October 26, 2022 *via email*

Honourable Todd Smith, Minister of Energy
Ministry of Energy
77 Grenville Street
Toronto, ON M7A 2C1

Dear Minister Smith,

RE: Request to allow additional net metering projects

I am writing to request your consideration of additional use-cases of net metering beyond what is currently allowed under the existing net metering regulation, ***Ontario Regulation 541/05***, and beyond the single-use case currently being piloted through the Community Net Metering Projects pilot, ***Ontario Regulation 679/21.***

In the Ministry's renewed mandate letter to the Ontario Energy Board (OEB), dated November 15, 2021, you directed the OEB to *"prioritize its work facilitating and enabling innovation and adoption of new technologies, where it makes sense for customers, including implementation of the government's Green Button and Community Net Metering initiatives."* I believe the opportunity outlined below is in line with this initiative.

The specific project I would like to highlight is the Eileen Tallman Housing Co-operative, located in Ottawa. They first approached Hydro Ottawa over two years ago, requesting our assistance in adding rooftop solar generation to their housing co-op. Their existing metering arrangement, unit metered by us as the local distribution company (LDC), prohibits adding solar generation in a cost-effective manner. Changing their metering arrangement to an LDC bulk meter to enable this project would be cost prohibitive. As a result of their metering set up, this customer does not have the same access to renewable generation options as an otherwise similar customer would, with a different metering arrangement.

> *"Eileen Tallman is proud of the investments we have already made in support of a clean energy future. The changes to regulations proposed by Hydro Ottawa would enable the co-op members to make further investments in solar generation that the co-op cannot make today, and open the door for further energy retrofits in an effort to control electricity costs and reduce the co-ops carbon footprint."*
>
> ***Lori Simpson, Property Manager for Eileen Tallman Cooperative.***

> *"The Ottawa Renewable Energy Cooperative is fully supportive of the approaches put forward by Hydro Ottawa. These changes would enable far more investments in renewable generation in our communities and pave the way for other clean energy investments in areas of need. "*
>
> ***Dick Bakker, Director, Ottawa Renewable Energy Co-operative***

Further to the Ministry's November 2021 mandate letter to the OEB calling for them to *"... promote reliability, affordability, sustainability and customer choice.",* the Eileen Tallman Housing Co-operative project would do exactly that.

In August 2021, Hydro Ottawa brought this project to the OEB, through their Innovation Sandbox. After several discussions with the OEB, they ultimately recommended that we reach out to the Ministry of Energy directly given that the OEB could not provide the regulatory relief that the project needed to proceed. On September 16, 2022, Hydro Ottawa met with Ministry of Energy staff to discuss two possible approaches that would enable this project, and others like it, to move forward.

"Zibi Community has put its trust in Hydro Ottawa as a unit metering solution provider and district energy system operator for our 34 acre waterfront community. As one of Canada's most sustainable communities, investments in net metering on future or existing developments within our community should be an opportunity, rather than a constraint.

Scott Demark, President & CEO, Zibi Community Utility

"On behalf of the 27 renewable energy co-operatives in Ontario, we support the changes recommended by Hydro Ottawa to the net-metering regulation. The regulations, as currently written, are suppressing energy innovation at a time when renewable energy co-ops are working hard to facilitate and enable innovation and adoption of these technologies where there are direct benefits to customers. These changes would provide more equitable access to clean energy investments."

Jennifer Ross, Interim Executive Director, Ontario Co-operative Association

Full project details for the housing co-op can be found in the attached project summary, however the key details of this proposed project are as follows:

The 60 unit co-operative is individually unit metered by Hydro Ottawa Limited, and heated by electric resistance baseboard heating;

The generation from the proposed solar system would far exceed the consumption of the building's common area account;

Under the existing net-metering regulation (***Ontario Regulation 541/05***), generation credits cannot be transferred between accounts, even when the accounts are in the same physical location as the generation. As a result, the financial benefit of the proposed system cannot be shared with residents of the building;

Sharing of the financial benefit of the proposed generation system with residents in this building would be possible if the building was bulk-metered by Hydro Ottawa and sub-metered by a third party Unit-Sub-Metering-Provider (USMP). There is very little difference in the reliance of the distribution system between bulk metered buildings and LDC individually unit metered units.

The proposed solar generation system is a critical step to reducing the energy burden for residents of this co-op, and the energy savings attributed to the solar generation would enable other energy and carbon reduction measures to proceed.

To enable this co-op, and others like it, a fair return for the generation associated with their proposed solar system, we propose one of the following two approaches:

Amend O.Reg 541/05, Net Metering

- We request that the Ministry amend O.Reg 541/05, Net Metering, to allow the transfer of generation credits between LDC-metered accounts (including different rate classifications) that are physically located at the same facility.
- The credits could be transferred through a non cash monetary credit. The credits would be calculated at the rate class of the generation account (common area account) and shared with the residents under the same requirements of the current regulation.

Amend O.Reg 679/21, Community Net Metering Projects

- We request that the Ministry amend O.Reg 679/21, Community Net Metering Projects, to allow projects that have more than one account owner to participate.
- The existing Community Net Metering Projects pilot regulation requires that all participating accounts must have the same account owner. This is not the case in the project mentioned above, and in most multi-unit buildings that could benefit from this change.

"In 2019, the City of Ottawa declared a climate emergency. Our Climate Action Plan, Energy Evolution, outlines several strategies for reducing our community's carbon footprint, including a significant increase in renewable generation. Hydro Ottawa, as a key partner in Energy Evolution, is supporting residents and businesses in Ottawa who want to implement renewable generation on their buildings, and changes to the regulation that they have proposed would allow more Ottawans to implement this key technology. The City of Ottawa supports these changes to facilitate more renewable generation, and help us achieve our climate goals."

