Communications Snapshot

Communications Objectives

- To communicate the passing of legislative changes to the Ontario Energy Board Act (OEBA) that will enable: third parties to own and operate net metering projects and virtual net metering demonstration projects. To inform the public that regulatory changes will be proposed outlining the regulatory requirements of third party operators and potential net metering demonstration projects, and will be posted to the Environmental Registry and Ontario Regulatory Registry for public consultation.

Context

- Net metering is a billing arrangement between a Local Distribution Company (LDC) and a customer. Under a net metering arrangement, an electricity customer, such as a property owner or business, can generate electricity from a renewable source for their own use while still drawing electricity from the local distribution grid when needed.
- Each billing period, the LDC credits the customer's electricity bill for the value of the electricity they supplied to the grid, offsetting the cost of the electricity they consumed from the grid.
- The Ministry of Energy is proposing to enhance Ontario's net metering framework as part of a commitment to transition the Feed-in Tariff (FIT) and microFIT programs from generation purchasing programs to a net metering based approach. This would allow the province to continue to encourage new sources of renewable electricity supply without relying on the long-term contracts and fixed pricing of the FIT and microFIT programs.
- In February 2017, Ontario filed an amended Net Metering Regulation (O.Reg. 541/05), which came into force July 1, 2017 ("Part 1 updates"). These updates include:
    - Extending the carryover period for bill credits from 11 months to 12 months;
    - Removing the 500 kW project capacity size limit; and
    - Enabling the pairing of energy storage with renewable energy generation.
- The Part 1 updates are expected to broaden opportunities for customers to generate their own renewable energy, reduce their electricity bills, and enable innovative technologies and customer-utility relationships.
- The Ministry has examined additional program updates ("Part 2 updates") that would enable third-party ownership and operation of net metering facilities (existing net metering rules require the customer to own the net metering project) and virtual net metering demonstration projects.
- Part 2 updates will be communicated through the 2017 Long Term Energy Plan (LTEP) and will include legislative and regulatory actions to:
    - Expand eligibility for third-party ownership arrangements; and
    - Support virtual net metering demonstration projects to better understand impacts and inform potential future updates to the net metering framework.

Target Audience

- Key net metering audiences include LDCs, the Ontario Energy Board (OEB), the Independent Electricity System Operator (IESO), electricity customers, and the renewable energy industry (particularly solar energy companies).

Key Messages

- Ontario is further enhancing the net metering framework to expand opportunities for consumers to participate in net metering, and encourage new sources of clean, cost-effective energy supply that can offset peak demand and help reduce the need to invest in large generation projects in the future.

- The third-party ownership model will allow homeowners and businesses to have greater access to renewable generation, which can be used to offset their electricity use and participate in a net metering arrangement, potentially without the up-front cost of buying or financing the equipment.
- These measures would broaden opportunities for innovative customer-utility relationships and expand customer choice by: improving affordability of renewable generation for customers; enabling new ownership structures; and facilitating innovation in net-zero building and community developments.
- Taken together, these enhancements to Ontario's net metering policy put the province at the forefront of renewable energy integration in Canada and provide a framework for future innovation in distributed energy, grid modernization and supporting climate change actions.

Strategic Approach

- A low-profile, reactive, targeted approach is recommended. No proactive communications tactics planned.
- The 2017 LTEP, planned for release in October 2017, will reaffirm Ontario's commitment to expand the net metering regulation and highlight the benefits of third party ownership and virtual net metering demonstration projects.
- Regulatory changes would follow and provide greater detail on the treatment of third party operators and virtual net metering demonstration projects. Environmental Registry and the Ontario Regulatory Registry postings will provide opportunity for public review and feedback, and provide a further opportunity for the Ministry of Energy to reinforce Long Term Energy Plan announcements.. The Ministry of Energy website will provide a link to the EBR posting.
- ENERGY will then utilize additional communication opportunities in order to reiterate the messages from the LTEP. These opportunities include:
    - Updates to the Ministry of Energy's net metering web-page;
    - Announcement of Green Ontario Fund incentives for solar PV; and
    - The closing of the microFIT Program.

