



**Third-Party Ownership
&
Virtual Net Metering
Questionnaire**

Ontario Ministry of Energy

Request for Input:

The Ministry of Energy invites input on potential enhancements to Ontario's net metering program related to third-party ownership and virtual net metering. The Ministry hosted a webinar to launch its consultations and to provide foundational information on these concepts on January 12, 2017.

We welcome feedback on these potential program updates and on the specific guiding questions outlined in this questionnaire.

The questionnaire consists of multiple choice questions and written response questions. Questions are organized into the following four sections: *General Information*, *Third-Party Ownership*, *Virtual Net Metering*, and *Additional Feedback*.

Completed questionnaires will be accepted up to February 8, 2017 and can be emailed to Feedback.to.CEE@Ontario.ca, printed and faxed to 416-314-2175, or filled out and mailed to:

Ministry of Energy
Conservation and Renewable Energy Division
77 Grenville Street, 5th Floor
Toronto ON M7A 2C1

[Subject: Third-Party Ownership and Virtual Net Metering]

Thank you in advance for taking the time to provide your input into this process. Any inquiries regarding this questionnaire or Ministry of Energy's consultations on these topics can be directed to:

Renewable Energy Facilitation Office (REFO) at REFO@ontario.ca or by phone at 1-877-440-7336 (416-212-6582 within the GTA).

Confidentiality:

Individual responses will be treated as third-party information, supplied in confidence, and will be kept confidential by the Ministry of Energy. The results will be reported in aggregate form only.

Background:

The 2013 Long-Term Energy Plan (LTEP) committed to examining transitioning the microFIT program from a generation procurement program to a net metering program. The 2013 LTEP also identified the opportunity to expand and enhance Ontario's net metering program.

For general background information about net metering, please visit the Ontario Energy Board website [here](#).

In 2015, the Ministry of Energy conducted engagements on a program concept proposal for updating Ontario's net metering program, including a background webinar, in-person sessions and a request for written feedback.

On August 19, 2016 the Ministry of Energy posted [proposed updates to Ontario's 2005 Net Metering Regulation \(O. Reg. 541/05\)](#) on the Environmental and Regulatory Registries; the comment period closed on October 6, 2016.

The intent of the updates is to enable a long-term framework for the development of distributed renewable energy systems in Ontario that aligns with value to the electricity system, while continuing to offer consumers choice to offset their load with renewable energy sources, subject to technical constraints. The proposed updates include:

1. Extending the credit carryover period to 12 months;
2. Allowing any sized renewable energy generation system, subject to the system being used primarily for the generator's own use;
3. Allowing for the use of energy storage when paired with renewable energy; and
4. Allowing existing net metering customers to opt-in to updated program.

During previous engagements and feedback on the proposed updates, third-party ownership and virtual net metering, emerged as potential program enhancements that would require further consultation and study. The Ministry of Energy is undertaking further engagement with stakeholders and Indigenous communities on these topics through a public webinar, questionnaire and targeted meetings.

Section 1: General Information

1) Organizational contact information:

Name:

Title:

Organization:

Email:

Phone Number (optional):

2) Please indicate which category best describes your organization (*please check applicable box*):

- Local Distribution Company (LDC)
 - Large utility (over 100,000 customers)
 - Medium utility (12,500 to 100,000 customers)
 - Small utility (under 12,500 customers)
- Industry (renewable energy developer, supplier or association)
- Provincial government or government agency
- Municipality
 - Large municipality (over 100,000 population)
 - Medium municipality (30,000 to 100,000 population)
 - Small municipality (under 30,000 population)
- Institution (university, college, or other)
- Co-operative
- Indigenous community/organization
- First Nation organization
- Métis Organization
- Other (*Please specify...*)

3) Are you currently involved with net metering in any of the following ways? (*please check all applicable boxes*)

- Net metered electricity customer
- Electricity distributor providing net metering to customers
- Provider of renewable energy or other related products or services
- Other (*Please specify...*)
- Not involved in net metering

Section 2: Third-Party Ownership

Background:

Third-party ownership involves a company (third-party) owning and operating a renewable energy system and selling electricity to one or more customers under a power purchase agreement or similar arrangement. The customer, participating under a net metering arrangement with their LDC, can receive bill credits for electricity delivered to the grid from the third-party owned renewable generation system.

Third-party ownership models could potentially provide a property owner with an opportunity to participate in a net metering project without the full upfront capital cost of purchasing and installing a renewable generation system themselves. They may also be applicable to facilitate certain types of virtual net metering models (See Section 3).

Ownership and operation of generation facilities by third parties is not contemplated by the current net metering framework, which requires that the person who owns or operates the generation facility will also be consuming that electricity on site.

Explicitly including third-parties in an updated net metering program would require LDCs to allow these types of projects, subject to technical constraints. Whether third-parties decide to operate in Ontario under the net metering program may depend on a number of other factors such as project economics.

