

# Communications Snapshot: Amendment of Ontario Regulation 541/05: Net Metering

## Communications Objectives

- To communicate progress on Ontario's 2013 Long-Term Energy Plan and Climate Change Action Plan.

## Context

- Net metering is a billing arrangement that allows customers to generate renewable energy onsite for their own use, and to receive bill credits for any surplus electricity sent to the grid.
- Ontario's 2005 Net Metering Regulation established a consistent net metering program in the province by requiring electricity distributors to offer net metering to their customers upon request. The regulation has not been significantly updated since 2005 due to relatively limited program uptake following the launch of the microFIT and FIT programs in 2009.
- The Ministry of Energy is proposing to make amendments to the 2005 Net Metering Regulation (O. Reg. 541/05) responding to the 2013 Long-Term Energy Plan commitment to examine the evolution of the microFIT program to a net metering program and to support initiatives under the 2016-2020 Climate Change Action Plan (CCAP).
- The proposed amendments are intended to increase energy choice for consumers and promote innovation and diversification in Ontario's renewable energy and cleantech sectors while maintaining a focus on value for electricity ratepayers.
- In enabling households, institutions and businesses to meet their annual electricity needs with renewable energy, the proposed updates would also facilitate the move to near-net zero and net zero energy homes and buildings.
- Implementation of the updated program would coincide with the wind down of Ontario's microFIT program, scheduled to occur at the end of 2017. The updated LTEP and consultations this Fall will also provide an opportunity to review future renewable energy procurement strategies and the role of distributed energy in system planning.
  - In anticipation of a future with more distributed energy, the updated net metering regulation would support better integration of small renewable energy developments by requiring that installations are appropriately sized and located close to load.
- The proposed regulatory amendments would broaden program eligibility and make smaller updates responding to feedback from existing net-metered customers, including by:
  - Clarifying the description of the method used to calculate bill credits for any surplus electricity sent to the electricity grid.
  - Extending the carryover period for bill credits for any surplus electricity sent to the grid from 11 to 12 months;
  - Removing the 500 kilowatt (kW) project size limit to allow for any sized renewable energy generation system, subject to the system being used primarily for the generator's own use;
  - Allowing for the use of energy storage when paired with renewable energy; and

- Allowing participants with existing net metering agreements (prior to the effective date of the proposed updated Regulation) the option of entering into new agreements which reflect the updated provisions of the Regulation, or of maintaining their existing agreements.
- ENERGY considered the following factors for the proposed updates:
  - Best practices and lessons learned from net metering programs in other jurisdictions, including surrounding compensation and the potential for cost-shifting, as well as other program design elements.
  - Feedback from current net metering participants; targeted consultations and engagements held over Summer and Fall 2015 and from feedback on postings to the Environmental and Regulatory Registries in August 2016; and guidance and input from an Advisory Working Group, composed of representatives from the renewable energy industry, as well as electricity distributors, the Ontario Energy Board and the Independent Electricity System Operator;
  - Cost trajectories for electricity prices and solar photovoltaic (PV) equipment from publicly available sources, as well as equipment prices used by the IESO for microFIT and FIT price reviews.
  - Plans to reduce greenhouse gas emissions in the building sector, outlined in Ontario's 2016-2020 Climate Change Action Plan (CCAP) – in particular plans to increase near net-zero and net-zero energy homes and buildings.

## Issues and Mitigation

| Issue/Consideration                              | Mitigation Strategy                                                                                                                                                                                                                                                                                                                                              | Key Messages                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Potential cost implications for non-participants | <p>Communicate ratepayer costs in relation to continuing the microFIT and FIT programs.</p> <p>Communicate the role of the OEB in providing regulatory oversight of the program.</p> <p>Communicate that ENERGY plans to undertake a cost-benefit evaluation of the program every three years, if required, coinciding with the Long-Term Energy Plan cycle.</p> | <p>The updated program changes support customer choice in generating clean, renewable energy, while maintaining a focus on value to the electricity system.</p> <p>These proposed changes reflect feedback received from public and targeted stakeholder consultation with industry stakeholders, and current net metering participants. Changes align with best practices and lessons learned from net metering programs in other jurisdictions.</p> <p>As with all regulations under its purview, the Ontario Energy Board, the province's energy regulator, will provide regulatory oversight of electricity distributors' implementation of the amendments.</p> <p>ENERGY plans to undertake a cost-benefit evaluation of the program every three years, if required,</p> |

| Issue/Consideration | Mitigation Strategy | Key Messages                                     |
|---------------------|---------------------|--------------------------------------------------|
|                     |                     | coinciding with the Long-Term Energy Plan cycle. |

