs relative to the current equipment, energy performance standards of

equipment that would be installed in the absence of the Program and the higher efficiency capital improvements directly influenced by the Program;

- (v) ~~(v)~~ Assessment of the implementation schedule for the proposed Project or Portfolio; and
  - (vi) ~~(vi)~~ Preparation of Project or Portfolio milestones.
- (b) ~~(b)~~ —the projected Eligible Costs;
- ~~(c) —the projected changes in operating and maintenance costs, other fuel use and productivity of the Industrial System;~~
- (c) the projected Project Benefits and Project Payback including, without limitation, an assessment of the methodology utilized by the Participant to make these determinations;
- (d) ~~(d)~~ —the projected relevant interactive affects on the ~~facility~~Facility in which the Industrial System is located;
- (e) ~~(e)~~ —the Minimum Expected Life of the Project or the Portfolio;
- (f) ~~(f)~~ —the alternatives to the Project or Portfolio;
- (g) ~~(g)~~ —compliance with the Program Rules and all applicable laws;
- ~~(h) —the amount of the OPA Project Incentive, if any;~~
- (h) ~~(i)~~ —the benefit of the Project or Portfolio to ratepayers in accordance with conservation and demand management industry standards;

and ~~the development by a~~will include the preparation of a written M&V Plan by the Technical Reviewer ~~of a written M&V Plan,~~ the Technical Reviewer's proposed amount of the Project Incentive, if any, all of which, together with the foregoing assessments is subject to approval by the OPA and the OPA approved M&V Plan, Project Incentive and assessments constitute the Project Review.

### 5.3 Measurement and Verification

The OPA expects that the M&V Plan for every Project (including every Project in a Portfolio) will require the collection of metered electrical and process data needed to establish a Base Case Baseline ~~for the appropriate process variables related to the Project.~~ The party selected by the Participant to complete any ~~Feasibility~~Detailed Engineering Study will be required to obtain the prior written approval of the OPA to its proposed methodology for determining the preliminary Base Case Baseline ~~calculation~~ including the collection and analysis of the Industrial System data, including any pre-metering required to implement the ~~Feasibility~~Detailed Engineering Study. Such proposed methodology will be subject to confirmation or amendment in the M&V Plan. The Participant shall also ensure that the OPA receives at least 5 Business Days prior

written notice of the installation of any metering for a study or implementation of a Measure and the OPA shall be entitled to attend at the ~~facility~~Facility to observe such installation. Where possible, the M&V Plan will include the ability of the OPA to remotely access data from the submeters installed for the Project. Subject to the OPA's approval in advance, the amount payable under the ~~Feasibility~~Detailed Engineering Study Funding Contract may include amounts required for the cost of metering required for ~~Feasibility~~Detailed Engineering Studies to be completed. The Technical Reviewer will prepare the M&V Plan as part of the Project Review and the Participant will review, comment on and fulfill its obligations in the M&V Plan as part of the Project and throughout the term of the relevant agreement for the Incentive.

#### **5.4 Preparation of the M&V Plan**

- (a) The M&V Plan is prepared as part of the Project Review.
- (b) The CMVP employed by the Technical Reviewer will develop an M&V Plan, based, in part, on the IPMVP.
- (c) The M&V Plan may be commented upon by the Participant.

#### **5.5 Implementation of the M&V Plan**

- (a) All meter procurement, design, installation and configuration costs associated with implementing the M&V Plan are Eligible Costs. The Participant is responsible for ~~all costs associated with~~ acquiring and installing metering required by the M&V Plan ~~above and beyond that required during the Feasibility Study. All reasonable metering costs arising in respect of meters required by the M&V Plan may be included in~~ within the Project Scope. The Participant is also responsible for collecting and submitting the M&V data at the frequency specified in the M&V Plan. The costs associated with collection and submitting the aforementioned data are not Eligible Costs.
- (b) The Participant will satisfy its obligations pursuant to ~~section 2.8~~Section 2.10 hereof.

### **6.0 STEPS 10 THROUGH 12: PROJECT INCENTIVE AGREEMENT EXECUTION**

#### **6.1 Offer and Acceptance**

- (a) Following the acceptance of a Project Incentive Application by the OPA, the OPA will provide notice to the Participant in respect of such Project that its Project Incentive Application has been accepted (the "**Acceptance Notice**"). The Participant shall have 30 days from the date of delivery of the Acceptance Notice to advise the OPA that all necessary internal approvals have been obtained in order to proceed with the Project (the "**Acceptance Reply**") and to provide the Performance Security Election. Upon receipt of the Acceptance Reply the OPA shall offer the Participant a Project Incentive Agreement, in its most recent standardized form, on the basis of the information set out in the Application (the "**Offer Notice**").

- (b) A Participant shall have 10 Business Days from the issuance of the Offer Notice to accept the offered Project Incentive Agreement. A Participant may accept and enter into the Project Incentive Agreement by printing and executing the enclosed Project Incentive Agreement documents and delivering the executed documents, together with the required performance security, to the OPA in accordance with the instructions in the Offer Notice.

## 6.2 ~~Form of~~ Project Incentive Agreement

The ~~form of the~~ Project Incentive Agreement will be composed of ~~a Project specific cover page, a set of~~ standard terms and conditions, a schedule describing the Project or Portfolio and setting out the material elements of the Project, ~~a set of special terms and conditions (if applicable), a technology specific exhibit, a settlement exhibit specific to the characteristics of the Project and an appendix of standardized definitions.~~ or Portfolio as well as certain details in respect of the Participant. Where the Project Incentive Agreement is for a Portfolio the ~~cover page~~ relevant schedule will list each Project, set out multiple Project-specific details, ~~there will be multiple schedules setting out and~~ the material elements of each Project ~~in the Portfolio, multiple sets of special terms and conditions (if applicable) and there will be an exhibit attached listing all Projects~~ in the Portfolio.

## 6.3 Term of Project Incentive Agreement

The Project Incentive Agreement will have a remaining term following the In-Service Date equal to a minimum of 10 years other than in the case of a Micro Project in which case the remaining term following the In-Service Date shall be equal to a minimum of 5 years.

