RE: LRC (Jan. 31) | Net metering

From: "Pagel, Alexa (ENERGY)" <alexa.pagel@ontario.ca>
To: "Coker, Meaghan (ENERGY)" <meaghan.coker@ontario.ca>
Cc: "Esdaile, Trevor (ENERGY)" <trevor.esdaile@ontario.ca>, "Whittington, Matt (ENERGY)" <matt.whittington@ontario.ca>, "Katona, Keley (ENERGY)" <keley.katona@ontario.ca>
Date: Wed, 18 Jan 2017 12:28:30 -0500
Attachments: LRC net metering - Ministry Approval Form - 20170118 - clean.doc (361.47 kB); LRC net metering - Ministry Approval Form - 20170118 - tracked.doc (364.03 kB)

Hi Meaghan,

Please find attached the updated version of the Ministry Approval Form (clean and tracked changes). The package is now ready for Minister's signature.

Thanks,
Alexa

From: Coker, Meaghan (ENERGY)
Sent: January-18-17 11:00 AM
To: Pagel, Alexa (ENERGY)
Cc: Esdaile, Trevor (ENERGY); Whittington, Matt (ENERGY); Katona, Keley (ENERGY)
Subject: RE: LRC (Jan. 31) | Net metering

Thanks Alexa, for this info. One small edit below, then good for signature!

Edit:
I think it would be helpful if the package clearly states that NM customers are currently being paid at tiered rates.
Perhaps at the top of the 3.5 cent subsidy section or with the proposed amendment "to clarify the description of the billing method".

Something as simple as this from the Q/A document …

Most LDCs in Ontario will bill residential net-metered customers based on the Tiered Pricing structure of the Regulated Price Plan.

Also with that I think it would be helpful to mention …

The Ministry will be undertaking a cost-benefit analysis to help inform whether investments in Ontario's MDM/R should be made to enable province-wide TOU billing for these customers.

From: Pagel, Alexa (ENERGY)
Sent: January-18-17 9:33 AM
To: Coker, Meaghan (ENERGY)
Cc: Esdaile, Trevor (ENERGY); Whittington, Matt (ENERGY); Katona, Keley (ENERGY)
Subject: RE: LRC (Jan. 31) | Net metering

Hi Meaghan,

Staff sent the below answers to your questions re: the net metering package.

Let me know if you have any more questions, or if we can get the package ready for DM/Minister signature.

Thanks,
Alexa

1. **Can staff provide more context/info. re: costs passed to consumers – is this related to the GA?**

Global Adjustment costs would not increase as a result of net metering uptake. However, customers may pass on a small amount of GA and other volumetric electricity charges (e.g. volumetric distribution, transmission, and regulatory charges), that they otherwise would have paid, to other customers. This is because they are consuming less electricity from the grid.

However, these charges (or, a portion of these charges) are only passed on to other consumers where the value of electricity generated by the net metering participant is lower than the volumetric charges listed above. This is further explained in the answer to question 2 below.

2. **Why are we using a model that isn't tiered? (page 12)**

Staff did use Tiered Pricing in the analysis. Please see footnote 33 on page 13 which states the following:

"3.5 cents is based on the difference between residential Tiered Prices in 2020 (12 cents/kWh) and the average of IESO's preliminary estimates of the 20-year levelized value of solar in different regions of the province (12 cents + 5 cents / 2 = 8.5 cents) in 2020."

Volumetric electricity rates are used as a proxy for the value of the net-metered renewable energy generation. However, in most areas of the province, the IESO has modelled that the value of the electricity generated by the net metering participant may be slightly lower than the total of volumetric electricity rates.

Most residential net metering participants in the province will be billed for their consumption, and credited for their exports, at Tiered Pricing rates. In 2020, Tiered Pricing rates that a customer would receive on exports to the grid are modelled to be on average $0.12/kWh (brought back into $2016, and accounting for average residential solar PV generation and current Tiered Pricing kWh tier thresholds as posted on the OEB's website).

Based on IESO's estimate of the value of solar PV generation, however, that $0.12/kWh is $0.035 higher than the true value offered by PV generation to the province in 2020. The IESO's analysis did not account for distribution costs/benefits, so was an indicative estimate. However, for the purpose of the analysis we also only looked at commodity charges paid (Tiered Pricing) as these are the largest source of credits a net metering customer would receive, and as residential customers are being transitioned to a fully fixed distribution charge.

ENERGY staff used this $0.035 difference between what net metering participants are credited vs. the value offered by their generation to calculate an estimate of the subsidy provided to net metering customers (the total cost shift) assuming different levels of uptake. In terms of the cost shift examples in the LRC package, these would be funded entirely through the Global Adjustment, given the scope of the analysis.

3. **Does the package speak to current subsidies offered to NM customers? See pg. 12 referencing 3.5 cents, but this is not offered now/proposed to be. Should have current pricing.**

Please see answer to question 2 above. There are no direct subsidies currently offered to net metering participants. However, volumetric electricity rates may represent a modest indirect subsidy in certain areas of the province.

From: Armstrong, Hillary (ENERGY)
Sent: January-16-17 4:22 PM
To: Teliszewsky, Andrew (ENERGY)
Cc: Imbrogno, Serge (ENERGY); Katona, Keley (ENERGY); Pagel, Alexa (ENERGY); Whittington, Matt (ENERGY); Moulton, Dan (ENERGY); Esdaile, Trevor (ENERGY); Coker, Meaghan (ENERGY); Baker, Carys (ENERGY)
Subject: LRC (Jan. 31) | Net metering

Hi Andrew,

For concurrent review, attached is the net metering package that is tracking to LRC for January 31. As with the Large Building EWRB package, final copies (signed by the Minister) need to be sent to Executive Counsel Office by **January 19**. The password to open the draft reg. is: billing.

And an update on MOF's DRC regulatory amendments:

- MOF's EBR posting closed on Jan. 6, and they received no comments.
- MOF is seeking a decision on TB exemption prior to Jan. 31, given the small expected fiscal impact.
- MOF is scheduled to seek LRC approval of amendments to their DRC regulation on Jan. 31. We have reviewed the draft Ministry Approval Form and have provided some edits to ensure alignment with our package.

Staff are also preparing speaking remarks for the Minister/PA at LRC.

If you are comfortable with this package, we can prepare it for signature.

Thanks,
Hillary