

ONTARIO ENERGY ASSOCIATION

# **NET METERING FRAMEWORK REGULATORY PROPOSALS**

**EBR Registry Numbers:**

**013-1913**

**013-1915**

**013-1916**

**Submission**

January 18, 2018

To shape our energy future for a stronger Ontario.



Ontario Energy Association

# ABOUT

The Ontario Energy Association (OEA) is the credible and trusted voice of the energy sector. We earn our reputation by being an integral and influential part of energy policy development and decision making in Ontario. We represent Ontario's energy leaders that span the full diversity of the energy industry.

OEA takes a grassroots approach to policy development by combining thorough evidence based research with executive interviews and member polling. This unique approach ensures our policies are not only grounded in rigorous research, but represent the views of the majority of our members. This sound policy foundation allows us to advocate directly with government decision makers to tackle issues of strategic importance to our members.

Together, we are working to build a stronger energy future for Ontario.

The Ontario Energy Association is pleased to provide this response to the Ministry of Energy's (Ministry) regulatory proposals that would support the enhancement of Ontario's net metering framework:

- Ontario Regulation 541/05 under the Ontario Energy Board Act, 1998 (EBR Registry: 013-1913)
- Ontario Regulation 389/10: (General), under the Energy Consumer Protection Act, 2010 (EBR Registry: 013-1915)
- New Regulation to be made under the Electricity Act, 1998 (EBR Registry: 013-1916)

## COMMENTS AND KEY RECOMMENDATIONS

The OEA has reviewed the proposals that seeks to (1) enable Third-Party Ownership (TPO) of net-metered renewable generation facilities; (2) provide flexibility for distributors to enable virtual net metering (VNM) demonstration projects through participation in a targeted Independent Electricity System Operator (IESO) administered program; and (3) ensure that siting restrictions are in place.

The OEA is pleased that the Ministry is proposing to enhance the net metering framework. The OEA has some comments and concerns regarding the proposal.

The OEA makes the following key recommendations in order to address those concerns:

### Recommendation 1: Customer Protection: Information and Privacy

The description of the proposed amendments related to TPO in both EBR-013-1913 and EBR-013-1915 lack details regarding (1) what customer information a third-party owner will have access to, if a TPO agreement is executed; and (2) the protection of that customer information. The proposed regulations would benefit from adding clarity regarding the principle of customer privacy and information protection.

In addition, it is important that customers have access to educational materials that explain the distinguishing responsibilities of local distribution companies (LDCs) and TPOs. To prevent confusion in regards to each role, the Ministry should invest in education to inform customers regarding the responsibilities of the customer, the TPO, and the LDC.

Also, contracts between TPOs and LDCs, similar to the arrangement in place for Electricity Retailers, would be beneficial and would allow for standard wording and maximize clarity around participant relationships and responsibility.

### **Recommendation 2. Going Concern and Transfers of Ownership**

The description of the proposed regulations in both EBR-013-1913 and EBR-013-1915 do not address circumstances where the TPO ceases to be a going concern and/or transfers ownership of the net metering facilities to another third-party. For example, there should be measures that clarify how a consumer will be protected should a TPO go bankrupt, as well as outstanding financing resolutions.

### **Recommendation 3. Confirmation of Agreement and TPO Disclosure**

Item (d) of the proposed regulation for EBR-013-1913 states that “The customer would confirm whether an agreement between the customer and a third party generator exists for the sale/financing/leasing and installation of the generation facility.” It is unclear with what party the customer is to confirm the existence of an agreement and how much detail of the agreement that the customer must disclose.

Further, item (ix) of the proposed regulation for EBR-013-1913 refers to “[a]ny costs for which the customer will be responsible, including but not limited to: Ongoing operation and maintenance costs, connection costs, if any...” The OEA suggests providing clarity that the requirements relate to both the generation facility and the customer property/premise, if any. In addition, the OEA suggests the customer be informed of any dismantling, removal or clean-up cost at the end of the contract.

### **Recommendation 4. Virtual Net Metering**

The Ministry of Energy is proposing provisions that will permit electricity distributors to facilitate VNM demonstration projects. The OEA supports these provisions and can confirm that some members have expressed interest in participating in a demonstration project.

However, there should be additional provisions that will ensure transparency around the demonstration projects. For example, the OEA recommends the Ministry require final reports on the VNM demonstration projects be published publicly, and interim reports on the demonstration projects be issued while they are in operation. This will ensure that any learnings (benefits and costs; challenges and opportunities) will be

shared and available to inform future projects. The requirements should also ensure that mechanisms are in place to protect confidential or commercially sensitive information.

In addition, in the event that VNM is implemented, and customers on retailer contracts are allowed to participate in the program, major changes will be required in the EBT system, LDC billing systems, and settlement processes.

