

Emma Schwab-Pflug
Senior Policy Advisor
Ministry of Energy
Conservation and Renewable Energy Division
77 Grenville Street, Floor 5
Toronto, Ontario M7A 2C1

Monday, October 3, 2016

Re: OSEA comments regarding the Amendment of Ontario Regulation 541/05: Net Metering, made under the Ontario Energy Board Act, 1998 (EBR 012-8435)

Dear Ms. Schwab-Pflug:

The Ontario Sustainable Energy Association (OSEA) is a member-based organization championing the transition of Ontario's Energy System to a decentralized, integrated, and inclusive energy system that is built on portfolios of sustainable energy generation and conservation technologies in the areas of electricity, heating, cooling, and transportation. Our diverse membership is made up of community, public and private sector entities. On behalf of the OSEA membership and our Net Metering Working Group, we thank you for inviting us to provide our feedback on the Amendment of Ontario Regulation 541/05.

1 General:

1.1 Please clarify whether applications to the net metering program will continue to be accepted on an ongoing basis or whether this process will be controlled through application windows similar to the current FIT process?

We were happy to learn that net metering applications will be accepted on an ongoing basis and will be received and processed directly by Ontario LDC's. We understand that this is a requirement of LDC distribution license terms and is considered to be a billing preference application.

1.2 Account Billing: Referring to section 8(2)D Account billing: The reference to '...calculated on the same basis as the customers consumption...' implies the current settlement practice by LDC's should be based on TOU or Tiered pricing in accordance with the customer's existing load billing practices. In other words, if a customer is billed on TOU, net energy export dollar calculations should be based on relevant TOU pricing periods and not Tiered pricing.

We are encouraged to learn that the ultimate goal of the Ministry is to provide net meter export calculations based on TOU pricing. We recognize, however, that very few LDC's currently have the capacity to settle net metering accounts based on TOU pricing. In addition, the IESO MDMR

platform is not prepared to handle TOU settlement. We, therefore, encourage the Province to move forward with their proposed review of Ontario MDMR review *and to undertake a cost-benefit analysis to determine whether investments in Ontario's Meter Data Management and Repository should be made to enable province-wide time-of-use billing for residential and general service (<50 kW) net metered customers.*

1.2.1 Carrying Forward of Credits

We would appreciate it if you could clarify point 2 under "Account Billing" related to the carrying over of credits. We appreciate the extension of the carry-over period from 11 to 12 months but would appreciate clarity on how the period is going to be applied. Our concern is that solar, especially, will tend to "bank" credits (surplus kWh) during the summer months and rely on drawing those credits to offset and reduce bills in winter months. It is very difficult to get clarity from LDC's on how credits are carried forward. If they arbitrarily set September 30th as the zeroing out of the account, discarding any surplus immediately after the prime production season, this would really limit the size of systems many people would be able to install. We need clarity/consistency on the carrying forward of credits and how and when "zeroing out" will occur.

- 1.2.1.1 That said there seems to be little justification for eliminating accumulated credits after a year, as there is no mechanism of "overpaying" the customer for generation. Thus, unless a compelling reason demands otherwise, credits should last in perpetuity (until the net metering relationship is dissolved). We believe this would fully overcome the concerns raised above in 1.2.1.

2 Suggested Improvements to proposed amendments

2.1 In its consultation last year, the ministry considered alternate mechanisms to encourage net metering and self-consumption.

We recommend that the Ministry consider offering an HST rebate or exemption for net metering projects. This would represent a very low cost to the province but a huge statement of commitment towards green technologies as well as an incentive for homeowners who want to produce their own power.

2.2 Virtual Net Metering:

We recommend the arbitrary limit of 3 km be removed so long as the customer account remains within a common LDC territory. A limit of 3 KM is too restrictive and will not allow the benefitsⁱ of virtual net metering, which include decreased costs of installation, increased financier comfort, and serving a larger customer segment, to be fully realized.

In fact, the committee believes that the stated "objective to match generation to local demand, which can help reduce local load and related infrastructure needs", can be enhanced by eliminating the restriction of distance and rather focus on the objective of reducing electrical demand and consumption based on facility owner aggregate results of load and generation capacities.

We further recommend the Ministry undertake the necessary legislative changes to enable third party virtual net metering for community groups (aboriginals, co-ops, municipalities), allowing them to act

as distributed generators on a net metered basis. The participation of these groups in Ontario's FIT Program has helped build public understanding and acceptance of the program and its objectives, and we believe they are likely to show comparable leadership within an appropriately structured net metering program.

2.3 Storage:

We would recommend clarification of Section 5 (Eligibility), which confirms that energy storage can be utilized under net metering. Please state clearly how a storage system may be used under the net metering regulation, and whether or not stored electricity can be sold back into the grid under the net metered contract, and under what circumstances.

3 New ideas for further improvement

3.1 Combined Heat and Power (CHP)

Include CHP and microCHP technology within the net metering program. Further exploration of renewable natural gas (RNG) for net metering applications should be included, considering technologies such as H₂-injection (power-to-gas), RNG from digesters/landfills/waste water, methanation, solar fuels, and gasification of biomass, many of which are commercially available today.

3.2 Grid constrains & Capacity Limits

Grid constraints continue to be an ongoing obstacle to the further expansion of net metering connection approvals. LDC's should be required to assess each application based on local grid conditions and not simply as a percentage of capacity. We further recommend that the current restrictions as they relate to grid capacity be updated to reflect the offsetting of load that occurs through net metering.

3.3 Utility wait time, application and connection fees

Utility wait-times, application and connection fees represent the largest soft cost component of renewable energy systems currently in Ontario. A 20kW net metering system could cost upwards of \$9,000-\$18,000 to connect (similar to a 100kW system), and one must pay \$18,000 to have the utility complete the work before receiving any refund applicable. We, therefore, recommend that the Ministry regulate and standardize the application and connection fees and the time required for the application process for net metering. Currently, Powerstream's CIA application fee is \$1,500 and Hydro One's CIA application fee is \$5,700.

3.4 Applicability as CDM

We support CanSIA's recommendation on the applicability as CDM that suggests that "Solar systems that are installed within an LDC's service territory should be applicable towards that LDC's conservation target provided the LDC is permitted to utilize a portion of their CDM budget in order to incent the construction of that system. In order to better incent the installation of systems during a

transition period, LDCs should be permitted to offer up-front capital incentives to generators in the form of a one-time payment to the generator. Funding for this incentive could come from the LDC's existing CDM budget." For more on this recommendation, please see CanSIA's submission point 3.7.

4 Conclusion

OSEA is generally supportive of the Ministry's efforts to use net-metering for the procurement of renewable energy projects after 2017.

In conclusion, we want to stress that the net metering regulation needs to be designed to encourage home and business owners to generate their own power on-site from renewable sources. Barriers, both technical and regulatory, need to be eliminated to ensure a smooth and hassle-free process that does not put the burden on the net-metering customers. Furthermore, the regulation needs to be designed to allow renewable energy co-operatives and other community energy entities, which are crucial to our decentralized energy system, providing residents, who cannot participate otherwise, an opportunity to take on an active role in the energy transaction and fulfilling the important task of improving energy literacy within our communities, to stay in business by giving them viable opportunities to participate in the net metering program.

We thank you for this opportunity to provide input and look forward to continuing our involvement in this process.

Respectfully submitted,



Nicole Risse
Interim Executive Director
Ontario Sustainable Energy Association

ⁱ Virtual Net Metering, Everyday Energy: <http://everydayenergy.us/virtual-net-metering/>