

Via ERO

November 22, 2020

Cassandra Rosen  
Ministry of Energy, Northern Development and Mines  
Conservation and Renewable Energy Division  
77 Grenville Street  
5th Floor  
Toronto, ON  
M7A 2C1

Dear Ms. Rosen:

**Re: (ERO #019-2531) Changes to Ontario’s Net Metering Regulation to Support Community-Based Energy Systems**

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Hydro Ottawa Limited appreciates the opportunity to submit comments on the Ministry of Energy, Northern Development and Mines’ (“the Ministry’s”) regulatory proposal for amendments to Ontario’s net metering regulation that allow for demonstration of community net metering projects.

**Introduction**

Hydro Ottawa Limited (“Hydro Ottawa” or “the utility”) is a licensed Local Distribution Company (“LDC”), serving approximately 345,000 customers in the City of Ottawa and the Village of Casselman.

Hydro Ottawa remains committed to supporting the government’s aim to promote the development of innovative projects such as net-zero communities using distributed energy resources (“DERs”). Hydro Ottawa views DERs as a critical and inevitable component of Ontario’s smart energy future, and affirms the value and benefits associated with DERs. With more than 1,000 renewable generation installations of various sizes within its service territory, the utility has extensive experience in connecting, integrating and planning for various types of renewable DERs. In recent years, Hydro Ottawa and its partners have undertaken a number of flagship grid modernization projects under its “Grid Transformation Action Plan,” including but not limited to the following projects:

- MiGen: an innovative transactive energy solution that seeks to prove that decentralized demand response through to the grid edge is achievable and can serve as the optimal

- approach for securely and privately managing “prosumer” devices for democratizing and electrically supporting the grid;
- Ellwood Energy Storage Project: A 4 MW/2.7 MWh lithium ion battery energy storage facility that will inject energy into or take energy from the grid, in order to support grid stabilization in response to Independent Electricity System Operator (“IESO”) operational directives;
  - Starflower Lane Solar Project: the installation of 640 solar panels on the rooftops of 32 social housing townhomes that utilizes innovative solar micro-inverter technology which can adapt to variations in grid conditions, including with respect to the availability of reactive power;
  - Autonomous Intelligent Nanogrid Solution: the deployment of eight intelligent nanogrid systems within its service territory aimed at increasing understanding of the challenges and opportunities involved in customers becoming more self-sufficient in on-grid and off-grid scenarios; and
  - Hydro Ottawa Administrative Facilities: the installation of two 400+ MWh net metered solar generation facilities at Hydro Ottawa’s administrative office and operations facilities, which supply electricity to on-site buildings, thereby reducing Hydro Ottawa’s environmental footprint and electricity costs for the next 30 years.

While Hydro Ottawa is generally supportive of the Ministry’s proposal to move forward with community net metering (“CNM”) as a way to evaluate the impacts of CNM and guide future policy decisions on net metering, the utility seeks clarification on a number of aspects of the Ministry’s proposal.

### **Comments**

The regulatory proposal contemplates CNM demonstration projects that allow for the transfer or sharing of credits from generation facilities within a community across multiple metered accounts, whereby electricity bill credits would be shared among participating accounts and the community would draw power from the grid when there is insufficient local generation.

### Defining “Community”

Clear definition of the term “community” is not provided in the Ministry’s proposal, and the term could refer to countless “community” scenarios. Hydro Ottawa requests that the Ministry define an eligible “community” prior to finalizing the regulations. For instance, would the Ministry impose restrictions on the various scenarios that could potentially be considered a “community”, such as a university, hospital or government campus? Could a “community” consist of both residential and business customers, or must rate classes not be grouped together for the purposes of a “community”? Are there geographical or load limitations considered when defining a “community”? While the proposal signals that the regulation would limit participation in the

demonstration to certain capacity limits for projects, it does not quantify what those limits would be. Hydro Ottawa encourages that these scenarios be clearly defined prior to any amendments being finalized.

### Virtual Net Metering

Although the proposal is silent on whether virtual net metering scenarios would qualify as demonstration projects, Hydro Ottawa requests that the Ministry clarifies whether it intends to include virtual net metering arrangements in the proposed demonstration projects. An example of such a scenario would be where generation might take place in one physical location but the generation credits would be applied to a community in another physical location.