Further, some LDCs note that the 12-month credit rollover on net metered accounts leads to billing complexities that are challenging to automate. It is recommended that VNM demonstration projects require the VNM facility to manage and reconcile credits.

The OEA looks forward to engaging with Ministry and IESO on the design and criteria for the VNM demonstration program. One early consideration that the Ministry and IESO may wish to give to program design and criteria is the extent to which demonstration projects help advance related government policy objectives (e.g. enabling greater customer choice and control, deferring costly system upgrades, reducing emissions, resource-efficient land use, etc.)

#### **Recommendation 5. Other Matters**

The proposed regulations for EBR-013-1913 state that the Ministry is considering other matters, specifically:

“The Ministry is further considering how unit sub-meter providers [USMPs] could be involved in the TPO net metering activities being contemplated and in VNM demonstration projects. The Ministry is also considering the same issue for consumers in bulk-metered buildings where the units are individually metered by a licensed distributor rather than a unit sub-meter provider...”

The OEA believes that the Ministry should provide an additional opportunity for stakeholders to comment on this specific aspect should they move forward with allowing USMPs to participate in TPO net metering activities and VNM demonstration projects. However, OEA members do note that customer choice related to net-metering should not be limited by a connection through a USMP.

#### **Recommendation 6. Siting Restrictions**

The proposed regulations for EBR-013-1916 place the responsibility on the generator for providing confirmation to the distributor or transmitter that net metering facilities meets the property setback requirements and/or the prime agricultural area siting requirements. This requirement may be problematic, especially in cases where the

generator is a residential customer, who may not be aware of the regulatory requirements. Further, in cases where there is a conflict between the generator and another party over compliance with the siting provisions, it is highly likely that the distributor or transmitter will be the first point of contact by the parties.

The OEA believes that the Ministry should be specific and clear regarding the roles and responsibilities of parties for confirming that siting requirements have been met while ensuring that it is a streamlined and efficient process. In addition, clarity is required with regards to which authority is responsible for addressing siting complaints for net metered generation.

The introduction of TPO could result in situations where individual neighbourhoods have a high net generation penetration rate. This could result in total generation that exceeds the capacity of the distribution transformer, or other local distribution equipment. Clarity of the responsibility of the LDC to connect and expansion cost responsibility in this situation would be beneficial.

### **Recommendation 7. Treatment of Existing Facilities**

The proposed regulations for EBR-013-1916 states:

“Transition Requirements

5. The proposed siting restrictions would not apply to:

- a. Any Non-Rooftop Solar PV Facility or Wind Facility that has been constructed as of the in-force date of this regulation; and
- b. Any Non-Rooftop Solar PV Facility or Wind Facility that has received a microFIT, FIT, or Large Renewable Procurement (LRP) Contract (whether or not that facility has been constructed as of the in-force date of this regulation).”

However, the transition requirements above do not include any reference to net metering facilities that are constructed and/or have a net metering agreement in place as of the in-force date of the regulation.

The proposed regulations would benefit from adding provisions that address if/which of the proposed siting requirements apply to these net metering facilities, including net meter facilities that paired energy storage with renewable energy systems.

### **Recommendation 8. Requirement to Inform LDC of Behind the Meter Generation**

The OEA notes that under current regulation, the Electrical Safety Authority (ESA) is not required to inform distributors of the presence or location of behind the meter

generation (including storage). A requirement that ESA inform an LDC of generation in their service territory would be beneficial.

### **Recommendation 9. Role of Storage**

Last year, [the Ministry amended the Net Metering Regulation](#) to enable net-metered customers to pair energy storage with renewable energy systems. The Ministry noted in its decision that: “For clarity, storage of electricity from the renewable energy generation facility and from the distributor's distribution system will be permitted, as will the remittance of stored electricity to the distribution system.”

However, the current regulatory proposals regarding TPO and VMN do not make any reference to energy storage. The OEA recommends that the proposed regulations clarify the eligibility of combined renewable and storage systems under TPO and VNM as proposed in the enhanced net metering framework.

### **Recommendation 10. Opportunity to Comment on Draft Regulatory Language**

While the postings contain plain language descriptions of the proposed changes, none include draft regulatory language for the proposed amendments. The opportunity to comment on draft regulatory language is common to most regulation amendments. The absence of draft regulatory language and the details it provides makes it difficult for stakeholders to provide substantive comments on regulatory proposals, especially when dealing with a matter as technical and complex as net metering configurations, and contractual provisions.

The OEA strongly recommends that the Ministry of Energy provide stakeholders an opportunity to comment on the draft regulatory amendments regarding the enhanced net metering framework before the Ministry incorporates them as final regulations. This would allow participants to assess the proposed changes in detail and ensure critical issues are not overlooked and misinterpreted.

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