Subject: Comments on ENERGY's Proposal to Amend Ontario Regulation 429/04 Regarding the Treatment of Corporate Power Purchase Agreements and Virtual Net Metering

On behalf of Agrivoltaics Canada, the national voice for agrivoltaics across Canada, we write to express our strong support for the Ontario Ministry of Energy's proposal to amend O.Reg 429/04. This proposal provides a pathway towards the sustainable integration of on farm renewable energy projects into Ontario's energy landscape.

Agrivoltaics, the strategic integration of agriculture and solar photovoltaic (PV) systems, offers a dual benefit: renewable energy generation and continued agricultural production on the same land. It presents an innovative solution to the challenge of optimizing land use for both food and energy production. In Ontario, where agricultural land is both valuable and finite, agrivoltaics represents an opportunity to maximize the utility of these lands while supporting the province's environmental and energy goals. Agrivoltaics supports farm production through enhancing growing conditions for crops or animals, while optimally converting solar energy into electricity, which supports farm income and energy security.

The amendments proposed for O.Reg 429/04, to enable Corporate PPAs (CPPAs) and Virtual Net Metering (VNM) for Class A customers aligns with the needs of participants in the Industrial Conservation Initiative (ICI) by enabling these participants to directly purchase clean power from Ontario-based generators, including agrivoltaic systems. Facilitated by the proposed amendments, Agrivoltaic projects and Corporate PPAs offer businesses a way to access clean power while simultaneously supporting the sustainability and prosperity of Ontario's farming community. The revenue generated from these projects provides a new, stable income source for farmers, bolstering their ability to produce food sustainably by maintaining and investing in their operations. By diversifying farm incomes, agrivoltaics supports local farm communities, and in general has higher social acceptance and community support than other forms of generation.

Furthermore, to optimize the opportunities of CPPAs and VNM, it's crucial to include Non-RPP Class B electricity customers and enable them to offset their payment of global adjustment through the purchase of renewable energy from renewable generators. This expansion will enable a broader range of stakeholders, including smaller agricultural, commercial, and municipal entities, to benefit from local agrivoltaic projects, especially in rural areas.

In Ontario, Non-RPP Class B customers currently pay GA on a volumetric basis ($/kWh), contrasting with the demand basis used by Class A customers. We propose a mechanism whereby all of the GA paid by Non-RPP Class B customers can be offset through renewable energy purchased through CPPAs in a VNM manner. This is analogous to how ICI participants would be able to reduce their Peak Demand Factor using renewable energy procured through a CPPA. Our proposal for Non-RPP Class B customers would allow them to support renewable energy projects directly with expenditures that would otherwise be paid to the system as GA.

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Given the large amount of new generation that IESO must procure to meet its 5 TWh requirement, and the additive affect of these procurements on the GA pool, allowing Class A and B customers to procure renewable energy independently through CPPAs will net out the loss of GA revenue by reducing the amount of new generation Ontario requires. While some portion of the GA revenue pool will move to CPPAs, a proportional amount of new generation will not have to be procured, resulting in zero impact on the costs and revenues flowing into the GA Pool. To ensure fairness and avoid double-dipping, any facility contracted under a CPPA should not participate in IESO auctions or procurements.

This strategy not only aligns Class B with Class A customers in terms of their ability to procure renewable power but also ensures economic efficiency. By allowing Class B customers to use CPPAs to offset a portion of their GA costs, we enable a more inclusive energy transition. It's important to consider the impact of this policy on the overall GA pool to maintain balance and avoid disproportionate cost burdens. We believe this approach can be implemented in a way that benefits all stakeholders, contributing to Ontario's broader environmental and economic objectives.

Agrivoltaic systems can and should contribute significantly to the province's environmental objectives. By co-locating solar PV panels with agricultural operations, these systems reduce the carbon footprint associated with energy production and farming. They also improve land use efficiency, allowing for simultaneous energy and food production without additional land use.

In addition to the aforementioned recommendations, the successful implementation of the proposed changes and enablement of agrivoltaics requires thoughtful consideration of several factors. To fully realize the potential of agrivoltaics deliver new generation capacity to meet the province's 5 TWh goal by 2030, we recommend proceeding with the proposed amendments to O.Reg 429/04 and further propose changes to Section 4.3 of the Provincial Planning Statement (2023). We have included our comments on the proposed changes to the PPS (2023) with this document as they are mutually supportive. In addition to adopting the proposed changes to O.Reg 429/04, we also strongly recommend the following inclusions in the PPS (2023).

1. Explicitly recognize agrivoltaics as an On Farm Diversified Use (including where they cover field crops) and include a definition of agrivoltaics to clarify its scope and function.
2. Develop and implement guidelines and best practices for agrivoltaic system design, installation, and management to ensure a balance between agricultural production and renewable energy generation, optimizing land utilization and productivity. Work with the FAST Lab at Western University, Canada's leading agrivoltaics research institution to develop these guidelines.
3. Support and encourage research and development in agrivoltaic technologies and practices, fostering innovation and collaboration among government agencies, academic institutions, and private entities to drive continuous improvement and knowledge-sharing.

In conclusion, the proposed amendments to O.Reg 429/04, combined with Agrivoltaics Canada's suggestions to broaden CPPA and VNM access to Non-RPP Class B customers and our advocacy for recognizing agrivoltaics as an On Farm Diversified Use in the PPS, create a unique and timely

opportunity. These measures collectively advance agrivoltaics in Ontario, addressing the province's urgent need for new, clean power sources to meet its growing electricity demands. By supporting the development of these systems, Ontario can achieve balance between renewable energy generation and agricultural productivity, garner community support, support commercial and industrial enterprises manage their electricity costs and ESG goals while contributing to the province's own environmental sustainability and economic resilience.

Agrivoltaics Canada looks forward to collaborating with the government and other stakeholders to realize this vision.

Sincerely,

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