## 7.0 PERFORMANCE AND INCENTIVE SECURITY

### 7.1 Requirement to Post Performance Security

Subject to ~~section 7.3~~ Sections 2.7, 2.8 and 7.2 hereof, the Participant will be required upon entering into the Project Incentive Agreement, other than in the case of a Micro-Project, to provide performance security (or other assurance acceptable to the OPA) to secure its commitment to implement the Project in accordance with the Application submitted to and approved by the OPA, the Project Incentive Agreement, the approved Project schedule and Good Engineering Practices and to ensure that the Project at any particular time continues to achieve at least 90 % of the Electricity Savings anticipated by the Technical Reviewer to have been achieved by such time as contained in the Project Review of the Project. The amount of the performance security to be provided in respect of a Project or Portfolio shall be determined first by the Participant identifying its Credit Rating, if any, in accordance with the following:

Credit Rating of Participant

S & P Reduction	DBRS	Moody's	Allowable  in <u>PS performance security</u>
At least A-	At least A low	At least A3	100%
At least BBB+	At least BBB high	At least Baa1	75%
At least BBB	At least BBB	At least Baa2	50%
At least BBB-	At least BBB low	At least Baa3	25%
Below or Not Rated			0%

The amount of performance security required will be determined by multiplying the Net Project Incentive payable in respect of a Project or Portfolio by a % equal to 1 minus the applicable % in the right hand column in the table above. Where such amount is \$1 million or less, the performance security will be a letter of credit in an amount equal to such amount and will be held until the 4<sup>th</sup> 2<sup>nd</sup> anniversary of the In-Service Date. For Projects or Portfolios where such amount is greater than \$1 million the letter of credit will ramp up in 4 amounts equal to the advances on account of the Net Project Incentive pursuant to ~~sections 2.6(h)~~ Sections 2.7(a)(i) to 2.62.7 (h)(iv) inclusive, in each case multiplied by a % equal to 1 minus the applicable % in the right hand column in the table above. The letter of credit will be delivered at the time the Participant ~~delivers the first Request For Payment~~ executes the Project Incentive Agreement and will automatically ramp up and down as herein provided. If the Participant has not breached the Project Incentive Agreement, on the first and second ~~and fourth~~ anniversary, respectively, of the In-Service Date, the letter of credit shall ramp down, in each case by 50%.

If a Participant has a Negative Outlook following the delivery of performance security that remains outstanding for 30 days then its Credit Rating will automatically be demoted by one row in the table above and the Participant shall within ten Business Days provide replacement performance security as required by such demotion, failing which the OPA will be entitled to draw upon the full amount of the existing ~~replacement~~ performance security.

## 7.2 Requirement Waived

Where the Participant ~~is Investment Grade~~ has the Required Rating and continues to ~~be Investment Grade~~ maintain the Required Rating from the date of the Incentive Agreement to the 4<sup>th</sup> 2<sup>nd</sup> anniversary of the In-Service Date, the OPA will suspend the Participant's obligation to deliver ~~Performance Security~~ performance security. If at any relevant time after the OPA suspends such obligation the Participant ~~becomes~~ no longer ~~Investment Grade~~ maintains the Required Rating then the OPA shall have the right to demand that the Participant satisfy its obligations under ~~section~~ Section 7.1 hereof within 10 days, failing which the Participant will be in default of its obligations under the Project Incentive Agreement. If the Participant's Affiliate ~~is~~

~~Investment Grade~~has the Required Rating then the Participant may also have the benefit of this ~~section~~Section 7.2 if such Affiliate provides a guarantee to the OPA, in a form acceptable to the OPA, of the Participant's obligations under the Project Incentive Agreement and otherwise complies with this ~~section 7.2.~~Section 7.2.

### 7.3 Results of Breach by the Participant

If the Participant breaches the Project Incentive Agreement prior to the In-Service date, the OPA may call on the performance security in an amount equal to all amounts paid by the OPA under such Project Incentive Agreement as of such time or if the Participant has elected to proceed pursuant to Section 2.8 hereof may withhold any payment due the Participant. If the In-Service Date of any Project or Portfolio does not occur within 2 years of the date of the relevant Project Incentive Agreement (or such other date as the OPA agrees to in writing), the OPA may draw on the full amount of the performance security or if the Participant has elected to proceed pursuant to Section 2.8 hereof no Net Project Incentive shall thereafter be payable to the Participant hereunder. If the Participant breaches the Project Incentive Agreement after the In-Service Date, the OPA may draw on the performance security to the extent necessary resulting from the breach or if the Participant has elected to proceed pursuant to Section 2.8 hereof, may withhold any payment due to the Participant. If the Project or Portfolio has failed to achieve at least 90% of the Electricity Savings anticipated by the Technical Reviewer to have been obtained during any relevant time period, the OPA may also, at its option:

#### ~~7.3~~ Call on Performance Security

- (i) ~~If, at any time during the term of the relevant Project Incentive Agreement, the Participant is in breach of the Project Incentive Agreement, including the failure of the Project to achieve at least 90 % of the Electricity Savings anticipated by the Technical Reviewer to have been obtained by such time as contained in the Project Review of the Project, as evidenced by any of the Measurement and Verification Reports, the OPA may, at its option, (i) if the Participant is in default of the Project Incentive Agreement, call on the performance security or exercise any other rights available to the OPA at law or equity, or if the Project has failed to achieve at least 90% of such Electricity Savings, (ii) allow the Participant, at the Participant's sole cost and expense, to substitute alternate equivalent electricity savings for the Electricity Savings, (iii) extend the term of the Project Incentive Agreement, or (iv) call on the performance security to the extent of the Proponent's failure to achieve the required threshold in the relevant reporting period.~~ Allow the Participant, at the Participant's sole cost and expense, to substitute alternative equivalent electricity savings for the Electricity Savings; and/or
  
- (ii) Extend the term of the Project Incentive Agreement to provide a longer period of time for the Participant to deliver Electricity Savings; or

- (iii) Where the Participant has elected to proceed pursuant to Section 2.7 hereof, the OPA may call on 25% of the total performance security for each such failure; or
- (iv) Where the Participant has elected to proceed pursuant to Section 2.8 hereof and the Project or Portfolio has failed to achieve at least 90% of the Electricity Savings anticipated by the Technical Reviewer to have been obtained as indicated by a quarterly M&V Report following the In-Service Date, the OPA may withhold the payment that would otherwise have been paid pursuant to Section 2.8 hereof until it receives two subsequent consecutive M&V Reports that confirm the Project or Portfolio has achieved at least 90% of such Electricity Savings.

Notwithstanding the foregoing, if the Participant has provided performance security to the OPA under any Project Incentive Agreement that has not been released, the OPA may call on that performance security for a breach by the Participant of any Project Incentive Agreement between the Participant and the OPA.

