

OREC Feedback to the Ontario Ministry of Energy on Ontario Regulation 429/04 Amendments related to the Treatment of Corporate Power Purchase Agreements June 20, 2024

About OREC

The Ottawa Renewable Energy Cooperative (OREC) with over 1,000 members finances, builds or acquires, and operates distributed renewable energy projects – solar, wind, and energy efficiency – in and around Ottawa and in Southwestern Ontario. Inspired by the success of citizen-centered energy cooperatives in other jurisdictions, OREC advocates for communities to play a role in and thus benefit from the energy transition in Ontario.

Comments by OREC

We are pleased to learn of the proposed amendments allowing Class A market participants to purchase virtual power from off-site non-utility renewable power generators through power purchase agreements (PPAs).

“The Ministry of Energy is seeking feedback on amendments to O. Reg. 429/04 that would allow qualifying Class A market participants to offset their facility's demand during each hour of a base period for financial settlement purposes through power purchase agreements with non-emitting generators not connected to the facility behind its meter.”

<https://ero.ontario.ca/notice/019-8666>

We have the following recommendations:

1. LDC customers should be eligible to participate in this initiative and these customers should be eligible to sign PPAs with non-utility generators feeding into LDC distribution systems. This will allow effective use of Distributed Energy Resources (DERs) to meet new demand in constrained parts of the distribution system.
2. ICI participants should be allowed to sign PPAs with more than one offsite non-utility generator to offset their peak demands, and non-utility generators sign PPAs with more than one customer. This would allow more flexibility in the use of Distributed Energy

Resources and allow for more points of 'mid sized' generation into the Distribution Grid. This also has the advantage of allowing for new generation with lower cost impacts on the Distribution grid (Connection Impact Assessments).

3. The amendments should apply to both Class A and Class B customers so that all customers can take advantage of using offsite renewable generation to lower their power bills and their carbon footprints. The new federal investment tax credits will make the price of renewable generation under long term contracts cheaper than retail rates. Furthermore, the Ministry of Energy and energy regulators should consider developing Virtual Net Metering (VNM) programs for Class B customers that have more than one metered account and the ability to generate power at one site and the demand at other site(s).
4. The protocols for triggering permitting, contracting and connection of the new generation facilities should be simple, expeditious and primarily within the control of the contracting parties. In general, there should be no performance securities required by regulating authorities, but as an exception, authorizations to generate by environmental authorities may have conditional restrictions or positive covenants, and these would be acceptable if they are common and normal.
5. As and when the output of an offsite non-utility generator matches the system peak, LDCs should be encouraged to compensate the non-utility generator for any identified local benefit to the distribution system in demand constrained areas. This will encourage the use of "non-wires" options.
6. Renewable energy co-operative non-utility generators should be eligible to participate in the initiative thereby maximizing the local benefits of the initiative and leveraging significant community investment.
7. The minimum size of the offsite renewable energy / battery storage system should be 500 kW. This will allow participation of renewable energy co-operatives and other smaller non-utility generators, thereby expanding the scope and resiliency of DER installations; while expanding the community support for the program.
8. Regulators should prioritize the siting of energy and storage infrastructure on commercial and industrial land and discourage siting on Canada Land Class 1 through 4 or Specialty Crop Lands. Only after alternative locations have been evaluated, and there are no reasonable alternative locations which avoid prime agricultural areas, or prime agricultural areas with lower priority agricultural lands, should rural lands be considered. Wherever possible, generation facilities on agricultural land should attempt to continue to incorporate aspects of farming uses on the land (e.g. agrivoltaics)



9. Rates agreed to by the generator and the offtaker should be as flexible as possible for the two parties and any interconnection / carrying charges by the grid operators should be transparent and set for 5 plus year terms with a transparent costing regime and understood rules for how charge 'could' be revised at end of the 5year contract.

For more information or questions please contact:

Dick Bakker - dick@bakker1.ca

Roger Peters – rogerpeters95@gmail.com