November 19th, 2020

City of Ottawa

Planning, Infrastructure and Economic Development

110 Laurier Avenue West

Ottawa, Ontario

K1P 1J1

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

Dear Ms. Rosen,

RE: City of Ottawa Feedback on Changes to Ontario’s Net Metering Regulation to Support Community-Based Energy Systems ERO#: 019-2531

The City of Ottawa is encouraged to see the that Ontario will be updating its net metering regulation to enable community net metering projects.

On October 28th of this year, Ottawa City Council unanimously passed [Energy Evolution](https://ottawa.ca/en/living-ottawa/environment/climate-change-and-energy/energy-evolution), Ottawa’s Community Energy Transition Strategy. The strategy describes what will be required to achieve Ottawa’s target of zero greenhouse gas emissions by 2050.

Increasing renewable electricity supply and storage are important aspects of Energy Evolution. Such an increase, however, is not possible without market access, which allows the generation and procurement of renewable electricity and an expansion of storage options.

Subject to further definition and development, the virtual net metering framework proposed under the Community Net Metering pilot is vital to enabling Ottawa to meet the goals of Energy Evolution. The current mix of renewable generation and storage is advancing slower under the current mechanisms of non-virtual net metering and behind the meter generation than Energy Evolution requires. Indeed, three projects that were scoped in 2017 have not proceeded because of barriers to net metering. With this pilot, as we understand it, Ottawa would consider bringing at least one and maybe all three of these projects forward, provided they are still feasible.

The City of Ottawa notes that the current initiative is a pilot and encourages the Ontario Ministry of Energy Northern Development and Mines to evaluate as many Community Net Metering project scenarios as possible and evaluate the relative benefits of different approaches. To support this, the City of Ottawa recommends that:

* The pilot program be open to all types of renewable, non-combustion generation and electricity storage
* Project size be flexible, subject to local limits and reflect interest in achieving economies of scale
* If generation credits are to be based on the consumer’s rate class, it should be possible for a single generation site to serve multiple customers in different rates classes
* Bonuses for dispatchability or curtailment of supply ability be considered
* Provision be made for generation and consumption to occur in different LDC’s
* Existing programs for Indigenous participation should be extended to Community Net Metering pilot projects
* Generation only sites (i.e. sites where the sole purpose is generation) be considered. For large generation projects, the ability of generators to negotiate power prices with prospective consumers should be considered. We note developments in other North American Grid systems where such arrangements are occurring to the mutual benefit of generators and consumers (recent example [here](https://ieefa.org/edf-steelmaker-nucor-sign-deal-for-250mw-solar-project-in-texas/)).
* And finally,

In addition to increasing renewable energy generation and storage, the Community Net Metering pilot also has the potential to evaluate distributed energy resource (DER) opportunities. DER’s are recognized as being of great potential value to the electricity system and there has been considerable discussion in Ontario on how to “unlock their value”. Simply stated, virtual generation gives much more scope to siting generation where its most ungently needed than non virtual net metering. DER opportunities can be limited by a suite of restrictions that Community Net Metering has the potential to overcome. These restrictions often relate to existing infrastructure. The following examples demonstrate where a virtual approach could provide solutions:

* The Industrial Conservation Initiative (ICI) program has been a great initiative that has aligned customer and grid benefits and spurred growth in battery storage technology and business in Ontario. However, some prospective sites have physical or electric infrastructure limitations that render them unable to develop a business case to take advantage of battery storage. Allowing virtual storage would effectively sidestep such limitations for Class A customers. Additionally, benefits to the grid could be derived from directing the siting of storage infrastructure procured under a virtual arrangement. The siting of storage in locations where it is needed by transmission or distribution grids could greatly increase the benefit that the electricity system derives from the ICI program.
* Currently, some prospective generation locations are in the wrong account class to take advantage of net metering. For example, renewable generation at a Class A facility may do little to reduce Global Adjustment charges and therefore, may not be financially attractive. However, if credits for generation could be reimbursed at the consumers’ invoiced electricity rates there may be enough revenue to support a business case for a project. It is notable that Class A accounts might frequently be able to give projects economies of scale.

The province has the important task of ensuring that generation infrastructure remains in balance with demand, and this task could be considered after this pilot. The energy storage opportunities described above should also assist in balancing supply and demand.

The province is fortunate to have a technical and business community in renewable generation that is ready and willing to undertake projects that will inform a varied and well-designed pilot. Undertaking this pilot and hopefully expanding it to a more fulsome Community Net Metering system will provide Ontario benefits beyond the electricity system. Increasingly, corporate responsibility targets are driving business and institutions to set net zero emissions goals (link [here](https://unfccc.int/news/commitments-to-net-zero-double-in-less-than-a-year)). Jobs and investment in Ontario may be increasingly tied to the availability of zero emission electricity for consumers who demand it.

The City of Ottawa looks forward to supporting the province with the Community Net Metering pilot and would be happy to discuss the recommendations above. Our climate change and resiliency team is prepared to assist with pilot design and can provide municipal and community project examples to elaborate on the recommendations above. We look forward to further details on the Community Net Metering pilot and hope to work with the province to advance this initiative.

Sincerely,

Don Herweyer

Director

Economic Development and Long-Range Planning

Planning, Infrastructure and Economic Development

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| cc: | Andrea Flowers, Section Leader, Climate Change and Resiliency, City of Ottawa  |