



Ontario Federation of Agriculture

Ontario AgriCentre

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Ben Weir, Senior Policy Adviser
Ministry of Energy
Renewable Energy Facilitation Office
77 Grenville Street, 5th Floor
Toronto, ON, M7A 2C1

Via Email Ben.Weir@ontario.ca and EBR Upload

Mr. Weir,

Re: EBR 013-1913 Proposed Amendment to Reg 541/05: Net Metering, or a new Regulation (to be determined) under the Ontario Energy Board Act, 1998

The Ontario Federation of Agriculture (OFA) is the largest voluntary, general farm organization in Canada, representing over 37,000 farm families across Ontario. As a dynamic farmer-led organization based in Guelph, Ontario, OFA works to represent and champion the interests of Ontario farmers through government relations, farm policy recommendations, lobby efforts, community representation, media relations and more. OFA is the leading advocate and voice for Ontario farmers.

With feed-in-tariff (FIT) programs closed, net metering remains the sole program for procurement of renewable energy in Ontario. OFA supports plans to enhance net metering as part of a smart grid system, including third-party ownership and virtual net metering (VNM). These two proposed amendments will remove barriers to the program by enabling opportunities for property owners otherwise impeded by financial or geographic constraints.

Agricultural net-metering systems are typically farm-based biogas or greenhouse combined heat and power operations. Supporting growth in the agricultural sector is essential for developing regional renewable energy resources while reducing GHG emissions from the sector. These systems provide significant local, economic development opportunities, with the potential to produce clean local electricity and renewable natural gas.

However, net metering opportunities should not be limited by generation technology. Regulations should be energy agnostic, to encompass a broad range of generation technologies including biogas, biomass, storage, micro and Combined Heat and Power (CHP) projects fueled by renewable sustainable feedstocks.

For VNM to make a decisive impact on net metering progress, multi-site, multi-stakeholder net metering models provide more flexible development opportunities. Customer groups, such as a group of geographically proximate farmers or farm cooperatives could share benefits from any surplus generation credits towards their electricity consumption bill.

Third-party ownership structures lead to more development than direct ownership alone. Third-party models provide an opportunity for feedstock rich farms, without access to larger initial outlays needed for systems such as a biogas, to participate in net metering, increasing biogas generation and decreasing methane emissions from organic materials.

However, net metering rates alone do not support the economic case for third party developed systems. To see growth while supply and demands are balanced and to realize environmental and social benefits that technology provide, third parties will need incentives appropriate to unique systems. To successfully expand net metering, transparency, affordability, sustainability, simplified regulatory burden and clear directional guidance are critical

Directional Guidance

To underline Ontario's commitment to expanded net metering, OFA recommends a review of the Distribution System Code Net Metering capacity limit, to consider expanded capacity limits currently set at 1% of an LDC's averaged 3-year peak load. Credits for excess generation on the grid should continue to be allowed, with continuous generation more than annual consumption settled at average HOEP.

OFA supports the Ministry consider maintaining a small FIT component to sustain growth of projects with at least 50% community-owned participation (developed by cooperatives, rural municipalities, institutional sector organizations and First Nations).

Simplified Regulatory Burden

Net Metering should align with other incentive programs, such as energy efficiency incentives, energy audits and CDM incentives. To encourage small scale residential and farm net metering, OFA recommends the Ministry explore municipal government linkages to property assessment infrastructure, allowing homeowners and small businesses to seamlessly borrow from their municipality with pay back through their property taxes.

OFA recommends the Ministry explore options around Local Improvement Charge financing for Community Energy Projects using VNM to enable broad community uptake and encourage matching private investment in municipal projects.

Regarding biogas systems, OFA supports the recommendations of the Canadian Biogas Association: Net metering is not sufficient to make farm-based biogas to electricity economically viable. The current economics for net metering result in a prohibitively long return on investment, reducing the likelihood of continued project development. As Ontario transitions from FIT procurements to enhanced net metering, to maintain profitability biogas systems require support and tools that include consideration for their environmental benefits, such as:

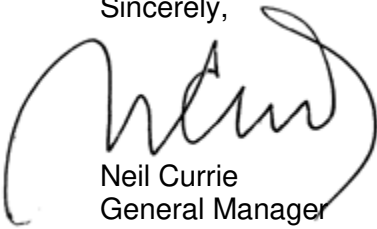
- Cap and Trade Proceeds allocated to bridge the financial gap given the climate benefits of capturing and destroying methane with biogas systems.
- Credits for On-Farm Biogas Systems: for the additional climate benefits that renewable energy systems provide, such as renewable heat credits (RHC), renewable energy credits (REC), or offset credits for methane destruction.
- Zero Cost Loan Program: Biogas systems are capital cost intensive even at the smaller scale. The introduction of a zero-interest loan program for biogas systems is recommended to offer financial support for capital cost investments.

Administrative Transparency and Affordability

Net metering program fees for connection costs and demand charges should be minimal and transparent to encourage development. LDCs must find a solution to ensure these costs are project sized. If disproportionate to capital costs, there will be limited interest and uptake by developers, especially for smaller systems. OFA also supports a standardized net metering application and agreement, and frequent regular net metering data collection from distributors to monitor Program implementation.

To successfully expand net metering, transparent, affordable, sustainable, and clear directional guidance, and simplified regulatory burden are critical; stabilizing the sector during critical first years of implementation toward predictable and sustainable growth. Thank you for the opportunity to comment on the proposed legislative and regulatory amendments to the net metering framework.

Sincerely,

A handwritten signature in black ink, appearing to read 'Neil Currie', is written over a large, faint, circular watermark or background mark.

Neil Currie
General Manager