#### 7.4 Continuing Obligation

If a Participant elects pursuant to a Performance Security Election to provide Incentive Security in respect of any Project or Portfolio and to be paid the Net Project Incentive in accordance with Section 2.8 hereof, or following the 2<sup>nd</sup> anniversary of the In-Service Date, where a Participant has provided performance security, then for the entire term of this agreement or remaining term of this agreement, as applicable, such Participant shall provide to the OPA thirty Business Days prior written notice (the "Change Notice") of any change or proposed change in the Project, Industrial System or the Facility in or on which the Industrial System is located, which could reasonably be expected to result in a decrease in Electricity Savings from those projected by the Technical Reviewer in the Project Review of a Project or Portfolio. Upon receipt of such Change Notice, the Participant shall provide the OPA with access to such documents and premises as the OPA shall require for the Technical Reviewer to review the change referred to in the Change Notice and to confirm whether a decrease in the Electricity Savings from the Project will occur as a result of such change, which determination shall be binding on the Participant. Within thirty Business Days of such determination being made, the OPA shall provide the Participant with a written notice (the "Claw Back Notice") setting out the percentage reduction in Electricity Savings that will occur as a result of such change (the "Percentage"). Within ten Business Days of receipt of the Claw Back Notice, the Participant shall pay to the OPA an amount equal to the Percentage multiplied by the Project Incentive paid to the Participant pursuant to Section 2.7 or 2.8 hereof (the "Claw Back Amount"), failing which interest shall accrue on the Claw Back Amount at the Prime Rate plus four percent from such date until the date that it is paid in full. If the Participant fails to provide a Change Notice within the period herein specified then the Claw Back Amount shall bear such interest from the date such Change Notice was to have been provided in accordance with the terms hereof to the date the Claw Back Amount is paid in full.

## **8.0 MANDATORY REQUIREMENTS AND APPLICATION COSTS**

### **8.1 Review of Mandatory Requirements for Applications**

- (a) Each Application will be reviewed in detail by the OPA to confirm that the overall Application is complete and that the constituent elements of such Application satisfy all of the eligibility requirements set out in these Program Rules.
- (b) The OPA reserves the right, but is not obligated, to request clarification, additional information, documents and or statements in relation to any Application at any time. Any such requested clarification, additional information, document or statement must be submitted to the OPA, by e-mail, within 10 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 OPA, failing which the Application may be rejected as being incomplete.
- (c) The OPA may prepare a written interpretation of any aspect of an Application and seek the respective Participant's acknowledgement of that interpretation. Any written interpretation which has been acknowledged by the relevant Participant shall be considered to form part of the Application of that Participant. The OPA is not obliged to seek clarification or interpretation of any aspect of an Application.
- (d) The OPA may verify with any Participant or with a third party any information set out in an Application.
- (e) The OPA reserves the right to reject any Application, in whole or part, whether or not completed properly and whether or not it contains all necessary information, and reserves the right to discuss different or additional terms to those included in any Application with the Participant.
- (f) Where an Application has been rejected, the OPA shall give reasons for rejecting the Application within 10 Business Days of notifying the Participant of such rejection. Rejection of an Application shall be without prejudice to submitting a revised Application to the extent that a Participant believes an Application can be improved, and thereby accepted, and provided that such revised Application shall be subject to these Program Rules in effect at the time of resubmission.
- (g) A decision by the OPA to accept or reject an Application shall be final and binding and not subject to appeal.

### **8.2 Costs of Applications**

- (a) Each Application will be prepared at the sole cost and expense of the Participant, including any costs incurred in the review of these Program Rules.
- (b) The OPA shall not be liable to pay any Participant costs under any circumstances. In particular, the OPA will not reimburse the Participant in any manner whatsoever in the event of rejection of any or all Applications or in the event of the amendment,

cancellation or suspension of the Program at any time. By submitting an Application, the Participant irrevocably and unconditionally waives any claims against the OPA relating to the Participant's costs and expenses.

## 9.0 CONFIDENTIALITY

### 9.1 OPA Confidential Information

- (a) All information provided by or obtained from the OPA in any form in connection with the Program, either before or after the execution of a ~~Pre-Feasibility~~Preliminary Engineering Study Funding Contract, ~~Feasibility~~Detailed Engineering Study Funding Contract or a Project Incentive Agreement, that is not otherwise publicly available, is the sole property of the OPA and must be treated as confidential, and:
- (i) is not to be used for any purpose other than applying to participate in the Program and the performance by the Participant under a ~~Pre-Feasibility~~Preliminary Engineering Study Funding Contract, ~~Project~~Detailed Engineering Study Funding Contract or Project Incentive Agreement;
  - (ii) must not be disclosed without the prior written authorization of the OPA, other than to the Participant's or Participant's counsel, consultants and other advisors, provided the Participant obtains similar confidentiality commitments from such third parties and further provided that the Participant shall be liable for any breach of confidentiality by such third parties; and
  - (iii) shall be returned by the Participant, Participant or third party (as applicable) to the OPA immediately upon request of the OPA.

### 9.2 Participant Confidential Information

Information provided by a Participant is subject to, and may be released in accordance with, the provisions of the *Freedom of Information and Protection of Privacy Act* (Ontario). At the option of the Participant, the Participant may clearly indicate in a separate confidentiality statement, ~~in a form~~ included in with the Application; those portions of the Application that contain proprietary or confidential information for which confidentiality is claimed by the Participant. In the event that no confidentiality statement is provided, the Participant will be automatically deemed, by submission of the Application, to certify to the OPA that no portion of the Application contains proprietary or confidential information for which confidentiality is claimed by the Participant.

### 9.3 Use of Confidential Information by the OPA

The confidentiality of any information identified by the Participant or Participant, as applicable, as proprietary or confidential will be maintained by the OPA, except that the OPA may:

- (a) be required to disclose such information if it is otherwise not protected from disclosure through an exemption in the *Freedom of Information and Protection of Privacy Act* (Ontario) or any other applicable legislation, regulation or policy;

- (b) be required to disclose such information where an order by the Information and Privacy Commission, a court or a tribunal so requires;
- (c) make public the names of all Participants; and
- (d) publish aggregate data relating to the Program.

In addition, Participants are advised that their Applications will, as necessary, be disclosed on a confidential basis to the OPA's counsel, consultants and other advisers retained for the purpose of the Program.