Questions:

1) Will broadening the scope of Ontario's net metering program to include third-party ownership models provide net benefits to net metering customers? *(please check one box and provide rationale below)*

- Yes
- No

Rationale:

2) Will broadening the scope of Ontario's net metering program to include third-party ownership models provide net benefits to Ontario's electricity system? *(please check one box and provide rationale below)*

- Yes
- No

Rationale:

3) How important is the outcome of any potential decisions to include or not include third-party ownership models under Ontario's net metering program to your organization/community/industry? *(please check one box and provide rationale below)*

- Very important
- Somewhat
- Not at all

Rationale:

4) What impact to your organization/community/industry would you anticipate if third-party ownership models were to be included under Ontario's net metering program? *(please check one box and provide rationale below)*

- Very positive
- Somewhat positive
- Neutral – no direct impact or uncertain
- Somewhat negative
- Very negative

Rationale:

5) What potential issues or challenges could arise with the inclusion of third-party ownership models under Ontario's net metering Program?

Response:

6) What specific policy objectives or program design issues are important to your organization/community/industry in considering how third-party ownership models could be enabled or restricted under Ontario's net metering program?

Response:

- 7) Are there specific costs your organization/community/industry would incur if third-party ownership models for net metering were to be made eligible under Ontario's net metering framework? *(please outline potential costs and mitigation strategies in as much detail as possible)*

Response:

Section 3: Virtual Net Metering

Background:

Virtual net metering is different from conventional net metering in that generation is not necessarily sited on the same property as the load that it is intended to serve. Under a virtual net metering arrangement, excess electricity not consumed at the generation site is exported to the grid, and credits accrued on the generator's account can then be distributed to other customer accounts at different physical locations.

Single-Entity Virtual Net Metering (SEVNM) is a subset of virtual net metering where all the accounts that receive credits are held by the same person or corporation. Under SEVNM, the customer's LDC would apply excess credits produced at the 'host' generation site to other accounts held by the entity but not necessarily located on the same property. For example, a municipality or university campus may locate a generation facility at one location sized to meet the needs of several buildings and be able to transfer credits to those accounts.

Multiple-Entity Virtual Net Metering (MEVNM), often referred to as community net metering, is another subset of virtual net metering that allows for multiple persons or corporations to participate in a shared generation project that can be sized to meet their combined electricity needs. Credits from the generated electricity are distributed to customers' accounts and applied against customers' electricity consumption in proportion to their ownership share, historic electricity use or other agreed upon terms. The generation facility and credit recipients can be located on the same or different properties.

MEVNM can enable residents of condos and apartments, or members of co-ops, or subscribers in a utility-owned community net metering program to participate in shared generation projects, providing greater choice for more consumer groups and potentially increasing program uptake. MEVNM can also create administrative challenges for utilities related to verifying credit recipients, applying credit allocation formulas and transferring credits between accounts.

Questions:

1) Will broadening the scope of Ontario's net metering program to include virtual net metering models provide net benefits to net-metered customers? *(please check one box and provide rationale below)*

Yes

No

Rationale:

2) Will broadening the scope of Ontario's net metering program to include virtual net metering models provide net benefits to Ontario's electricity system and to all electricity ratepayers? *(please check one box and provide rationale below)*

Yes

No

Rationale:

3) How important is the outcome of any potential decisions to include or not include virtual net metering models under Ontario's net metering program to your organization/community/industry? *(please check one box and provide rationale below)*

- Very important
- Somewhat
- Not at all

Rationale:

4) What impact to your organization/community/industry would you anticipate if virtual net metering models were to be included under Ontario's net metering program? *(please check one box and provide rationale below)*

- Very positive
- Somewhat positive
- Neutral – no direct impact or uncertain
- Somewhat negative
- Very negative

Rationale:

5) What potential issues or challenges could arise with the inclusion of virtual net metering models under Ontario's net metering Program?

Response:

6) What specific policy objectives or program design issues are important to your organization/community/industry in considering how virtual net metering models could be enabled or restricted under Ontario's net metering program?

Response:

- 7) Are there specific eligibility requirements and technical or administrative restrictions that should be contemplated for SEVNM projects (e.g. locational restrictions for virtual account crediting, treatment of different rate classes for billing administration, and specific compensation terms or charges.)

Response:

- 8) What kinds of MEVNM ownership models should be contemplated by Ontario's net metering framework (e.g. utility, private developer, not-for-profit, co-operative, Indigenous community or municipally-owned)?

Response:

- 9) What kinds of physical configurations should be contemplated under Ontario's net metering framework for MEVNM projects (e.g., condominiums, apartments, neighbourhood co-operatives, municipal buildings, university or corporate campuses)?

Response:

- 10) Are there specific costs your organization/community/industry would incur if virtual net metering models were to be required of LDCs under Ontario's net metering framework? *(please outline potential costs and mitigation strategies in as much detail as possible)*

Response:

Section 4: Additional Feedback

- 1) Please provide other topics or issues related to third-party ownership that you would like to bring to the attention of the Ministry of Energy, explaining why they are important to consider.

(Please use the following space to communicate any other input on third-party ownership you may have.)

- 2) Please provide other topics or issues related to virtual net metering you would like to bring to the attention of the Ministry of Energy, explaining why they are important to consider.

(Please use the following space to communicate any other input on virtual net metering you may have.)