



# Pay for Performance (P4P) Program Guidelines

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# 1. Program Description

The Pay for Performance program ("P4P") provides eligible organizations with financial incentives to reward them for substantial reductions of electricity consumption within their facilities using a customer-driven and flexible approach. P4P is meant to meet a wide range of participant requirements and support a variety of energy efficiency initiatives, while removing the need to submit complex engineering studies to quantify the full impact of a retrofit, as the energy savings will be confirmed using interval meter data for a year post measure installation, and incentives paid upon verification of a minimum of a 10% reduction in electrical energy consumption.

## 2. Eligibility Criteria

### 2.1. Participant Eligibility

A participant must:

- a) Be a Commercial or Institutional customer that has not yet entered a binding agreement to acquire the Measures or services required to install the Measures
- b) Commit to a reduction in electrical energy consumption of at least 10% per facility included in the project
- c) Have the rights and authority to install the Measures within the facility
- d) Not be insolvent

### 2.2. Facility Eligibility

A facility must:

- a) Be an institutional, non-profit, or commercial (including multi-unit residential) facility served directly or indirectly by Nova Scotia Power Inc.
- b) Consume at least 1,000,000 kWh annually (exceptions made at the discretion of ENS)
  - Up to 5 smaller facilities may be aggregated for a project as per Section 2.3 – Aggregation Eligibility

- c) Have a minimum of 12 months of interval meter data of typical usage, at hourly resolution or better, from a revenue-grade meter (monthly data may be considered at the discretion of ENS)
- d) Have a Baseline Model meeting the requirements stated in Section 4.0 – Measurement & Verification

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## 2.3. Aggregation Eligibility

In certain cases, multiple buildings may be aggregated to represent a single Facility, subject to EI review and approval. EI will review the project details with the consultant and/or customer to determine the optimum approach for putting the project through P4P. The following are general guidelines to use when considering aggregating facilities:

- a) A maximum of 5 buildings, each with its own interval meter
- b) All buildings should have a similar usage and load profile
- c) The annual consumption per building should not exceed 1,000,000 kWh.
- d) The combined consumption of all buildings should exceed 1,000,000 kWh.
- e) The Baseline Model for aggregated buildings should use a single weather station

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## 2.4. Project Eligibility

- a) Projects save electrical energy (“energy savings”)
- b) Electrical energy and demand savings from the project cannot exceed the actual usage provided by Nova Scotia Power Inc.
- c) Projects must reduce facility consumption by a minimum of 10%

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## 2.5. Measure Eligibility

The program is based on a pay-for-performance model that encourages whole building energy performance improvements. Both capital and non-capital (i.e. behavioural measures and controls optimization) energy-efficiency measures are eligible for the program. Single measure projects are typically not eligible if incentives are available through other Efficiency Nova Scotia programs.

The following measures are not eligible:

- a) behind-the-meter generation projects
- b) fuel-switching measures
- c) activities or measures promoted or funded through a different program or initiative designed to incentivize electricity savings and/or peak demand savings

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## 2.6. Eligibility Rationale

P4P's eligibility criteria ensures the program focuses on large BNI customers in Nova Scotia with high savings potential. The eligibility is designed to ensure the best investment for Nova Scotia ratepayers, in terms of cost-effective energy-use reduction.

# 3. Program Incentives

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## 3.1. Scoping Study Rebate

Scoping studies are not required, but rebates are available to cover 50% of the cost of a scoping study, up to a maximum of \$1,000. The scoping study must be completed no more than three months prior to the submission of the rebate application. Scoping studies must be approved and signed by a Professional Engineer (P.Eng). In addition to the scoping study and completed rebate application, a copy of an invoice showing the scoping study has been paid for by the customer is required. The rebate application details the information required to be detailed in the study.

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## 3.2. Feasibility Study Incentives

As feasibility studies are not a requirement for P4P, feasibility study funding will not be specifically allocated to this program. For projects that start in Custom Retrofit and are deemed suitable for P4P, any Feasibility Study Incentives will be deducted from future implementation incentives.

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## 3.3. Performance Incentives

Performance-based incentives are calculated based on:

- Energy Savings: \$0.15/kWh of first year energy savings

Any study incentives will be deducted from the performance incentive.

One customer may implement more than one project; but the total amount ENS will offer to any customer in a given funding year is limited and at ENS's discretion.

ENS pays performance incentives after measuring and verifying savings for the entire implementation scope. If the verified savings are less than 10% of the facility's baseline consumption, no incentive will be guaranteed.

## 4. Measurement & Verification

The P4P Program captures savings at the whole-building or utility meter level. Measurement and Verification (M&V) is required to confirm achieved savings. The International Performance Measurement and Verification Protocol (IPMVP) Option C: Whole Facility is the accepted M&V approach.

A baseline regression model must be developed that represents a typical operating cycle of the facility before any measures are implemented. Valid independent variables must be selected and analyzed for the regression model (HDD, CDD, occupancy, production data, etc.).

The following statistical indicators should be used to validate the fitness of the regression:

- Coefficient of determination  $R^2 > 0.75$  (useful only if the regression isn't flat)
- Coefficient of variation  $CV < 0.2$
- p-value of individual independent variables  $< 0.10$

Non-routine adjustments must be completed in the instance of changes between the baseline and reporting period. This could include changes in hours or levels of occupancy, space use, production schedules, etc. Tracking and reporting on the status of independent variables is a requirement for quarterly reporting in P4P projects. Facilities planning major changes before or during the reporting period, such as a major renovation or addition, will not be eligible for the P4P Program.

## 5. Conditions for Payment

Incentives will be paid one time, based on verified savings, normalized for relevant independent variables. All measurement and verification along with reporting requirements must meet expectations prior to payment. ENS will conduct a review of all documentation for completeness and accuracy, and at its sole discretion, will determine if the program requirements have been met. While ENS will make a reasonable effort to process the files and payment in a timely fashion, due to varying resource availability throughout the year, processing may take up to 2 months.

P4P Participants are NOT eligible for other Efficiency Nova Scotia energy efficiency incentives or rebates, including direct Point-of-Sale rebates, during the duration of the Agreement. Solar incentives are permitted but will occur under a separate contract. Any on-site generation must be outside the project boundary.

Any existing incentive agreements can be completed prior to execution of a P4P Project Agreement, or existing incentive agreements can be terminated, and then incorporated into the Project Agreement, if appropriate. Participant may choose which option to take, subject to approval by ENS.

Purchases of lighting or other products with direct point-of-sale utility rebates or incentives should be avoided. Any point-of-sale rebates received by the Participant during the P4P contract period will be deducted from the annual incentive payment to prevent “double-dipping” of incentive funding. Participants will be provided with notice of distributors and products that include ENS incentives at the point of sale, when the Project Agreement is executed. Participant submittals will be examined by ENS to determine if efficiency measure installed during the P4P contract period have already been incentivized at the point of sale. Customers will be asked to attest in quarterly reports if any project materials have been incentivized at point of sale.

Incentive payment will be made for all verified savings ENS determines, in its sole discretion, are indicated by the model.