Issues & Mitigation

Issue/Consideration	Mitigation Strategy	Key Message
• *Consumer protection: There is a potential that third-party owners/operators may try to use misleading or questionable tactics to encourage customers to sign contracts.*	• *ENERGY and the OEB are taking steps to ensure appropriate consumer protection and consumer education measures are in place for implementation of third-party ownership and other recent changes to net metering regulation.*	• *Ontario is committed to providing strong protection for consumers.* • *The Ministry of Energy will be working with the Ontario Energy Board, electricity distributors and the renewable energy industry to ensure consumers get the information they need to make informed decisions and that third parties conduct their business in an ethical manner and treat potential customers fairly.*
• *Potential ratepayer impacts: There is concern that net metering can shift system costs (ex. distribution system cost and Global Adjustment) to non-net metered*	• *ENERGY can communicate to the public that, based on Ministry analysis, the expected impact on rates will be negligible and that it will be monitoring*	• *The Ministry of Energy expects no significant rate impacts associated with the updated net metering policy, due in part to recent rate design decisions by*

customers.	*implementation of the updated net metering regulation to ensure any corrective action can be taken by the Ministry or the OEB in a timely manner. As well, ENERGY plans to undertake a regular three-year evaluation of net metering to ensure that any issues are identified and addressed.* • *The OEB has implemented policy to phase in fixed distribution charges on residential electricity bills, which will address cost-shifting issues for non-net metered residential customers. Distribution charges, currently a blend of fixed and variable (per kilowatt-hour) rates will be an entirely fixed monthly service charge by 2019.* • *The OEB is continuing rate design reform with its next phase focusing on all commercial and industrial classes in electricity.*	*the OEB to phase-in fixed distribution charges on residential electricity bills. This will ensure that net-metered customers continue to pay their fair share for being connected to the grid.* • *In fact, it is expected that, relative to generation purchasing programs such as the Feed-In Tariff programs, the transition to net metering will be a more cost-effective approach to supporting renewable energy and customer choice.* • *Distributed renewable energy can benefit the system by offsetting peak demand.*
• *Some industry proponents may be concerned that the proposed net metering updates did not go far enough to provide opportunities for industry by not fully enabling virtual net metering.*	• *ENERGY responded to industry and other stakeholder feedback on the importance of enabling third-party ownership under the net metering framework and is taking action to develop opportunities for virtual net metering demonstration projects.*	• *In response to interest expressed by industry and other stakeholders during stakeholder and Indigenous engagement in early 2017, the Ministry of Energy is taking a measured approach that will create opportunities for broader participation in net metering though eligibility of third-party ownership.* • *The updates will also create opportunities for innovation through virtual net metering demonstration projects that will help inform future direction for net metering and distributed energy solutions.*
• *Some LDCs may be concerned about cost impacts to implement the proposed changes.*	• *ENERGY has taken a measured approach to updating the net metering framework and considered LDCs input received through stakeholder and Indigenous engagement in early 2017. Updating the net metering*	• *It is anticipated there will be minimal additional costs for LDCs to continue to deliver net metering to customers with these changes.* • *In response to concerns expressed by LDCs during stakeholder and*

	regulation to allow third parties to own and operate net metered generation will have negligible cost impact on distributors. • *The OEB is taking steps to consider any potential administrative costs for LDCs to deliver net metering to customers and cost recovery through its Net Metering Consultations with LDCs and any next steps that may be identified.*	*Indigenous engagement in early 2017, the Ministry of Energy took a measured approach with the proposed changes to the net metering regulation.*
• *Some LDCs may not be prepared to offer net metering to their customers due to a lack of experience with, and capabilities to administer, net metering requests; or LDCs that do offer net metering may not be able to offer it to some customers due to connection capacity constraints.*	• *ENERGY is coordinating with the OEB to ensure distributors are in compliance with the regulatory requirements and will monitor any issues related to delivery of net metering.* • *ENERGY will be coordinating with the OEB and LDCs to ensure that information on net metering and connection of net-metered facilities is clear and consistent across LDCs.*	• *The OEB monitors compliance of electricity distributors with the net metering regulatory requirements.* • *ENERGY will be coordinating with the OEB and stakeholders to ensure a consistent approach to net metering across the province.* • *Electrical grid capacity constraints in some parts of the province limit the amount of generation, including net metering systems, that can be connected to a local distribution system. For more information about connecting a renewable generation system and any limitations that may exist for specific net metering projects, consumers should contact their electricity distributor.*

Tactics & Rollout

- Pending enactment of legislative amendments ENERGY is aiming to seek LRC approval of its enhanced net metering regulation and related consumer protection regulations in early 2018.

Evaluation

- Feedback from the Environmental Registry and Ontario Regulatory Registry postings will be tracked and a response will be posted to address stakeholder feedback.
- Inquiries to the Ministry of Energy regarding legislative changes to Ontario's net metering framework will be tracked.