



Date: December 15, 2021

To: Hon. Todd Smith  
Minister of Energy  
77 Grenville St., 10<sup>th</sup> Floor  
Toronto, ON M7A 2C1

**Re: Request for Feedback, Rooftop Solar and Net Metering**

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Dear Minister Smith,

Thank you very much for requesting feedback concerning potential changes to Ontario's net metering regulations.

CarbonFree Technology Inc. is a Toronto-based solar power project developer and system owner that has commissioned more than 120 photovoltaic projects with a generating capacity of more than 660 MW. These projects include four of the largest solar projects in Ontario, plus 65 commercial and industrial projects under Ontario's previous Feed-In Tariff program. More information about our company is available at [www.carbonfree.com](http://www.carbonfree.com).

In the past CarbonFree developed a number of rooftop systems in the U.S. based on third-party ownership with power purchase agreements ("PPAs") that relied on net metering – making us very familiar with the requirements for a successful business in this space. Should the opportunity present itself in Ontario, with the appropriate regulatory framework, CarbonFree would be very interested in developing net-metered projects using third-party ownership.

Given the urgency of the global climate crisis, we believe it is essential for the Ontario government to show leadership by establishing programs that will incent meaningful renewable energy development. Net metering is just such a program – one that can add a significant element of resilience to Ontario's electricity grid at little to no cost to the provincial government, ratepayers, and utilities.

The potential for net metering in Ontario can be seen from how well it is already working in Alberta, where there has been tremendous growth in the renewable industry under Jason Kenney's government. Alberta has a robust market with significant solar job growth and investment flows thanks to having an open electricity market and allowing PPAs. Many of the customers with solar PPAs in Alberta also have operations in Ontario, so we believe there could be strong demand if the regulatory framework here were to permit net metering.

Our comments on the potential for net metering in Ontario are as follows:

Scale Matters. For consumers to have the lowest possible prices, third-party system owners need to be able to benefit from economies of scale, aggregating portfolios that can attract infrastructure-oriented institutional equity and low-cost debt.

Virtual Net Metering. As rooftops and parking lots provide only limited space, to get to scale we believe the industry needs to be able to develop third-party-owned projects using virtual net metering. These projects will have the added benefit of allowing customers who do not have access to suitable rooftop space to opt for solar power.

Encourage Financial Innovation. Rather than defining the specific types of leasing and financing arrangements that may be provided by third parties, and how they are structured, we believe the government should take a hands-off approach and let market participants develop innovative solutions, which will benefit Ontario's electricity users and should be allowed as long as standard consumer rights are protected.

Clear Guidelines. For Ontario customers to benefit from low-cost solar power, we believe the Ministry, the IESO and other provincial agencies need to minimize the regulatory burden by establishing clear guidelines as to what is and is not allowed, and by processing interconnection and net metering applications quickly on a continuous basis, rather than relying on a batch approval process as was the case under the FIT program.

Guaranteed Decision Time. We would suggest a guaranteed decision time of 10 business days would be ideal, with the default being that if a project is not rejected within this time frame it is automatically approved.

Discourage Squatting. To deter developers from trying to secure options for projects they are not committed to building, tying up interconnection capacity, we would suggest that projects need to demonstrate construction has started within six months of being awarded the right to interconnect using net metering, with the ability to extend only in extenuating circumstances.

Not Electricity Retailing. For historical reasons, Ontario places significant regulations on electricity retailers, with a registration system designed for larger market participants rather than single-site solar projects. We suggest that third-party owners of solar power systems should not be classified as electricity retailers, even in cases where the energy

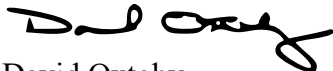
from photovoltaic system may be sold to multiple tenants in a building, such as a shopping centre or multi-tenant office building. In cases where more than 20 separate customers use the electricity from a single system, we suggest it be treated as Community Solar, with appropriate rules applying.

Community or Indigenous Requirements. Unless a project is located on municipal land or buildings, or on a First Nations reserve, we do not believe there should be any community or indigenous requirements. The only municipal hurdle would be receipt of a building permit.

Domestic Content Requirements. Given that very little solar power equipment is made in Ontario anymore, we do not believe it would be practical to saddle net metered projects with domestic content requirements.

We hope you find these suggestions helpful, and should you have any questions please feel free to contact me at [doxtoby@carbonfree.com](mailto:doxtoby@carbonfree.com) or 416 300 1088.

Yours truly,



David Oxtoby  
CEO