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September 20, 2023

Ontario Ministry of Energy  
77 Grenville Street  
Toronto, ON  
M7A 2C1

Submitted via Environmental Registry Comments

**Re: Streamlining and clarifying net metering regulatory requirements**

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Toronto Hydro-Electric System Limited (“Toronto Hydro”) is the local electricity distribution company for the City of Toronto. It serves over 780,000 customers and delivers about 18% of the electricity used in Ontario.

On August 21, 2023, the Government, through its Ministry of Energy, posted a notice proposing changes to the regulation of community net metering and third-party ownership net metering, intended to remove administrative burden and clarify regulatory requirements to support innovation and customer choice.

Toronto Hydro takes no position on the proposed technical changes to the community net metering and third party ownership regulations. However, from a broader policy perspective, Toronto Hydro remains concerned that the expansion and continued focus on net metering runs counter to the government’s broader energy policy objectives and ultimately will place upward pressure on electricity rates. Toronto Hydro has previously noted such concerns in its earlier submissions on the development of community net metering.<sup>1</sup>

There is currently a growing importance and evolution to energy management, with increasing use and consideration of Local Demand Response and/or Distributor System Operators (“DSO”) which offer benefit stacking opportunities across the value chain. Toronto Hydro submits that should community net metering be expanded further in the future any such expansion be considered in such a way that customers could be transitioned to more broadly beneficial energy management programs if and when such frameworks are established. Specifically, Toronto Hydro is concerned that community net metering can ultimately lock customers into new arrangements that could be relatively inefficient from a broader grid perspective. At the same time, these arrangements could preclude them from future opportunities to contract with a Local Demand Response provider and/or DSO for non-wire alternative

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<sup>1</sup> Toronto Hydro November 22, 2020 letter to the Ministry of Energy, Northern Development and Mines regarding Changes to Ontario’s Net Metering Regulation to Support Community-Based Energy Systems.

value streams or for a DSO providing Total DSO services and therefore bulk system value streams. Considering community net metering in the context of a transitory program, or one that would allow customer to opt-out of community net metering contracts if a Local Demand Response and/or DSO opportunity comes along, will give market operators the flexibility to convert such customers over from a less efficient DER framework to a more optimal one.

Toronto Hydro notes that the Government contemplates continuing to explore further options to enhance Ontario's net metering framework. To the extent any further expansion is contemplated, Toronto Hydro strongly urges further consultation prior to further amendments to the net metering regulation.

Sincerely,

A handwritten signature in blue ink that reads "Andrew J. Sasso". The signature is written in a cursive, flowing style.

**Andrew J. Sasso**  
Director, Energy Policy and Government Relations  
Toronto Hydro-Electric System Limited

AJS/jl