



November 20, 2020

Cassandra Rosen
Ministry of Energy, Northern Development and Mines
77 Grenville St., 5th Floor
Toronto, ON
M7A 2C1
Canada

To Cassandra Rosen,

Re: Environmental Registry of Ontario # 019-2531 – Proposed changes to Ontario’s Net Metering Regulation to Support Community-Based Energy Systems

Thank you for considering this letter to the Ministry of Energy, Northern Development, and Mines with comments on Ontario’s proposed amendments to the net metering regulation. The comments are being submitted by QUEST – Quality Urban Energy Systems of Tomorrow.

QUEST is a national non-government organization that works to accelerate the adoption of efficient and integrated community-scale energy systems in Canada by informing, inspiring, and connecting decision-makers. The organization commissions research, communicates best practices, convenes government, utility, and private-sector leaders, and works directly with local authorities to implement on-the-ground solutions. QUEST recognizes communities that have embraced these principles by referring to them as Smart Energy Communities.

QUEST is supportive of the Government’s efforts to update its net metering regulation to enable community net metering projects. Updating this regulation is key to spurring innovation in the energy sector and enabling additional business models that are critical for Ontario advance low carbon distributed energy opportunities and help achieve QUEST’s vision of Smart Energy Communities.

Community net metering would enable Ontarians to benefit from 3rd party involvement and ownership of DERs or within their community without having to bear the upfront capital costs and operational requirements of having each property owner manage the DER themselves. It will help reduce costs of equipment and installation and allow communities to benefit from efficiencies of scale,

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

We do wish to put forward a few recommendations for your consideration that we feel would strengthen your regulatory proposal:

- ✓ **Recommendation #1:** Credits for net metering should be calculated based on Time of Use (TOU) rates to advance basic principles of fairness and consistency and to better reflect 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.

- ✓ **Recommendation #2:** 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 DERs 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 DER lens as an alternative to, or complement to, future investments in electrical transmission and distribution infrastructure. More detail on opportunities to advance these objectives are available in the [Towards Planning Alignment in Ontario Report](#), which had involvement and input from the IESO, various LDCs and Ontario municipalities.

- ✓ **Recommendation #3:** Streamline the DER connection approvals process and keep connection costs and requirements to reasonable and justifiable levels to remove unnecessary barriers to DER project implementation.

QUEST and many of its supporters are participating in the OEB's DER Connections Review process. We applaud the OEB for launching this process, but more needs to be done and we recommend the Ministry of Energy require the OEB, Hydro One and LDCs to stick to clear specifications for reviewing and responding to DER applications,

including time permitted for responding, as well as implementing a detailed complaints and dispute resolution process.

In addition, we recommend that the Ministry require LDCs and the OEB to find pragmatic approaches to keep connection costs down, avoid basing connection costs on overly conservative assessments, and work with customers on reasonable payment terms. technical requirements to a reasonable level, avoiding unnecessary burdens on customers. Regulatory framework should allow for and encourage capacity to be shared among resources wherever possible.

✓ **Recommendation #4:** In order to improve customer choice and provide communities, residents and businesses with more options for managing their energy costs, meeting their thermal energy needs using highly efficient sources and enhancing operational resilience, members of the CHP Consortium recommend that the Ministry of Energy extend Ontario's net metering eligibility to include high efficiency, small scale natural gas fired CHP projects.

CHP is a natural complement to renewables such as solar and storage technologies, forming the building blocks for net zero homes, buildings, and communities. The combination of CHP, solar and storage offers reliable and resilient operation to allow for business continuity, including the protection of property and occupants, during weather-related and other types of utility power interruptions.

CHP projects currently deliver extremely reliable, very low cost and low emissions electricity and heat to manufacturers, hospitals, commercial buildings, universities, and residents across the province. And there is the potential for many more projects – good projects that are in the interests of customers and all Ontario households and businesses. Projects that could help defer costly investments in transmission infrastructure, or gas peaking generation. Projects that will help communities implement their municipal energy plans.

In the case of hospitals, improved resiliency from CHP has a direct patient safety benefit, as patients are very vulnerable to total power failures. Ontario is increasingly subject to ice and wind storms, heavy rains and flash flooding, and even tornados and electromagnetic storms pose risks to the energy system. In response, many communities such as Halton and Toronto, and organizations such as the YMCA and Toronto Community Housing are using CHP as the energy foundation for establishing reliable and resilient Public Emergency Response Centres. CHP helps keep residents in buildings safe and comfortable, compared with diesel-fired backup systems that are designed to evacuate residents and do not supply long-term critical backup power.

An increasing body of work from expert organizations, including an analysis done by Power Advisory shows that CHP has a strong role to play in reducing GHGs over the medium term,

as the nuclear plants undergo refurbishment and central gas-fired plants increase generation.

Representatives of QUEST are available and interested in meeting with and assisting the Ministry of Energy, IESO and others involved in implementing these proposed changes to the net metering program. We look forward to hearing from you and helping to advance Ontario's energy and climate objectives.

Thank you for your consideration,

A handwritten signature in black ink that reads "Tonja Leach". The signature is written in a cursive, flowing style.

Tonja Leach,
Executive Director, QUEST