### Individually Metered vs. Bulk Metered Customers and the “Master Customer”

The Ministry’s proposal appears to contemplate only scenarios where a bulk meter is in place, whereby the LDC would enter into a net metering arrangement with one bulk-metered customer. That customer (the “Master customer”) would then be responsible for distributing generation credits across different (non-LDC) billing accounts. Hydro Ottawa wishes to confirm that individually metered LDC customer accounts are not within the scope of this proposal. Hydro Ottawa notes that although there is strong interest on the part of many customers located in its service territory in pursuing innovative net metering solutions and projects, the current proposal would exclude many of these customers from participating should demonstration projects pertain only to scenarios that include a Master customer with a bulk meter. Hydro Ottawa encourages the Ministry to consider allowing individually metered LDC customers to participate in community net metering demonstration projects. In many cases, these customers initially chose individually metered set-ups in part to assist in conservation efforts and help alleviate strain on the grid. Excluding customers who supported conservation by individually metering accounts could be seen as a deterrent for future projects to be individually metered with an LDC.

Slide 8 of the Ministry’s presentation to the Electricity Distributors Association dated October 23, 2020 indicates that the Master customer would be "exempt as a Distributor under the OEBA and may supply electricity to the sub metered customers." Hydro Ottawa encourages the Ministry to consider not exempting the Master customer as a distributor under the *Ontario Energy Board Act*. Hydro Ottawa suggests that if the Master customer qualifies as an embedded distributor, they should be required to be a distributor and be subject to the same regulatory oversight of distribution system plans and rate protection that LDCs are subject to. Moving forward on any other basis has the potential to produce a hierarchy of connected load which provides additional benefits to load customers with renewable generation over a similar connection without renewable generation, without evidence that one provides greater benefit or reasons to limit the final customer’s protection.

Hydro Ottawa observes that allowing a Master customer, who would under normal circumstances qualify as a distributor, to be exempt from qualifying as a distributor creates uncertainty as to whether other provisions within the existing regulations require amendment. For instance, would a Master customer be exempt from Ontario Regulation 22/04 (Electrical Distribution Safety)? Would there be limitations on the size or type of assets a Master customer can own? Would a Master customer be required to provide joint use poles for telecommunication companies?

### Third Party and/or USMPs

Given that the Ministry's proposal appears to contemplate only allowing demonstration projects to exist under a bulk metered scenario, it is Hydro Ottawa's understanding that a third party service provider would be required to facilitate the administration of a CNM project. As a result, customers could be forced into choosing between involvement of a renewable generation opportunity and a desire to remain independent from a third party. This is a significant decision given the long-term nature of the assets required in a CNM arrangement. In most cases, a Unit Sub-Metering Provider ("USMP") would provide the third party service. Hydro Ottawa notes that USMPs are not subject to rate regulation, nor to provide the same service quality, customer protection or accountability reporting that LDCs are required to on an ongoing basis. Hydro Ottawa encourages the Ministry to clarify what kind of consumer protection mechanisms would be put in place for end-customers involved in a CNM arrangement.

### The Potential for Cross-Subsidization

Hydro Ottawa observes that a CNM project carries with it the potential for cross-subsidization over the short and long term, where LDC customers may be required to fund a portion of the expansion work and future maintenance and/or replacement of assets of a microgrid that is not part of the local distribution grid. The utility accordingly encourages that the Ministry implement appropriate measures to protect LDC customers from subsidizing CNM projects that are owned and administered by third parties.

Lastly, in order to properly evaluate the benefit of the demonstration projects and their ability to function independently, it is important that all relevant costs of the demonstration projects are appropriately documented and that any subsidization is transparent and included in the evaluation of the demonstration projects.

### **Conclusion**

Hydro Ottawa appreciates this opportunity to provide comments and looks forward to continued partnership with the Ministry on opportunities to promote the development of innovative solutions for its customers. Hydro Ottawa supports the Ministry's proposal to move forward with CNM

demonstration projects as a way to evaluate the impacts of CNM and guide future policy decisions on net metering, and ultimately encourages the Ministry to consult further with industry stakeholders to clarify details and definitions of its proposal prior to finalizing any regulatory amendments.<sup>1</sup>

Sincerely,

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<sup>1</sup> It should also be noted that the OEB currently has two ongoing policy consultations that address utility remuneration relating to innovative non-wires solutions and developing a regulatory framework that facilitates investment of DER to support DER integration: EB-2018-0287 and EB-2018-0288.