#### **9.4 Exceptions to Confidentiality Requirements**

Notwithstanding the foregoing, the OPA shall not be required to maintain the confidentiality of any information that:

- (a) is or becomes generally available to the public without fault or breach on the part of the OPA of any duty of confidentiality owed by the OPA to the Participant or Participant or to any third party;
- (b) the OPA can demonstrate that it has rightfully obtained such information from a third party who had the right to transfer or disclose it to the OPA free of any obligation of confidence;
- (c) the OPA can demonstrate that it had been rightfully known by or in the possession of the OPA at the time of disclosure, free of any obligation of confidence when disclosed; or
- (d) has been independently developed by the OPA.

### **10.0 ADDITIONAL RULES**

#### **10.1 Program Amendments**

The OPA intends to review and amend, as necessary the Program, these Program Rules, the form of any agreement hereunder (which, for greater certainty, shall not affect any previously executed agreements) and the amounts of Incentives at regular two-year intervals, with the first scheduled review to take place two years after the Program is launched (each, a "**Scheduled Program Review**"). The frequency of the Scheduled Program Reviews shall also be subject to review.

The OPA may make an amendment outside of a Scheduled Program Review in response to Ministerial directions, changes in laws and regulations, significant changes in market conditions or other circumstances, as determined by the OPA.

Notice of any amendment as a result of a Scheduled Program Review will be posted on the ~~OPA's website~~ [Website](#) at least 30 days prior to the effective date of such amendment. Notice of any amendment that is not as a result of a Scheduled Program Review will be posted by the OPA

on ~~its website~~the Website for such time period, if any, prior to the effective date of such amendment, as circumstances may permit.

## 10.2 Assignment and Change of Control

- (a) A Participant shall not assign its Application to another Person other than an Affiliate, except with the prior written consent of the OPA, which consent may not be unreasonably withheld or delayed.
- (b) A Participant shall not permit or allow a change of Control of such Participant, except with the prior written consent of the OPA, which consent may not be unreasonably withheld or delayed.

## 10.3 Environmental Attributes

The Project Incentive Agreement will provide that all Environmental Attributes arising ~~only in relation to the Electricity Savings funded by any amount paid under these Program Rules~~respect of Electricity Savings for which a Project Incentive has been paid, other than those which are required by the Participant by Applicable Laws in order solely to operate the Project for which the Project Incentive has been paid, shall be owned by the OPA and the Participant shall have no entitlement to any such Environmental Attributes. All other Environmental Attributes arising in relation to a Participant's ~~facility~~Facility shall be owned by the Participant and the OPA shall have no entitlement thereto.

## 10.4 General

- (a) Any ~~Pre-Feasibility~~Preliminary Engineering Study Funding Contract, ~~Feasibility~~Detailed Engineering Study Funding Contract or Project Incentive Agreement executed by the OPA and any Participant will not be exclusive agreement(s). In submitting an Application, a Participant will be deemed to have acknowledged that the OPA may contract with others on the same or similar terms and by other means and on different terms.
- (b) The rights reserved to the OPA in these Program Rules are in addition to any other express rights or any other rights which may be implied in the circumstances, and the OPA shall not be liable for any expenses, costs, losses or any direct or indirect damages incurred or suffered by any Participant or any third party resulting from the OPA exercising any of its express or implied rights under the Program.
- (c) By submitting an Application, the Participant authorizes the collection by the OPA of the information set out in the Application and otherwise collected in accordance with the terms hereof.
- (d) The OPA reserves the right to amend or cancel the Program for any reason or to suspend the Program for any reason, for such period of time as the OPA shall determine, in each case without any obligation or any reimbursement to Participants.

- (e) The Project Incentive Agreement will, among others, contain terms providing:
- (i) for arbitration of disputes;
  - (ii) that there can be no material change to a Project including its scope, objectives, contractors, consultants, costs and implementation schedule without the prior written consent of the OPA;
  - (iii) the OPA and its representatives access to the Participant's ~~facility~~Facility where the Project is located and to any relevant data ~~collections~~collection devices throughout the term of the agreement;
  - (iv) that the Participant must inform the OPA in writing of all ~~financial contributions~~Third Party Contributions to the Project from any party other than the OPA;
  - (v) covenants of the Participant to operate and maintain the Project for a period of not less than ~~10 years~~the Minimum Expected Life and during such time to use commercially reasonable efforts to obtain the Electricity Savings identified in the Project Review;
  - (vi) the OPA with the right at any time to make public data relating to the Project aggregated with other projects in a manner intended to report on the Program;
  - (vii) the OPA with the right to advise other Participants the features and equipment described in the Project Incentive Application unless the Participant, acting reasonably, has advised the OPA in writing that such information is confidential;
  - (viii) the obligation of the Participant to acknowledge the assistance provided by the OPA in all publications, publicity materials and other forms of release or communication pertaining to the Project, provided that the OPA shall have the right to approve all such communications in advance;
  - (ix) the OPA shall have rights consistent with Sections 7.3 and 7.4 hereof;
  - (x) ~~(ix)~~ force majeure relief to a party who is unable to meet its obligations for reasons beyond its control; and
  - (xi) ~~(x)~~ adjustment and repayment mechanisms applicable if the implementation of the as built Project is materially different than that proposed in the Project Incentive Application.

This ~~section 10.3~~Section 10.4(e) is explanatory in nature only as to the matters referred to in this ~~section~~Section and shall not be construed in any manner as limiting the actual terms and conditions of the Project Incentive Agreement.



**Schedule 1**  
**Eligible Participants Who Have Eligible Projects**

AbitibiBowater  
Ainsworth Engineered Canada Limited Partnership  
Arcelormittal Dofasco Inc.  
Atlantic Packaging Products Ltd.  
Carmeuse Lime (Spragge) Limited  
Casco Inc.  
Cytex Canada Inc.  
DeBeers Canada Inc.  
Domtar Pulp and Paper Products Ltd.  
Dyno Nobel Nitrogen Inc.  
~~Enbridge Pipelines Inc.~~  
Essar Steel  
First Nickel Inc.  
Flakeboard Company Limited  
Ford Motor Company of Canada  
~~Foxpoint Resources Ltd.~~  
General Motors of Canada Ltd  
Georgia-Pacific Canada, Inc.  
Gerdau Ameristeel Corporation  
Goldcorp Canada Ltd.  
Haley Industries Limited  
Hamilton Specialty Bar (2007) Inc.  
~~IBM Canada Ltd.~~  
Imperial Oil Limited  
~~Inmet Mining Corporation~~  
~~Invista Canada Millhaven Plant~~  
Ivaco Rolling Mills 2004 L.P.  
~~Kimberly Clark~~  
Kirkland Lake Gold  
Lafarge Canada Inc.  
~~Lake Huron Primary Water Systems JBM~~  
Lake Shore Gold Corp.  
Lanxess Inc.  
~~Marathon Pulp Inc.~~  
Milman Mining Inc.  
~~MMFX Steel of Canada, Inc.~~  
~~Norampac Inc.~~  
North American Palladium  
Nova Chemicals (Canada) Ltd.  
Novelis Inc.  
~~O.N.TEL INC.~~  
Oxy Vinyls Canada Co.  
Panabrasive Inc.

