Submitted electronically to:

Ministry of Energy, Northern Development and Mines

Conservation and Renewable Energy Division

77 Grenville St., 5th Floor

Toronto, ON M7A 2C1

Attn: Ms. C. Rosen

November 20, 2020

Dear Ms. Rosen

**Re: ERO number 019-2531**

**Consultation on Changes to Ontario’s Net Metering Regulation to Support Community-Based Energy Systems**

London Hydro is pleased to make the following submission with respect to ERO number 019-2531; “Changes to Ontario’s Net Metering Regulation to Support Community-Based Energy Systems”

London Hydro is an OEB licenced local distribution company (LDC) with the franchise to distribute electricity to the City of London. London Hydro operates under the various provincial and federal government imposed acts, regulations and directives. As a regulated utility we also operate under the various rules codes and guidelines imposed by the Ontario Energy Board.

London Hydro is a member of the Electricity Distributors Association (EDA) and as such we contributed to the submission presented by them. As the EDA submission is the collective voice of our industry we may not necessarily concur with all points submitted. This submission is intended to be an addendum to that submission allowing London Hydro to expand on various issues raised in that submission and this proposal.

On October 26, 2020 ENDM hosted a joint call with West5, Sifton Properties, Sussex Strategies, and London Hydro. The following is a capture of notes from that call. It is presented as the sole submission of London Hydro.

What recommendations does London Hydro have for requirements for billing and settlement of proposed CNM demonstration projects?

Response

London Hydro would suggest that there are five potential parties involved in any CNM settlement

* London Hydro as Bulk Net Meter Provider (BNMP)
* Unit Sub Meter Provider (USMP)
* Bulk Net Meter Consumer (BNMC)
* Community Net Meter Consumer (CNMC)
* Community Net Meter Generator (CNMG)

London Hydro would suggest that the USMP should be central settlement agent for quad-party settlement



* Has LH determined a method for transferring credits across participating accounts or aggregating charges/credits for participating accounts?

Response

London Hydro at this time have in mind a conceptual approach only as to how invoicing should work. The current net metering regulation 541/05 requires the LDC to track and limit monetized kWh generation credit to amount kWh consumed and any excess generation to be limited to a 12 month rolling period. This is assumed by London Hydro to continue. Hence London Hydro can only envision that a singular aggregated invoice be prepared and presented to a singular settlement agent. This would suggest that the LDC has no further role in the allocation of charge/credits for participating accounts.

* What challenges could there be for billing and settlement, specifically in terms of demonstrating compliance with potential flexibility for inclusion of a defined amount of load-only accounts (e.g. 35% of total CNM customer load in any given year)?

Response

London Hydro would suggest that the LDC role for billing and settlement ends at the bulk meter. As such the LDC has no vision on internal electricity distribution. Hence determination of compliance to the 35% load-only is the responsibility of the CNM settlement agent and ultimately the responsibility of the OEB.

What recommendations does London Hydro have in relation to reporting requirements and compliance mechanisms (e.g., CNM customer account information, information on billing end consumers, LDC costs, etc.)?

Response

London Hydro would suggest that by virtue of ECPA 2010, O Reg 161/99, and OEB USMP code compliance mechanisms naturally exist. Further London Hydro suggests that the OEB can establish reporting requirements via RRR system for CNM facilities

What challenges have London Hydro identified for meeting proposed eligibility requirements for proposed CNM demonstration projects in respect to the following potential requirements:

* All metered loads participating in a CNM project must be billed to a single CNM customer;

Response

London Hydro can only envision that a singular aggregated invoice be prepared and presented to a singular settlement agent as discussed above.

* All generation must be owned or operated by the CNM customer and connected to participating loads;

Response

London Hydro would suggest that the LDC role ends at the bulk meter. Our natural position is to ensure the facilitation and safety of grid connection in accordance with O Reg 541/05. London Hydro would assert that all activity behind the meter is beyond the purview of the LDC. O Reg 161/99 defines the opportunity for a facility to operate as an exempt distributor which allows greater freedom for electricity distribution that allowed for licensed distribution. Hence London Hydro can only suggest that this responsibility falls to the OEB.

* All participating loads must be part of the same contiguous development, located on land owned by the CNM customer

Response

London Hydro would suggest that the LDC role ends at the bulk meter. Our natural position is to ensure the facilitation and safety of grid connection in accordance with O Reg 541/05. London Hydro would assert that all activity behind the meter is beyond the purview of the LDC. London Hydro would suggest that the current regulation 541/05 defines location requirements for the bulk meters. London Hydro would expect that the amended regulation contain the appropriate wording for CNM connection rules and would rely on the OEB for interpretation should disagreement of application arise. London Hydro emphasizes O Reg 161/99 allows the facility operating as an exempt distributor to engage in activity of electricity distribution not enjoyed by the licenced electricity distributor.

