



RE: Clean Air Council Feedback on [ERO#: 019-4554](#): Supporting Residential Roof-Top Solar and other renewable resources by clarifying eligibility of third-party leasing and financing net metering arrangements

About the Clean Air Council

The Clean Air Council (CAC) is a network of over 30 municipalities and health units from across the Greater Toronto, Hamilton and Southwestern Ontario Area who work collaboratively on the implementation of clean air and climate change mitigation and adaptation actions[i].

More information on the Clean Air Council is available [here](#). CAC representatives are the municipal staff change agents within leading climate action municipalities and have been working for over 20 years to advance progress on clean air and climate change actions. This submission presents the consensus of feedback from the Clean Air Council to ERO#: 019-4554

The CAC recommends that Ontario update the net metering regulation to enable 3rd party leasing and financing virtual net metering projects. Updating this regulation is key to spurring innovation and additional business models that are critical for enabling Ontario to fully advance emerging non combustion low carbon distributed energy opportunities. Being able to undertake these projects via 3rd party business models enable projects to be undertaken by a wider segment of the Ontario population as it reduces the up-front capital costs barrier of renewable systems. It will also enable net metering renewable installations at the community scale rather than just by property owners at the building level and will ensure that larger DER and storage projects efficiencies of scale benefits can be achieved. Updating of the regulation to enable 3rd party leasing and financing will also help to reduce costs to customers and utilities through efficiencies of scale, increased implementation of DER, and thereby advance the economic development opportunities for Ontario's DER market.

It is recommended that the third-party leasing and financing net metering arrangements cover all sectors (residential, commercial, institutional and industrial); and be made available across Ontario so that all communities can participate. Transparency on where the electrical grid cannot handle renewable connections needs to be clearly and transparently available to avoid investments in areas where connection to the grid will be a barrier. This information needs to be publicly available to ensure that 3rd party leasers/financiers and their customers are not investing in renewable installation in areas where grid connection will be an issue. Areas where renewable installation may be able to delay infrastructure investments should be prioritized. For this to occur, the IESO and utilities need to improve their communication with municipalities, 3rd party stakeholders and Ontarians.

The third-party leasing and financing net metering arrangements framework should allow for renewable energy co-operatives and other community and private sector energy entities, and non-regulated arms of utilities to participate. There is also the need to ensure a clear, transparent, and level playing field for all the above entities. These entities are crucial to advancing our DER and providing customers an opportunity to participate in the DER market when they would be unlikely to participate otherwise. Third-party leasing and financing net metering arrangements is also critical for enabling Ontarians to take a more active role in the energy transformation and fulfills the important goal of improving energy literacy within our communities and better preparing Ontario for the emerging distributed energy transition.

Use Time of Use Billing for Net Metering

In order to ensure fairness and consistency it is important that credits for third-party leasing and financing net metering arrangements are calculated on the same basis for how customers are charged for electricity (i.e. based on time of use). This would not only advance fairness and consistency but would also better represent the true value of electricity that is supplied during peak hours. While there may be some challenges related to billing, to reduce duplication and inefficiencies it is recommended that the province and utilities work together to develop a consistent billing protocol that is used across all utilities. In addition, the price signals or credits provided as part of the net metering framework should be consistent across utilities. It is also recommended that customers be provided with the ability to choose either a tiered or time of use system.

Grid Connection Rules and Fees

Grid connection rules should be applied based on clear and transparent criteria. The OEB, Utilities, the Province, Municipalities and 3rd party Stakeholders should work together to develop clear and consistent connection rules. The framework should build on best practices from other jurisdictions. In addition, grid connection rules need to be updated on a more regular basis to ensure that the rules respond to the changing nature of DER resources and opportunities. For example, many utility grid connection rules are still based on the FIT model for DER (where 100% of renewable electricity is fed into the electrical grid) as opposed to net metering where the large majority of electricity is used on site and where 100% is very unlikely to be fed into the grid.

Grid connection rules and grid connection fees should be across the different utility catchments and should be limited to a cost recovery fee with transparent and clear communication from the utility on their connection costs.

To further enable 3rd party leasing and financing net metering arrangements, generation needs to receive the same treatment as demand/loads when it comes to constraints, short circuit capacity and other grid calculations. Currently, there are transmission stations and distribution stations that are listed as having no further capacity from the standpoint of adding generation (e.g. short circuit fault current constraints), but continually are able to find capacity for allowing

more demand/loads (which can produce even greater short circuit fault current). This is the case even when the generation is being added behind the meter and is unlikely to ever reach the grid.

Advance Planning Alignment

While not directly related to 3rd party leasing/financing arrangements, but directly linked to supporting Ontario's community net metering and other DER opportunities, there is the need for increased alignment between the Province, the IESO, the Utilities and Municipalities. QUEST and Clean Air Partnership (CAP) have been working with stakeholders to identify opportunities to advance planning alignment; identifying overlap and interdependencies, as well as opportunities to more efficiently achieve respective objectives. The six recommendations below summarize the findings from a combination of semi-structured interviews and facilitated workshops with participants from across Ontario:

1. Enhance Engagement and Plan Review
2. Identify and Converge Around Common Objectives
3. Increase Focus on Peak Demand
4. Improve Data Sharing and Assumption Consistency
5. Collaborate on Energy Mapping
6. Leverage Incentives and Financial Mechanisms

For example, **there are significant opportunities to increase alignment between land use planning and energy planning. Centralized energy planners, municipal planners and utility planners should be more proactive in identifying energy demand from new developments.** It is important to recognize energy limitations and where distributed energy may be best able to address local energy demand. Increased communication earlier in the process between stakeholders may also address the challenges distributed energy projects face when connecting to the existing grid and how targeted conservation, distributed energy and renewables can best reduce the need for new transmission and distribution infrastructure. This consideration should also be applied to the IESO's Regional Energy Planning exercise through incorporation of a distributed energy resource lens as an alternative to, or complement to, future investments in electrical transmission and distribution infrastructure.

More detail on opportunities to advance each of these goals are available in the [Towards Planning Alignment Report](#).

The Clean Air Council would like to extend an invitation to the Province to discuss these recommendations in more detail. Please contact Gabriella Kalapos at

gkalapos@cleanairpartnership.org to identify a future Clean Air Council meeting where provincial staff and Clean Air Council representatives can further explore the above questions and recommendations and collaborate on advancing Ontario's efforts to create the efficient, low carbon, livable, resilient and competitive communities Ontarians desire.