~~Roxmark Mine Ltd.~~

Shell Canada Products

St. Andrew Goldfields Ltd.

St. Marys Cement Inc.

St. ~~Marys~~ Mary's Paper ~~Sun-Canadian Pipe Line Company Limited~~

Suncor Energy Products Inc.

Tembec Enterprises Inc.

~~Terrace Bay Pulp Inc.~~

~~Thunder Bay Fine Papers Inc.~~

Toyota Motor Manufacturing Canada Inc.

~~TranSCANADA Pipelines Ltd.~~

U.S. Steel Canada Inc.

Vale ~~Inco~~ Limited

Wesdome Gold Mine – Wawa

Weyerhaeuser Company Limited

Williams Operating Corporation (Barrick)

Xstrata Canada Corp.

## EXHIBIT A

### Preliminary Engineering Study Report Minimum Requirements

#### Purpose:

This Exhibit contains the minimum requirements for a Preliminary Engineering Study Report as described in the Program Rules. The Preliminary Engineering Study Report must meet the technical, financial and economic analysis, and overall quality and completeness requirements as outlined below. It will recommend for further study the potentially cost-effective electricity opportunities (Opportunities) for a single Industrial System.

For the purposes of the Program, Preliminary Engineering Study Reports must provide energy and demand savings estimates to an accuracy of +/- 30% and Project cost estimates to an accuracy of +/- 50%. The Preliminary Engineering Study Report must be prepared or reviewed by, and signed by a registered professional engineer licensed to practice in Ontario (the "Engineer").

Capitalized terms have the meaning given to them in this document, the Program Rules or the then current IPMVP, as applicable.

#### Preliminary Engineering Study Report Submission Requirements:

In order to complete a satisfactory Preliminary Engineering Study Report, Participants should prepare a Preliminary Engineering Study Report submission package containing:

- one original (bound) of the Preliminary Engineering Study signed by the Engineer,
- one hard copy of the Preliminary Engineering Study Report (bound), and
- one electronic copy of the Preliminary Engineering Study Report, in Portable Document Format (PDF) and the Measures Summary Template, as found on the Website, in Microsoft Excel format on CD-ROM in a sealed package.

Participants should submit the prepared submission package to:

**Program Manager – Industrial Accelerator<sup>OM</sup> Program**  
Ontario Power Authority  
120 Adelaide Street West  
Suite 1600  
Toronto, Ontario M5H 1T1

In the event of a conflict or inconsistency between the hard copy and the electronic copy of the Preliminary Engineering Study, the original bound copy of the Preliminary Engineering Study Report shall prevail.

#### Amending Studies

At any time a Participant may amend a submitted Preliminary Engineering Study Report. The right of Participants to amend includes amendments or withdrawals wholly initiated by Participants and amendments or withdrawals in response to subsequent information that becomes available to the Participant. Following acceptance of the Preliminary Engineering Study Report by the OPA, all amendments thereto proposed by the Participant shall require the written approval of the OPA.

Any amendment should clearly indicate what part of the Preliminary Engineering Study the amendment is intending to replace. A notice of amendment should be sent to the OPA as soon as possible and should be signed by an authorized representative of the Participant and by the Engineer.

### Preliminary Engineering Study Report to be Retained by the OPA

The OPA will not return the Preliminary Engineering Study Report or any accompanying documentation submitted by a Participant.

## Form and Content

Following are the required components of a Preliminary Engineering Study Report:

### 1.0 Executive Summary:

- 1.1 Facility name and location.
- 1.2 Dates of study start and completion.
- 1.3 A brief background and description of the Industrial System studied.
- 1.4 A brief description of Measures recommended for further study, with estimates of:
  - 1.4.1 Annual electricity savings.
  - 1.4.2 Annual average electricity demand reduction.
  - 1.4.3 Project Benefits that contribute to cost-effectiveness of the Project.
  - 1.4.4 Simple payback for the recommended Measures based on total Eligible Costs excluding Incentives or Third Party Contributions.
  - 1.4.5 Project Payback for the recommended Measures.
- 1.5 Author of report with acknowledgement of key personnel involved including titles.
- 1.6 Acknowledgement of Facility personnel involved in the study with titles.

### 2.0 Base Case

- 2.1 Description of the Industrial System studied:
  - 2.1.1 Type of system and areas of plant/process served.
  - 2.1.2 Annual hours of operation.
  - 2.1.3 Existing equipment efficiency and Base Case Baseline.
  - 2.1.4 How does the system interact with other systems in the plant.
  - 2.1.5 Explanation of why this system was chosen for study.
  - 2.1.6 Age of system or major system components.

### 3.0 Opportunity Analysis

Analyze all reasonable electricity conservation Measures that could be applicable to the Industrial System studied. Complete the technical, financial, and economic information requirements listed below for each Measure analyzed.

#### 3.1 Technical

- 3.1.1 Technical description of each identified Measure.
- 3.1.2 Methodology and calculations used to arrive at energy and demand savings estimates for each Measure.
- 3.1.3 Identification and specification of any software tools used in the analysis.
- 3.1.4 Results of analysis including uncertainty ranges for:

3.1.4.1 Annual electricity savings.

3.1.4.2 Monthly average demand reduction.

3.1.4.3 Daily electrical demand reduction profile by season.

3.1.5 Indication of "interactive effects" between systems and the Measure i.e. a reduction in energy use in one area may cause an increase in another.

3.1.6 Indication of any "other benefits" that may result from implementation of each Measure. Methodology must be shown. Examples of "other benefits" are:

3.1.6.1 Changes in fossil fuel consumption.

3.1.6.2 Changes in product quality or productivity, or

3.1.6.3 Changes in operating & maintenance costs.

### **3.2 Economic and Financial**

3.2.1 Itemized cost of each identified Measure that should include considerations for: Detailed design and engineering, project management, equipment, installation labour, demolition, and commissioning.

3.2.2 Simple payback for each identified Measure without Incentives or any third party contributions.

3.2.3 Project Payback.

## **4.0 Recommendations**

4.1 Discussion of Measures recommended for further study based on results of technical and economic analysis.

4.2 Discussion of expected lifetime of recommended Measures with an indication of any special maintenance practices required to realize continued savings.