* All participating loads must be net-metered (i.e., have generation connected and convey electricity to the grid for a credit) except for a defined proportion of total participating loads that could be load-only (i.e., not have generation connected); and

Response

As discussed above London Hydro would suggest that the LDC role for billing and settlement ends at the bulk meter. As such the LDC has no vision on internal electricity distribution. Hence determination of compliance to the 35% load-only is the responsibility of the CNM settlement agent and ultimately the responsibility of the OEB.

* All other applicable regulation and codes for connecting, metering and billing of the CNM customer must be complied with, as well as for sub-metering and billing of end consumers.

Response

As discussed above London Hydro would suggest that the LDC role for billing and settlement ends at the bulk meter. As such the LDC has no vision on internal electricity distribution. Hence determination of compliance is the responsibility of the CNM settlement agent and ultimately the responsibility of the OEB.

Does London Hydro have any recommendations on potential requirements to ensure rate fairness and consumer protection, including:

* Requirement for the CNM customer to not charge end consumers (sub-metered customers) higher rates for their electricity consumption than they would be charged by the electricity distributor, if they were being supplied by the electricity distributor directly?

Response

London Hydro would suggest that by virtue of ECPA 2010,. O Reg 161/99, and OEB USMP code rate fairness and consumer protection mechanisms naturally exist. The USMP is by law and OEB Code required to ensure electricity commodity costs to CNMC are reflective of “reasonable recovery of costs” and at zero sum gain. London Hydro might suggest that the OEB establish a licence for the CNMG and establish a common generator remuneration model such that there is uniform application for all CNM’s facilities.

* Requirement for the CNM agreement to include terms for continuity of service for end consumers (sub-metered customers) in the event of disputes between a CNM customer and the electricity distributor or a Unit Sub-Metering Provider?

Response

As frequently mentioned above London Hydro would suggest that the LDC role ends at the bulk meter. Our natural position is to ensure the facilitation and safety of grid connection in accordance with O Reg 541/05. London Hydro would assert that all activity behind the meter is beyond the purview of the LDC. By law and licence London Hydro assumes our service connection agreement would be between the LDC and the settlement agent acting as agent to the community. Hence a natural dispute mechanism exists between the LDC and settlement agent in the same way as all dispute mechanisms offered to all other customers of the LDC.

London Hydro would conjecture that by virtue of ECPA 2010, O Reg 161/99, and OEB USMP code the OEB would be the sole authority for settling CNM end consumer complaints.

Does London Hydro have any recommendations on the following potential reporting requirements and compliance mechanisms, including:

* Information about participating CNM customer accounts, generation, rates charged to end consumers (sub-metered customers), LDC costs to administer CNM demonstration projects and potential benefits of CNM demonstration projects, and innovation aspects and activities.

Response

As frequently mentioned above London Hydro would suggest that the LDC role ends at the bulk meter. Our natural position is to ensure the facilitation and safety of grid connection in accordance with O Reg 541/05. London Hydro would assert that all activity behind the meter is beyond the purview of the LDC. Hence other than being able to report on LDC experience and costs incurred to administer CNM demonstration projects, responsibility for anything else mentioned above naturally falls to the settlement agent.

* Requirement for the LDC to provide annual reporting and for CNM customer reporting requirements to be included in the CNM agreement between the CNM customer and the LDC to ensure the LDC receives information from the CNM customer to meet its reporting requirements.

Response

As frequently mentioned above London Hydro would suggest that the LDC role ends at the bulk meter. Our natural position is to ensure the facilitation and safety of grid connection in accordance with O Reg 541/05. London Hydro would assert that all activity behind the meter is beyond the purview of the LDC. London Hydro would suggest that any requirement for the LDC to report on CNM activity by conveying information passed on by the CNM is a redundant exercise. London Hydro feels the responsibility for experience reporting should fall solely on the settlement agent.

London Hydro analysis

London Hydro is a strong advocate for the province introducing Community Net Metering (CNM) into Ontario. The long term cost and benefits to be derived from this exercise is truly unknown, and can only be surmised by us all. However it has to be recognized that for all intents and purposes this CNM train is leaving the station worldwide and the province of Ontario regulatory world needs to get on board to ensure that this is handled in the most effective and efficient manner all the while ensuring end consumer protection. Hence London Hydro is very pleased to be engaged as a participant in this proposal.

The road to getting CNM in Ontario has been a very long journey for London Hydro. It is not an unknown fact that Sifton Properties has been engaged with London Hydro for several years trying to untangle the regulatory knots to get this structure in for their West5 net zero development.