## Key Messages

- Ontario is implementing an updated and streamlined net metering program, which supports customer choice in generating clean, renewable energy, aligns with value to the electricity system and enables innovative technologies.
- Implementation of the updated program would coincide with the wind down of Ontario's microFIT program at the end of 2017. Through the development of the 2017 Long-Term Energy Plan, the Ministry will consider future strategies for renewable energy deployment and the role of distributed energy in system planning.
- Net metering is part of the government's strategy to transition to a prosperous, low-carbon economy.
- The updated program will offer energy choice for Ontario homes and businesses, and promote innovation in Ontario's renewable and clean technology industries.
- The Ministry of Energy has also began additional consultations on net metering program design elements, including eligibility of third-party ownership and virtual and community net metering.

## Strategic Approach

- QA that will address the purpose and benefits of the net metering program.

## Tactics & Rollout

| Launch Event                                                                                                                                              |          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Proposed Date and Time                                                                                                                                    | Location |
| N/A                                                                                                                                                       | N/A      |
| Description <i>(What is the event, who is leading it? If it's a third party event, how does it connect to the announcement?)</i>                          |          |
| No event proposed.                                                                                                                                        |          |
| Visual/Photo-op <i>(Describe the backdrop (e.g., protected greenbelt forest) and describe any planned photo ops (e.g., boarding a new TTC streetcar).</i> |          |
| N/A                                                                                                                                                       |          |
| Speakers & Attendees                                                                                                                                      |          |
| <b>Government speakers:</b> N/A<br><b>Other speakers:</b> N/A<br><b>Estimated number of attendees:</b> N/A                                                |          |

|                                                                                                                                                                                                                                                                     | Pre-Launch                                              | Launch                                                  | Post-Launch                                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| <b>Regional Rollout</b><br>Examples: <ul style="list-style-type: none"> <li>- MPP Template</li> <li>- Speeches</li> <li>- Media event</li> <li>- Op-ed, media pitch</li> <li>- Editorial board meeting</li> </ul>                                                   | <ul style="list-style-type: none"> <li>• N/A</li> </ul> | <ul style="list-style-type: none"> <li>• N/A</li> </ul> | <ul style="list-style-type: none"> <li>• N/A</li> </ul> |
| <b>Earned</b><br>Examples: <ul style="list-style-type: none"> <li>- News release, etc.</li> <li>- Remarks</li> <li>- Event</li> <li>- Calls/emails to targeted audiences</li> <li>- Multilingual media</li> <li>- Fact sheets</li> <li>- House Statement</li> </ul> | <ul style="list-style-type: none"> <li>• N/A</li> </ul> | <ul style="list-style-type: none"> <li>• N/A</li> </ul> | <ul style="list-style-type: none"> <li>• N/A</li> </ul> |
| <b>Digital / Social</b><br>Examples: <ul style="list-style-type: none"> <li>- Web content</li> <li>- Twitter/Facebook</li> <li>- Keyword / interactive web</li> <li>- Blogger outreach</li> </ul>                                                                   | <ul style="list-style-type: none"> <li>• N/A</li> </ul> | <ul style="list-style-type: none"> <li>• N/A</li> </ul> | <ul style="list-style-type: none"> <li>• N/A</li> </ul> |
| <b>Paid</b><br><i>(must include budget)</i><br>Examples: <ul style="list-style-type: none"> <li>- TV/radio/newspaper</li> <li>- Online banners/ads</li> <li>- Advertorial</li> <li>- Householder/direct mail</li> </ul>                                             | <ul style="list-style-type: none"> <li>• N/A</li> </ul> | <ul style="list-style-type: none"> <li>• N/A</li> </ul> | <ul style="list-style-type: none"> <li>• N/A</li> </ul> |

## Evaluation

- Incoming correspondence and feedback from the Environmental and Regulatory Registry posting