## **EXHIBIT B**

### **Feasibility**

#### **Detailed Engineering Study Minimum Requirements**

##### **Purpose:**

This Exhibit contains the minimum requirements for a **Feasibility**Detailed Engineering Study Report as described in the Program Rules. The **Feasibility**Detailed Engineering Study Report must meet the technical, financial and economic analysis, and overall quality and completeness requirements as outlined below. A Measure Summary for each recommended Measure and a Project Summary for each Project must be prepared in the electronic template as supplied on the Website.

For the purposes of the Program, **Feasibility**Detailed Engineering Study Reports must provide Electricity Savings estimates to an accuracy of +/- 10% and Project cost estimates to +/- 25%. The **Feasibility**Detailed Engineering Study Report must be prepared or reviewed by, and signed (with drawings stamped) by a registered professional engineer licensed to practice in Ontario (the "**Engineer**").

Capitalized terms used below have the meaning given to them in this document, in the Program Rules, or the then current IPMVP, as applicable.

##### **FeasibilityDetailed Engineering Study Report Submission Requirements:**

Participants should prepare a **Feasibility**Detailed Engineering Study Report submission package containing:

- one original (bound and drawings) of the **Feasibility**Detailed Engineering Study Report in the case of a Project, or one original (bound and drawings) for each **Feasibility**Detailed Engineering Study Report in the case of a Portfolio, in either case signed by the Engineer.
- ~~the Submission Cover Form, which can be found on the website, signed by an authorized representative of the Participant, (prominently marked "Original");~~
- ~~Feasibility Study Cover Form, which can be found on the website, for each Feasibility Study Report included in the submission, signed by the Engineer responsible for the individual Feasibility Study contents;~~
- ~~three (3)~~one hard ~~copies~~copy of each **Feasibility**Detailed Engineering Study Report (bound and drawings), and
- one electronic copy of the **Feasibility**Detailed Engineering Study Report, in Portable Document Format (PDF) and the Measure Summaries and Project Summary template, as found on the ~~website~~Website, in Microsoft Excel format on CD-ROM in a sealed package.

Participants should submit the prepared submission package to:

**Program Manager – Industrial ~~Transmission–Connected–Electricity–Efficiency~~  
Programs**Accelerator<sup>OM</sup> **Program**

Ontario Power Authority  
120 Adelaide Street West  
Suite 1600

Toronto, Ontario M5H 1T1  
~~Attention: XXXXXXXX~~

In the event of a conflict or inconsistency between the hard copy and the electronic copy of the ~~Feasibility~~Detailed Engineering Study, the original bound copy of the ~~Feasibility~~Detailed Engineering Study Report shall prevail.

### **Amending Studies**

At any time a Participant may amend a submitted ~~Feasibility~~Detailed Engineering Study(ies). The right of Participants to amend includes amendments wholly initiated by Participants and amendments or withdrawals in response to subsequent information that becomes available to the Participant. Following acceptance of the ~~Feasibility~~Detailed Engineering Study Report by the OPA, all amendments thereto proposed by the Participant shall require the written approval of the OPA.

Any amendment should clearly indicate what part of the ~~Feasibility~~Detailed Engineering Study the amendment is intending to replace. A notice of amendment should be sent to the OPA as soon as possible and should be signed by an authorized representative of the Participant and by the Engineer.

### **~~Feasibility~~Detailed Engineering Study to be Retained by the OPA**

The OPA will not return the ~~Feasibility~~Detailed Engineering Study or any accompanying documentation submitted by a Participant.

## **Form and Content**

Following are the required components of a ~~Feasibility~~Detailed Engineering Study Report:

### **1.0 Executive Summary**

- 1.1 Facility name and location.
- 1.2 Dates of study start and completion.
- 1.3 A brief background and description of the industrial system(s) studied,
- 1.4 A brief description of recommended Measures with estimates of:
  - 1.4.1 Annualized Electricity Savings,
  - 1.4.2 Annual average electricity demand reduction,
  - 1.4.3 Project Benefits that contribute to cost-effectiveness of the Project,
  - 1.4.4 Any costs directly related to the Project which are not included in Eligible Costs and for which the Participant is requesting the OPA approve the addition of such cost to Eligible Costs pursuant to section 2.5 (k) of the Program Rules,
  - 1.4.5 Simple payback for each recommended Measure and for the aggregate of all recommended Measures based on total Eligible Costs excluding Incentives or Third Party Contributions,
  - 1.4.6 Project Payback for each recommended Measure and for the aggregate of all recommended Measures, and
  - 1.4.7 Estimated Project Incentive as per the Program Rules.
- 1.5 Author of report with acknowledgement of key personnel involved including titles.
- 1.6 Acknowledgement of ~~facility~~Facility personnel involved in the study with titles.

### **2.0 Base Case**

- 2.1 Description of each Industrial System studied:

- 2.1.1 Type of system and areas of plant/process served,
  - 2.1.2 Explanation of why this Industrial System was chosen for study,
  - 2.1.3 Process flow diagram, indicating Measurement Boundary, and how the Industrial System interacts with the remaining plant,
  - 2.1.4 Relevant electrical single line diagrams,
  - 2.1.5 Process and instrumentation drawings (P&ID),
  - 2.1.6 Equipment data sheets or existing equipment efficiency,
  - 2.1.7 Preliminary Base Case Baseline, (subject to review and acceptance by the Technical Reviewer during baseline data collection):
    - 2.1.7.1 Annual electricity energy consumption,
    - 2.1.7.2 Daily and seasonal electrical load profile,
    - 2.1.7.3 Load duration curve or table indicating annual hours of operation at significant capacity points,
    - 2.1.7.4 Production and throughput as it relates to the energy consumption of the Industrial System,
  - 2.1.8 Operating and maintenance costs for the Industrial System,
  - 2.1.9 Product quality from the existing Industrial System,
  - 2.1.10 Reliability of the existing Industrial System,
  - 2.1.11 Age of the Industrial System or major system components and analysis of remaining life,
  - 2.1.12 Standard commercially available replacement equipment cost and energy use (least cost new equipment that meets the system requirements).
- 2.2 Measured electrical, process, and operating data collected during the ~~Feasibility~~[Detailed Engineering](#) Study provided in MS Excel spreadsheet format.
- 2.3 The most recent electric utility bills received for a single billing period for the service entrance of the location of the studied system.