Andrea Flowers, Section Manager - Climate Change and Resiliency Section, City of Ottawa

While we are focusing our request on a specific multi-residential housing co-operative, there are many similar building types across the province that would benefit from these amendments. These include other housing co-ops, social housing, other multi-unit residential buildings, multi-unit commercial retail (e.g. strip malls), and other building types with large roof space and multiple tenants. I have included quotes from several of our stakeholders in this letter to demonstrate the broad support the proposed amendments have.

Allowing these amendments would provide customers with more choice and control over their energy needs, while encouraging self-supply at a single property. It would continue to enable innovation and adoption of new technologies for all customers in their energy transition journey. Specifically, it would give customers an equal choice between LDC and USMP metered buildings. As it stands now, customers in LDC metered buildings are disadvantaged when it comes to installing net metered generation systems despite their similarities otherwise. It will also assist LDCs in managing demand while supporting the local green economy. Finally, the City of Ottawa's Climate Action Plan ***Energy Evolution*** calls for a significant increase in renewable generation in our service territory and surrounding areas.

It is my belief that either of the proposed amendments recommended in this letter would remove barriers to increased renewable electricity generation for multi-unit buildings and would drive environmental, economic, and social benefits within a sector that is faced with aging housing stock and rising energy costs.

Thank you for considering this request. Should you have any questions or wish to arrange a briefing on this matter, please contact me directly.

Sincerely,

Bryce Conrad
President and Chief Executive Officer/Président et chef de la direction
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Encl. (1)

cc: Julie Lupinacci, Chief Customer Officer

Ottawa Renewable Energy Cooperative 850 Seyton - Eileen Talman Housing Co-op

OEB Innovation Sandbox Project Concept

Background

850 Seyton is a low-income housing co-operative with 60 units and common areas that are individually metered by Hydro Ottawa. Total electricity consumption for the building is not captured due to the absence of a bulk meter.

The housing co-op has implemented a number of energy saving and GHG reducing measures. Their planned next project would be to install approximately 200kW in solar photovoltaic (PV) on the roof of the Co-op. The PV system would be procured and installed by the Ottawa Renewable Energy Co-operative (OREC), and leased back to the Co-op.

Challenge

Under current regulations, the proposed solar PV system would be set up on the building's common area account. The generation capacity would far exceed the annual electricity consumption needs of the common areas. In accordance with current billing regulations, a significant portion of the credits would expire each year. As a result, the business case for this initiative is not viable as the housing co-op, and the residents/co-op owners would not realize the full value of the generation.

The housing co-op wants to use that excess generation to lower the electricity consumption and cost for each individual unit account in the building. These units are heated by electric baseboards and using generation to lower each account holder's consumption would also enable the co-op to explore financing other deep energy retrofits (i.e: replacing electric baseboards with air-source heat pumps) and pursue grant funding. Unfortunately, reducing the size of the solar PV system to match the electricity requirements of the common area to be eligible under the current regulation removes the economic and efficiency gains of the business case and does not help the residents to manage their electricity bills or reduce the peak on the grid.

This particular challenge is unique to LDC unit-metered buildings. If the building was unit-metered by a third party Unit Sub Metering Provider (USMP), the generation credits could be applied to the building's bulk account (which would also include consumption of the 60 units), and generation credits would offset the total building's consumption, benefiting all residents as a result of reducing their monthly utility burden. Implementing a solution that allows either a LDCs or third party USMPs to support this type of arrangement enables customer choice in establishing a direct relationship with whom they prefer. It would also allow customers to

participate in renewable generation projects without forgoing their preference should it be their LDC.

OREC has also brought several other low-income housing coops forward that are also individually metered by Hydro Ottawa. These co-ops have also expressed a desire to proceed with near-identical solar PV projects, and other deep energy retrofits but are facing the same challenges outlined above.

Proposed Solution

The ability to transfer generation credits from the public load to other accounts physically connected, within the same facility.

Request of Ontario Energy Board Sandbox

Hydro Ottawa is requesting:

1. The OEB Sandbox staff's interpretation if this specific use case, and others like it, would be allowed to proceed under the Province's Community Net Metering (CNM) pilot project program regulation? Specifically, that excess generation credits as part of the building's public load account (that would otherwise expire) be transferable to the individual unit accounts located at the same premise. Hydro Ottawa would calculate and distribute credits evenly to participating accounts.
    a. Our understanding of the CNM pilot project program rules is that a single account holder be designated for the generation account and all associated accounts. That is not the case in this scenario as the credits will be shared among unique customers. Please confirm if the OEB Sandbox Staff agree with our interpretation. If so, could Sandbox staff suggest, or have seen, a solution or another approach.

Benefits

- **Customer:**
    - Allows energy efficient and forward looking customers to participate in a renewable generation project already available to bulk metered peers
    - Reduces electricity costs for low-income residents, while leveraging their existing unit metering infrastructure;
    - Provides customer choice by allowing the option of working with an USMP or their LDC; and
    - Enables customers to cost effectively provide air-conditioning and heating through heat-pump technology.

- **Market:**
    - Enables the OREC, and potentially other stakeholders, to invest existing capital in clean, renewable generation, through a viable net metering business case;
    - Contributes to the City of Ottawa's goal of having roughly 150MW of solar generation installed in our region by 2025; and
    - Facilitates greater market penetration for heat-pump technology.

- **Utility:**
    - Levels the playing field by making this opportunity available to both LDC and third party unit metering systems. Currently, LDC unit metering systems are viewed as a constraint in the marketplace to implementing future generation projects; and
    - Eliminates barriers allowing LDC and customers the ability to participate in the market.