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## Ontario Proposes to Change Net Metering Regulation to Support “Community-Based Energy Systems”

By Emily Chittick and David Stevens

On October 8, 2020, the Ministry of Energy, Development and Mines posted a regulatory proposal detailing planned amendments to Ontario’s Net Metering Regulation to allow for “demonstration of community net-metering projects.” The proposal summary states that community net metering “would support the development of innovative projects such as net-zero communities using distributed energy resources.”

As we previously discussed, Ontario has allowed net metering since the Net Metering Regulation came into force in 2006. Net metering involves an arrangement between an electricity utility and customer, such as a homeowner or business, whereby the customer generates electricity for their own use from a renewable source, while still drawing electricity from the grid when it is needed. Subject to program rules, customers can then sell their self-generated renewable electricity to the grid where they generate more than they need for their own purposes.

The Ministry of Energy is proposing to permit community net metering demonstration projects which would provide customers and developers more options to participate in net metering initiatives that may help lower the community’s costs and meet sustainability goals. Community net metering would be an arrangement allowing the transfer or sharing of credits from generation facilities within a community across multiple metered accounts. Embedded renewable generation and potentially energy storage facilities would be used to supply the community as well as send any generation that exceeds the community’s needs to the grid. The supply to the grid would result in electricity bill credits for participating account in the community, which could be used to offset costs of electricity consumption from the grid.

The new model would be prescribed in amendments to the Net Metering Regulation and would require elements such as:

- a net metering arrangement between the local electricity utility and the customer leading the community net metering project - the net metering agreement will describe the roles, responsibilities and obligations of the parties;
- behind the meter (BTM) renewable generation and energy storage becoming part of the community electrical system;
- billing of sub-metered customers in the community in accordance with Ontario’s Energy Consumer Protection Act, 2010, the Unit Sub-Metering Code, and any other applicable codes and rules;
- reporting requirements to measure performance; and
- compliance with all applicable electricity codes and rules in Ontario.

The proposed community net metering model is intended to align with Ontario’s broader electricity policy objectives including rate fairness for all customers; consumer protection; enabling new business opportunities; and, ensure meaningful opportunities exist for Indigenous participation. In terms of regulatory impact, the community net metering model aims “to remove regulatory barriers to enable business opportunities and spur innovation in the sector.” The Ministry of Energy states that the projects could test the potential for innovative energy solutions to provide benefits to customers and address grid issues.

The Ministry of Energy indicates that it is seeking input (by November 22, 2020) on the proposed community net metering requirements, “including flexibility that may be needed to encourage innovation in integration of distributed energy technologies and applications.”

When implemented, the changes to the Net Metering Regulation (or new Regulation) will support the implementation and monitoring of “demonstration projects to inform future policy development”, including “potential future enhancements to the net metering framework.”

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