### 3.0 Measure Analysis

Analyse all reasonable energy conservation Measures that could be applicable to each Industrial System studied. Complete the technical, financial, and economic information requirements listed below for each Measure analyzed.

#### 3.1 Technical

- 3.1.1 Technical description of each identified Measure.
- 3.1.2 Methodology and calculations used to arrive at energy and demand savings estimates for each Measure.
- 3.1.3 Identification and specification of any software tools used in the analysis.
- 3.1.4 Results of analysis including uncertainty ranges and assumptions for operating conditions for the life of the Measure:
  - 3.1.4.1 Annual electrical energy savings,
  - 3.1.4.2 Monthly average electrical demand reduction,
  - 3.1.4.3 Daily electrical demand reduction profile by season.
- 3.1.5 Analysis of “interactive effects” between systems and Measures i.e. a reduction in electricity use in one area may cause an increase in electricity use in another.
- 3.1.6 Quantification of “other benefits” with dollar savings estimates that may result from implementation of each Measure. Methodology must be shown. Examples are:
  - 3.1.6.1 Changes in fossil fuel consumption,

- 3.1.6.2 Changes in product quality or productivity, or
- 3.1.6.3 Changes in operating & maintenance costs.
- 3.1.7 Description of measurement techniques that would aid in ongoing evaluation of electricity savings for each Measure.

### **3.2 Economic & Financial**

- 3.2.1 Itemized implementation costs of each Measure including:
  - 3.2.1.1 Detailed design and engineering,
  - 3.2.1.2 Project management,
  - 3.2.1.3 Equipment,
  - 3.2.1.4 Installation labour,
  - 3.2.1.5 Demolition,
  - 3.2.1.6 Scrap value recovery, and
  - 3.2.1.7 Commissioning.
- 3.2.2 Simple payback for each Measure without Incentives or any third party contributions.
- 3.2.3 Project Payback with Incentives.

### **4.0 Recommendations**

- 4.1 Provide recommendations by Measure and at the Project level:
  - 4.1.1 Discussion of recommended and non-recommended Measures using results of technical and economic analysis,
  - 4.1.2 Simple payback for each recommended Measure and for the aggregate of all recommended Measures based on total Eligible Costs with no Incentives or Third Party Contributions,
  - 4.1.3 Project Payback for each recommended Measure and for the aggregate of all recommended Measures,
  - 4.1.4 Discussion of expected lifetime of recommended Measures with a description of any special maintenance practices required to realize continued savings,
  - 4.1.5 Discussion of risks associated with performance of recommended Measures.

### **5.0 Implementation Action Plan**

- 5.1 Detailed technical description for implementation of each recommended Measure:
  - 5.1.1 Specifications suitable for procurement of bids for the Project construction and commissioning. Include sample manufacturers data sheets if applicable,
  - 5.1.2 List of existing equipment to be de-commissioned,
  - 5.1.3 Proposed operating parameters including mode and sequence of operation and programming of process control systems.
- 5.2 Provide a schedule for implementation:
  - 5.2.1 Overall time to complete project broken down by major tasks and time required for each,
  - 5.2.2 Detail any known timeline risks and critical tasks.

**EXHIBIT B****Pre-Feasibility Study Report Minimum Requirements****Invoice Format****Purpose:**

~~This Exhibit contains the minimum requirements for a Pre-Feasibility Study Report as described in the Program Rules. The Pre-Feasibility Study Report must meet the technical, financial and economic analysis, and overall quality and completeness requirements as outlined below. It will recommend for further study the potentially cost effective electricity opportunities (Opportunities) for a single Industrial System.~~

~~For the purposes of the Program, Pre-Feasibility Study Reports must provide energy and demand savings estimates to an accuracy of +/- 30% and Project cost estimates to an accuracy of +/- 50%. The Pre-Feasibility Study Report must be prepared or reviewed by, and signed by a registered professional engineer licensed to practice in Ontario (the "Engineer").~~

~~Capitalized terms have the meaning given to them in this document, the Program Rules or the then current IPMVP, as applicable.~~

**Pre-Feasibility Study Report Submission Requirements:**

~~In order to complete a satisfactory Pre-Feasibility Study Report, Participants should prepare a Pre-Feasibility Study Report submission package containing:~~

- ~~• one original (bound) of the Pre-Feasibility Study,~~
- ~~• the Submission Cover Form, as found on the Website, signed by an authorized representative of the Participant, (prominently marked "Original");~~
- ~~• a Pre-Feasibility Study Cover Form as found on the website, signed by the Engineer;~~
- ~~• three (3) hard copies of the Pre-Feasibility Study Report (bound), and~~
- ~~• one electronic copy of the Pre-Feasibility Study Report, in Portable Document Format (PDF) and the Measures Summary Template, as found on the website, in Microsoft Excel format on CD-ROM in a sealed package.~~

~~Participants should submit the prepared submission package to:~~

~~**Program Manager — Industrial Transmission Connected Electricity Efficiency Programs**~~

~~Ontario Power Authority  
120 Adelaide Street West  
Suite 1600  
Toronto, Ontario M5H 1T1  
Attention: XXXXXXXX~~

~~In the event of a conflict or inconsistency between the hard copy and the electronic copy of the Pre-Feasibility Study, the original bound copy of the Pre-Feasibility Study Report shall prevail.~~

**Amending Studies**

~~At any time a Participant may amend a submitted Pre-Feasibility Study Report. The right of Participants to amend includes amendments or withdrawals wholly initiated by Participants and amendments or withdrawals in response to subsequent information that becomes available to the Participant. Following acceptance of the Pre-Feasibility Study Report by the OPA, all amendments thereto proposed by the Participant shall require the written approval of the OPA.~~

~~Any amendment should clearly indicate what part of the Pre-Feasibility Study the amendment is intending to replace. A notice of amendment should be sent to the OPA as soon as possible and should be signed by an authorized representative of the Participant and by the Engineer.~~

### ~~Pre-Feasibility Study Report to be Retained by the OPA~~

~~The OPA will not return the Pre-Feasibility Study Report or any accompanying documentation submitted by a Participant.~~

