Changes to Ontario's Net Metering Regulations

October 02, 2018

On September 25, 2018, the Government of Ontario filed new regulations which revoked prior amendments to O.Reg. 541/05 (the Net Metering Regulation) and O.Reg. 389/10 (the Energy Consumer Protection Regulations).[1]

Net Metering Changes

O. Reg. 541/05 (the Net Metering Regulation) requires electricity distributors to offer net metering to their customers upon request. Net metering is a billing method that, in accordance with the regulation, allows customers to generate renewable energy onsite for their own use, and to receive bill credits for any surplus electricity sent to the distribution grid.

Under the Net Metering Regulation, a customer seeking a net metering arrangement was required to own or operate a renewable energy generation (REG) facility for the purpose of generating electricity primarily for their own use.

In this context, O.Reg. 273/18 was to amend the Net Metering Regulation to enabled third-party ownership of net-metered facilities, whereby customers could enter into power purchase agreements with third parties to own and operate REG facilities for the purposes of generating electricity to be used by the customer (who would enjoy the net metering benefits). The electricity conveyed by the generator to the customer would be primarily for the customer's own use, but any surplus electricity generated would be conveyed into the distributor's distribution system on the customer's behalf. Aside from a net metering agreement described above, neither the customer nor the generator was permitted to be a party to any other contract or agreement, which provides for the sale of the electricity that the generator conveys into the distributor's distribution system.

O.Reg. 273/18 was also to amend the Net Metering Regulation to introduce provisions to define parameters within which distributors, generators, and customers can develop and take part in virtual net metering demonstration projects. Virtual net metering refers to an arrangement where a customer is billed on a net-metered basis for eligible electricity generated from a REG facility that is not located behind the customer's meter (*i.e.* not connected directly to the customer's load).The purpose of the new provisions was to, *inter alia*, provide clarity regarding how net metering agreements for virtual net metering demonstration projects should be structured, and how billing and settlement should be conducted.

O.Reg. 273/18 was scheduled to come into effect October 1, 2018. The new O.Reg. 422/18 revoked the O.Reg. 273/18amendments to the Net Metering Regulation with effect September 25, 2018.

Energy Consumer Protection Changes

Similarly, O.Reg. 275/18 was to amend the Energy Consumer Protection Regulation to harmonize the existing consumer protection framework with the new third party ownership of net-metered facilities business model. These amendments were intend to help customers make informed choices by ensuring a baseline level of knowledge regarding net metering arrangements. The changes were also intended to help maintain the relationship between the customer and the distributor with respect to net metering arrangements, including in cases where the customer participating in net metering through a third party generator.

The new O.Reg. 423/18 revokes the O.Reg. 275/18 amendments to the Energy Consumer Protection Regulation with effect September 25, 2018.

[1] Ontario Regulation 422/18 and Ontario Regulation 423/18 (the Revoking Regulations).

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