

To: Warden and Members of County Council

From: Director of Public Works

Update to Ontario's Community Net Metering Regulation

RECOMMENDATION

1. That Oxford County Council receive Council Report No. PW 2021-37, entitled "Update to Ontario's Community Net Metering Regulation", as information.

REPORT HIGHLIGHTS

- O.Reg. 679/21, *Community Net Metering Projects*, was filed by the Province of Ontario on September 28, 2021 which provides a framework for community net metering and authorizes the West Five development (London) as the sole community net metering demonstration project.
- Public Works provided feedback during the comment period in November 2020; however, the scope of the new regulation ultimately did not introduce a framework which would support virtual net metering at this time.
- Renewable energy generation growth potential on County municipal property is restricted by the lack of regulatory approval framework for virtual net metering as originally envisioned by the County.

Implementation Points

The new regulation has no direct impact on the County's net metering projects, nor does it advance the approval framework required to consider virtual net metering approaches which are of significant interest to the County based on its potential application at several municipal sites.

That said, the new regulation does present potential opportunities to consider when planning for future applications, such as community subdivisions, as described in the Comments section of this report.







Financial Impact

This report has no financial impact.

Communications

Public Works will continue to work with stakeholders in order to successfully reach 100% Renewable Energy by 2050. Additionally, this report will be provided to Smart Energy Oxford for information.

Strategic Plan (2020-2022)

					
WORKS WELL TOGETHER	WELL CONNECTED	SHAPES THE FUTURE	INFORMS & ENGAGES	PERFORMS & DELIVERS	POSITIVE IMPACT
		3.i 3.iii.			

DISCUSSION

Background

Virtual Net Metering (VNM) allows for the generation of renewable energy in one geographic location to be consumed in a separate geographic location. This concept is an attempt to reconcile the reality that not all locations have the same potential for renewable energy production, nor do all locations have the same energy consumption needs. In April 2017, Oxford County Council supported in-principle the development of VNM (CAO 2017-06) as a way to support the County's 100% Renewable Energy (RE) goal. In addition, the Warden was directed to approach the Minister of Energy as well as the Minister of Environment and Climate Change (now the Minister of Environment, Conservation and Parks) to seek Ministerial approval to advance the County's VNM demonstration project. Unfortunately, approval to proceed with a demonstration project was not granted.

In 2018, County Council endorsed staff's submission in response to the Ministry of Energy's proposed changes to the siting and operations of renewable generation facilities as outlined in CP 2018-22. A key focus of the proposed change commentary was regarding a provision for a VNM demonstration project. While the County provided comments in support of this initiative, no further development opportunity has emerged.

In 2019, County Council adopted the targets set out in the *Energy Management Plan* through PW 2019-33, which included the Plan to be submitted to the Ministry of Energy, Northern Development and Mines (now the Ministry of Northern Development, Mines, Natural Resources and Forestry) as per provincial requirements set out in O.Reg. 507/18.

In 2020, Public Works responded to ERO #019-2531, *Changes to Ontario's Net Metering Regulation to Support Community-Based Energy Systems*. The comments provided to the province addressed the inability to share generation credits amongst the County's building portfolio. Furthermore, clarification was requested from the province regarding who would be

able to participate in such projects. As a follow-up, a letter was sent by the Warden in April 2021 to reinforce the County's support for a VNM framework while advocating for improvements that would allow for community-based energy systems.

Comments

In regards to ERO #019-2531, a decision was filed by the province on September 28, 2021 (O.Reg. 679/21), which outlines basic requirements on how a community net metering system can work. In addition, the regulation authorizes the West Five development as a community net metering demonstration project. This project, located in London, will be a 70 acre multi-use community development constructed by Sifton Properties Ltd. in partnership with London Hydro Inc. This will act as a pilot to better determine how billing options may work for community net metering projects, as well as explore how to integrate renewable and distribution energy sources into a community setting. The demonstration has a maximum term of 10 years.

No other projects were approved as demonstration projects at this time, and it is staff's understanding that there likely will not be further opportunities until more findings are gathered from the approved demonstration project. Furthermore, it is understood that community net metering, and the basis of this regulation change, is intended for single developments that contain multiple users and will be taken up by developers and Local Distribution Companies, rather than the virtual net metering that the County has advocated for in the past. As part of the comment response summary in the decision filing, the Ministry stated that while a number of comments were received regarding support and endorsement of virtual net metering systems, this system philosophy was deemed out of scope for the demonstration project.

Through the regulation details, it is understood that community net metering still has geographical limitations, rather than virtual net metering which in theory would have expanded geographical limits between the generating site and the consumption site. Community net metering has potential for renewable energy applications for single developers, which has the potential to contribute to the community goal of 100% RE by 2050. Through regulatory expansion, developers or other third party entities would be able to construct a local generating system that can offset consumption of a single site with multiple users that is restricted to a local geographical area (i.e. a subdivision development).

A VNM approach would allow for a larger geographical spread between generator and consumer, which is the regulatory arrangement the County organization seeks to offset electrical consumption at high consuming urban sites with limited space for renewable systems. VNM will be a key component in allowing the County organization to fully realize its own renewable energy goals at its municipal sites and contribution towards the *100% RE Plan* by maximizing its renewable energy generation potential.

Regarding this regulation development, Oxford County should look for updates on the approved pilot project, and advocate for future community net metering opportunities with third party developers, in partnership with Local Distribution Companies, within the borders of Oxford County. While community net metering systems may not be viable for application within County municipal sites, they may have a role to play within the community in achieving the overall goal of 100% RE.

Conclusions

In summary, this provincial filing does not have any immediate implications to Oxford County nor its plans to meet its strategic goal of 100% RE. Furthermore, while this currently does not have any long-term potential to impact the County's organizational contribution plans, there may be opportunities that stem from the approved demonstration project that could impact the greater community's contribution towards the *100% RE Plan* with respect to new developments.

Without regulatory approval of some form of VNM, Oxford County's operations will continue to have limitations on the amount of renewable energy generation that can be developed on the County's municipal property. This limitation largely stems from physical space constraints at high consumer sites in urban settings.

SIGNATURES

Report Author:

Original signed by

Mike Amy, FMP, SFP
Supervisor of Facilities

Departmental Approval:

Original signed by

David Simpson, P.Eng., PMP
Director of Public Works

Approved for submission:

Original signed by

Michael Duben, B.A., LL.B.
Chief Administrative Officer