## ~~Form and Content~~

~~Following are the required components of a Pre-Feasibility Study Report:~~

### ~~1.0 Executive Summary:~~

- ~~1.1 Facility name and location.~~
- ~~1.2 Dates of study start and completion.~~
- ~~1.3 A brief background and description of the Industrial System studied.~~
- ~~1.4 A brief description of Measures recommended for further study, with estimates of:~~
  - ~~1.4.1 Annual electricity savings,~~
  - ~~1.4.2 Annual average electricity demand reduction,~~
  - ~~1.4.3 Project Benefits that contribute to cost-effectiveness of the Project,~~
  - ~~1.4.4 Simple payback for the recommended Measures based on total Eligible Costs excluding Incentives or Third Party Contributions,~~
  - ~~1.4.5 Project Payback for the recommended Measures.~~
- ~~1.5 Author of report with acknowledgement of key personnel involved including titles.~~
- ~~1.6 Acknowledgement of facility personnel involved in the study with titles.~~

### ~~2.0 Base Case~~

- ~~2.1 Description of the Industrial System studied:~~
  - ~~2.1.1 Type of system and areas of plant/process served,~~
  - ~~2.1.2 Annual hours of operation,~~
  - ~~2.1.3 Existing equipment efficiency and Base Case Baseline,~~
  - ~~2.1.4 How does the system interact with other systems in the plant,~~
  - ~~2.1.5 Explanation of why this system was chosen for study,~~
  - ~~2.1.6 Age of system or major system components.~~

### ~~3.0 Opportunity Analysis~~

~~Analyze all reasonable electricity conservation Measures that could be applicable to the Industrial System studied. Complete the technical, financial, and economic information requirements listed below for each Measure analyzed.~~

~~Company Name (Cheque Payable to):~~

~~Address:~~

City:

Province:

Postal Code:

Date (dd/mm/yy):

Contact Name:

Phone:

FAX:

Invoice #:

PO #:

GST/HST #:

### ~~3.1~~ **Technical**

~~3.1.1~~ Technical description of each identified Measure.

~~3.1.2~~ Methodology and calculations used to arrive at energy and demand savings estimates for each Measure.

~~3.1.3~~ Identification and specification of any software tools used in the analysis

~~3.1.4~~ Results of analysis including uncertainty ranges for:

~~3.1.4.1~~ Annual electricity savings,

~~3.1.4.2~~ Monthly average demand reduction,

~~3.1.4.3~~ Daily electrical demand reduction profile by season

~~3.1.5~~ Indication of "interactive effects" between systems and the Measure i.e. a reduction in energy use in one area may cause an increase in another.

~~3.1.6~~ Indication of any "other benefits" that may result from implementation of each Measure. Methodology must be shown. Examples of "other benefits" are:

~~3.1.6.1~~ Changes in fossil fuel consumption,

~~3.1.6.2~~ Changes in product quality or productivity, or

~~3.1.6.3~~ Changes in operating & maintenance costs.

Payment request for:

### ~~3.2~~ **Economic and Financial**

~~3.2.1~~ Itemized cost of each identified Measure that should include considerations for: Detailed design and engineering, project management, equipment, installation labour, demolition, and commissioning.

~~3.2.2~~ Simple payback for each identified Measure without Incentives or any third party contributions.

~~3.2.3~~ Project Payback.

<p><u>Preliminary Engineering Study</u></p> <p><input type="checkbox"/> <u>Second half of payment:</u></p> <p><input type="checkbox"/> <u>First half of payment:</u></p> <p><u>Detailed Engineering Study</u></p> <p><input type="checkbox"/> <u>First half of payment:</u></p> <p><input type="checkbox"/> <u>Second half of payment:</u></p>	<p><u>Project Incentive</u></p> <p><input type="checkbox"/> <u>Performance Security (Option A)</u></p> <p><input type="checkbox"/> <u>First 25% less 2.5 %</u></p> <p><input type="checkbox"/> <u>Second 25% less 2.5 %</u></p> <p><input type="checkbox"/> <u>Third 25% less 2.5 %</u></p> <p><input type="checkbox"/> <u>Fourth 25% less 2.5 %</u></p> <p><input type="checkbox"/> <u>Balance payment</u></p> <p><input type="checkbox"/> <u>Incentive Security (Option B)</u></p> <p><input type="checkbox"/> <u>First 1/3 less 10 %</u></p> <p><input type="checkbox"/> <u>Second 1/3 less 10%</u></p> <p><input type="checkbox"/> <u>Third 1/3 less 10 %</u></p> <p><input type="checkbox"/> <u>Balance payment</u></p>
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Incentive Breakdown  
Total eligible incentive:  
Paid to date:  
Amount this payment:  
Balance due:

**4.0 Recommendations**

- 4.1 Discussion of Measures recommended for further study based on results of technical and economic analysis.
- 4.2 Discussion of expected lifetime of recommended Measures with an indication of any special maintenance practices required to realize continued savings.

<u>Item:</u>	<u>Description:</u>	<u>Invoice #:</u>	<u>Date (dd/mm/yy):</u>	<u>Amount:</u>
			<u>Sub Total:</u>	
			<u>HST:</u>	
			<u>Grand Total:</u>	

Comments:

**EXHIBIT €****Request for Payment Format D****Release and Waiver**

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby, for itself and its successors and assigns, releases and forever discharges each of the Ontario Power Authority ("OPA) and Willis Energy Services (ONT) Ltd. ("Willis") and all of their respective past, present and future officers, directors, employees, owners, shareholders, agents, successors and assigns (hereinafter collectively referred to as the "Releasees") from any and all actions, causes of action, suits, complaints, disputes, debts, liabilities, obligations, damages, legal fees, costs, disbursements, expenses, claims and demands of every kind, at law or in equity, or under any statute, including without limitation, claims for property damage, business interruption and personal injury of the undersigned's employees, officer, directors or licencees, which it can, shall or may have by reason of any matter, cause or thing arising as a result of, in relation to or in connection with the attendance by one or more of the employees, officers, directors, representatives or agents ("Persons") on one or more occasions of either or both of the OPA and Willis at any and all facilities owned or occupied by the undersigned in connection with, arising out of or relating to the OPA's Industrial Accelerator<sup>OM</sup> Program (the "Industrial Accelerator<sup>OM</sup> Program"), other than in the case of the gross negligence or willful misconduct of such Persons during such attendances. The foregoing release shall continue in full force and effect for the benefit of the OPA and Willis and to the extent of any conflict between this release and the terms of any Preliminary Engineering Study Contract, Detailed Engineering Study Contract, Project Incentive Agreement or other document entered into by the undersigned and the OPA pursuant to or in connection with the OPA's Industrial Accelerator<sup>OM</sup> Program, the terms of this release shall prevail.

[Date]

[Name of Company making Application]

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Name:

Title:

Document comparison by Workshare Professional on 22 June 2010 4:01:22 PM

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Style change	
Format change	
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Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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Moved to	99
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