Ontario proposes community net metering program (again)

October 30, 2020

The Ministry of Energy, Northern Development and Mines (ENDM) is seeking input for community net metering demonstration projects.

On Oct. 8, 2020, the ENDM filed a proposal (the Proposal) on the Environmental Registry of Ontario (ERO) to gather input from stakeholders. Also known as 'virtual net metering,' community net metering expands the concept of net metering to allow for offsite generation. If done correctly, a community net metering program could greatly increase the use of renewable distributed energy resources and storage, increase reliability and reduce costs to consumers.

Net metering explained

Current net metering program

Community net metering was originally proposed by the Ontario government in 2016, but was ultimately not adopted. Our article from Jan. 10, 2017 provides information on the initial proposal. Under the current net metering regulation (the Regulation),[1] Ontario electricity consumers who generate electricity for their own consumption through renewable sources (*e.g.*, solar, wind, hydro, biomass, geothermal) may convey any excess electricity to the grid.

These consumers are eligible to receive a bill credit (a Credit) for the "net" difference between the value of electricity supplied to the grid and the value of electricity taken from the grid, which can be carried forward to offset future electricity costs for up to 12 months. Credits are valued at the same rate customers are charged for their electricity drawn from the grid. To be eligible for net metering under the Regulation, the consumer must generate the electricity primarily for their own use and must convey the electricity directly from the generation resource to the point of consumption without relying on utility-owned wires or infrastructure. Importantly, the consumer's infrastructure can also include storage, and there is no limit to the capacity of the renewable generation facility.

Community net metering proposal

In a typical community net metering program, a generator can share any Credits it generates across multiple metered accounts that are within that community. For example, a school may put in place a sizable solar PV array combined with batteries, considered a hybrid project. The school would use the electricity generated by the hybrid project to meet some or all of its electricity needs. The hybrid project could be funded in part by consumers (an Offsite Participant) within the community that, although they are not electrically connected to the project, have agreed to fund the project in exchange for a share of the Credits. These Credits would be applied directly by the utility to the Offsite Participant's electricity bill. The assumption is that the Offsite Participants and the generator (the school) would share the same utility.

ENDM's proposal

Under the Proposal, ENDM is contemplating a single lead customer that would manage generation and loads within the community. Similar to the current Regulation, behind-the-meter (or embedded) renewable generation will be the basis for energy generation, either standalone or combined with energy storage. Billing of sub-metered customers is proposed within the community and would be done in accordance with the *Energy Consumer Protection Act, 2010* and the Unit Sub-metering Code. Unlike the current Regulation, however, the Proposal references a potential, although unspecified, capacity limit for the renewable generation resource or overall participation in the demonstration.

Requested input

The government is seeking input on what the design of the community net metering demonstration program should look like. Key questions include:

- What constitutes a 'community?'
- How should the Credit should be structured in terms of value?
- How will utilities recover any costs incurred?; and
- What barriers might exist in getting community-generation projects off the ground?

The government wants to receive input from Indigenous governments and organizations on how this model could be applied to their communities. Enabling new business opportunities, rate fairness for all customers and economic development are also priorities mentioned in the Proposal.

Maybe most importantly, the Proposal states that the community net metering projects could 'inform the Ministry and the sector about how larger net metering projects could provide capacity relief to the grid, or potentially avoid costly upgrades by integrating distributed energy resources.' Thousands of megawatts of Feed-In Tariff projects are coming out of their contracts in the next decade, giving Ontario a unique opportunity to reshape its electricity sector to take advantage of these optimally sited resources, and to continue to build to further "green" the grid and lower costs for consumers.

How to participate

Interested parties can submit comments to ENDM via the ERO's website until Nov. 22, 2020. Utilities, renewable energy generators, storage providers, Indigenous governments and C&I electricity consumers with large loads all have valuable perspectives and are encouraged to share them. The regulatory landscape is complex and the BLG lawyers listed below would be pleased to provide regulatory and policy advice as background for comments submitted to ENDM.

Takeaway

Community net metering presents a unique opportunity for behind-the-meter renewable generation and storage, and could provide valuable savings to consumers. If not correctly designed, it also presents risks to utilities and participants. Stakeholders from across the energy sector are encouraged to submit comments on the Proposal to ensure a well-designed demonstration program.

[1] O. Regulation 541/05 – Net Metering, made under the *Ontario Energy Board Act, 1998*.

By

Kristyn Annis, John A.D. Vellone

Expertise

Indigenous Law, Energy – Power

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749