Over the last few years London Hydro has been successful in unearthing most of the regulatory barriers preventing the simple implementation of the CNM process. The following is a summary of those barriers encountered preventing an LDC from implementing community net metering for West5.

* First is the OEB's Retail Settlement Code Appendix A which states that an LDC has to otherwise pay embedded generators HOEP only for generation into the grid, other than through IESO contracts. This prevents an LDC from directly settling with a CNM generator.
* Second is Ontario Regulation 541/05 Net Metering section 7(1a) which declares that generation must be for the generator's own use.
* Third is Ontario Regulation 541/05 Net Metering section 7(1c) which declares that generation cannot be transmitted over the utility grid. This prevented London Hydro from being able to totalize net meters as CNM had to rely on grid assets to move generation credits around.
* Fourth is ECPA 2010 Section 31 definitions basically disallows us from using a bulk meter for suite metering. This interferes with doing net metering with suite metering connected units. Note an LDC can engage in unit sub metering under licence from the OEB but only as an affiliate company.
* Fifth is O Reg 429/04 Section 10(10) Global Adjustment which says we have to report and pay GA on internal generation within our franchise
* Sixth is OEB Act 78(3) which disallows LDC ownership of generation assets as defined in OEB Guideline.

Each of the above all had a part in preventing the OEB from allowing London Hydro proposals for engaging West5 as a community net meter customer.

Now it has to be recognized that West5 could be considered a very large player in the CNM world as it encompasses the many forms of London Hydro customer classes, is spread out over multiple acres of land and will be the home and workplace for a large number of people. Ultimately this facility in whole could be in excess of 9MW of capacity, making it when aggregating a large use customer. The original construct pursued by West5 was to have all facilities be direct customers of London Hydro and billed as London Hydro customers. In essence all customers were to be treated in the same manner as any other customer in London. This would have allowed the customer’s access to all services that all London Hydro customers enjoy. To this West5 desired to use the net metering program to allow the community to meet its claim of net zero. The net metering construct allows for the generation of solar electricity in such quantity that it matches the community consumption over the span of a year. London Hydro becomes a virtual battery for West5. The winkle in their plan was that the generation is to be owned by a third party. The ultimate challenge to this project was that due to its size there is no unity in ownership.

As identified as a challenge above the size of West5 is an attraction for London Hydro. London Hydro had the opportunity of growing over 2,000 new customers into its rate base. This addition is a huge opportunity for increasing the economies of scale of the utility meanwhile gaining on the efficiencies of growing capacity reserve potentially delaying the need for infrastructure upgrades.

In reading into the concerns expressed above from our meeting and from the comments expressed in the proposal found on the environment registry it is evident that the ministry is very concerned on how the settlement and reporting will turn out. Further we perceive that the ministry wants to ensure that the end consumer is properly protected and saved from harm.

London Hydro believes that the LDC is unfairly locked out of its true role in this proposal by virtue of the disjointed legislation such as our noted barriers above. These central points bars the LDC from fulfilling the role that the ministry truly wants to see the LDC fulfill.

London Hydro suggests that as the CNM proposal is for demonstration only and by that virtue the ultimate application of any regulation changes can be contained to those demonstration projects as authorized. Hence London Hydro would implore that the change to O Reg 541/05 include a temporary exemption to the operating LDC from some or all of our six points above. London Hydro believes that by giving the LDC an opportunity to act as USMP, without being an affiliate, and ultimately settlement agent, that the LDC will be able to showcase the full benefits that can be derived from CNM.

In the alternate London Hydro is concerned that turning the settlement responsibilities over to a USMP will stretch the resources of any operator installed, putting the community at risk should the project fail.

London Hydro would commit to creating a community net metering model that aligns with Ontario’s broader electricity policy objectives, including: rate fairness for all customers; consumer protection for sub-metered customers; mitigation of local impacts by ensuring generation matches the community’s power needs; ensuring meaningful opportunities exist economic development in Ontario’s energy sector and, enabling new business opportunities..

London Hydro believes that if approved, it could be provided the opportunity to showcase how net metering could provide a framework for integrating generation and other distributed energy resources, such as energy storage, into a local community setting. We believe that we can bring in the flexibility that is needed to encourage innovation in integration of distributed energy technologies and applications.

London Hydro believes that the LDC is in the best position to assist the Ministry in their monitoring and evaluation of performance of assigned demonstration projects to inform future policy development. We believe that by enabling the LDC to be a key player in the demonstration projects that will also help define regulatory challenges for net metering at a community level. We believe that by allowing the LDC full reign to CNM data that it puts the LDC in the best position to 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. Results from this initiative could guide potential future enhancements to the net metering framework.

Should you have any questions or concerns, please do not hesitate to contact me.

Respectfully submitted,



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