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RE: Clean Air Council Feedback on Changes to Ontario's Net Metering Regulation to Support Community-Based Energy Systems ERO#: 019-2531

About the Clean Air Council

The Clean Air Council (CAC) is a network of over 30 municipalities and health units from across the Greater Toronto, Hamilton and Southwestern Ontario Area who work collaboratively on the implementation of clean air and climate change mitigation and adaptation actions[i]. More information on the Clean Air Council is available here. CAC representatives are the municipal staff change agents within leading climate action municipalities and have been working for over 20 years to advance progress on clean air and climate change actions. This submission presents the consensus of feedback from the Clean Air Council to ERO #: 019-2531.

The CAC is very pleased that Ontario will be updating its net metering regulation to enable community/virtual net metering projects. Updating this regulation is key to spurring innovation and additional business models that are critical for enabling Ontario to fully advance emerging non combustion low carbon distributed energy opportunities. Being able to undertake these projects via 3rd party business models enable projects to be undertaken at the community scale rather than just by property owners at the building level and will ensure that larger DER and storage projects efficiencies of scale benefits can be achieved.

Virtual/community net metering would enable Ontarians to benefit from 3rd party involvement/ownership of distributed energy resources (DER) on their property and/or within their community without having to bear the upfront capital costs and operational requirements. It will also help to reduce costs to customers and utilities through efficiencies of

scale, increase implementation of DER, and advance the economic development opportunities for Ontario's DER market.

It is recommended that the community net metering regulation covers all sectors (residential, commercial, institutional and industrial); that is be available across Ontario so that all communities can participate, but that areas where the grid is constrained should be prioritized so that areas where DERs can play a role in delaying or eliminating the need for transmission can be realized.

The virtual community net metering framework should allow for renewable energy co-operatives and other community and private sector energy entities, and non-regulated arms of utilities to participate. There is also the need to ensure a clear, transparent and level playing field for all of the above entities. These entities are crucial to advancing our DER and providing customers an opportunity to participate in the DER market when they would be unlikely to participate otherwise. Virtual/community net metering is also critical for enabling Ontarians to take a more active role in the energy transformation and fulfills the important goal of improving energy literacy within our communities and better preparing Ontario for the emerging distributed energy transition.

Use Time of Use Billing for Net Metering

In order to ensure fairness and consistency it is important that credits for community virtual net metering are calculated on the same basis for how customers are charged for electricity (i.e. based on time of use). This would not only advance fairness and consistency but would also better represent the true value of electricity that is supplied during peak hours. While there may be some challenges related to billing, in order to reduce duplication and inefficiencies it is recommended that the province and utilities work together to develop a consistent billing protocol that is used across all utilities. In addition, the price signals or credits provided as part of a net metering framework should be consistent across utilities. It is also recommended that customers be provided with the ability to choose either a tiered or time of use system.

Grid Connection Rules and Fees

Grid connection rules should be applied based on clear and transparent criteria. The OEB, Utilities, the Province, Municipalities and other Stakeholders should work together to develop clear and consistent connection rules. The framework should build on best practices from other jurisdictions. In addition, grid connection rules need to be updated on a more regular basis in order to ensure that the rules respond to the changing nature of DER resources and opportunities. For example many utility grid connection rules are still based on the FIT model

for DER (where 100% of renewable electricity is fed into the electrical grid) as opposed to community/virtual metering where the large majority of electricity is used on site and where 100% is very unlikely to be fed into the grid.

Grid connection rules and grid connection fees should be across the different utility catchments and should be limited to a cost recovery fee with transparent and clear communication from the utility on their connection costs.

In order to further allow community/virtual net metering, generation needs to receive the same treatment as demand/loads when it comes to constraints, short circuit capacity and other grid calculations. Currently, there are transmission stations and distribution stations that are listed as having no further capacity from the standpoint of adding generation (e.g. short circuit fault current constraints), but continually are able to find capacity for allowing more demand/loads (which can produce even greater short circuit fault current). This is the case even when the generation is being added behind the meter and is unlikely to ever reach the grid.

Advance Planning Alignment

While not only about community/virtual net metering but directly linked to supporting Ontario's community net metering and other DER opportunities, there is the need for increased alignment between the Province, the IESO, the Utilities and Municipalities. QUEST and Clean Air Partnership (CAP) have been working with stakeholders to identify opportunities to advance planning alignment; identifying overlap and interdependencies, as well as opportunities to more efficiently achieve respective objectives. The six recommendations below summarize the findings from a combination of semi-structured interviews and facilitated workshops with participants from across Ontario:

1. Enhance Engagement and Plan Review
2. Identify and Converge Around Common Objectives
3. Increase Focus on Peak Demand
4. Improve Data Sharing and Assumption Consistency
5. Collaborate on Energy Mapping
6. Leverage Incentives and Financial Mechanisms

For example, **there are significant opportunities to increase alignment between land use planning and energy planning. Centralized energy planners, municipal planners and utility planners should be more proactive in identifying energy demand from new developments.** It is important to recognize energy limitations and where distributed energy may be best able to address local energy demand. Increased communication earlier in the process between stakeholders may also address the challenges distributed energy projects face when connecting to the existing grid and how targeted conservation, distributed energy and renewables can best reduce the need for new transmission and distribution infrastructure. This consideration should also be applied to the IESO's Regional Energy Planning exercise through incorporation of a distributed energy resource lens as an alternative to, or complement to, future investments in electrical transmission and distribution infrastructure.

More detail on opportunities to advance each of these goals are available in the Towards Planning Alignment Report.

There are a few questions that the Clean Air Council network would like to discuss with Ministry and utility staff to better understand the perspective and issues from different stakeholders' perspectives such as:

- Would the community net metering be able to be shared across utility catchments? Ideally it would be best not to be limited via utility catchments but would like to better understand any issues this may cause for the Ministry or Utilities.
- The CAC would like more information re the details related to number of generators per customer and number of customers allowed per generator to better understand what issues may occur but the initial recommendation that there should be an unlimited number of customers allowed per generator, especially where community net metering can address grid constraints or defer or eliminate the need for distribution and transmission investments.
- From a presentation by the ENDM it does seem that this ERO posting will focus on facilitating net metering in a community setting for mixed-use developments (residential and commercial) with multi-unit buildings by one-owner. If this is the case, the CAC would like to understand the rationale for the narrow application of community net metering. The situation where one owner owns multiple buildings adjacent or in close proximity to each other will greatly limit the uptake of community net metering opportunities and this will continue to result in Ontario falling behind other jurisdictions on advancing distributed energy resources. We would like to better understand the rationale for such a narrow focus.

The Clean Air Council would like to extend an invitation to the Province to discuss these recommendations and questions in more detail. Please contact Gabriella Kalapos at gkalapos@cleanairpartnership.org to identify a future Clean Air Council meeting where provincial staff and Clean Air Council representatives can further explore the above questions and recommendations and collaborate on advancing Ontario's efforts to create the efficient, low carbon, livable, resilient and competitive communities Ontarians desire.