ONEIA
ONTARIO ENVIRONMENT INDUSTRY ASSOCIATION

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Submitted via the ERO portal and copy delivered via e-mail to:
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RE: Ontario Regulation 429/04 Amendments Related to the Treatment of Corporate Power Purchase Agreements (ERO # 019-7853)

On behalf of Ontario's more than 3,000 environment and cleantech firms, the Ontario Environment Industry Association (ONEIA) is writing to provide our response to the Ontario Ministry of Energy's consultation seeking input on proposed changes to accelerate the growth of new clean electricity generation by allowing qualifying commercial and industrial customers to offset their facility's demand through power purchase agreements with renewable generation facilities (posted as ERO # 019-7853).

Ontario is home to Canada's largest group of environmental and cleantech companies. The most recent statistics from the federal government show that Ontario's environment sector employs more than 226,000 people across a range of sub-sectors. This includes firms working in such diverse areas as materials collection and transfer, resource recovery, composting and recycling solutions, alternative energy systems, environmental consulting, brownfield remediation, and water treatment – to name just a few. These companies contribute more than $25-billion to the provincial economy, with approximately $5.8-billion of this amount coming from export earnings.

ONEIA members are committed to engaging with governments as they develop policies and regulations that are consistent with our principles of sound science, a sound environment, and a sound economy.

ONEIA would like to commend the Province on its efforts to seek public input on the proposed changes to accelerate the growth of new clean electricity generation in the province. We welcome the opportunity to provide our input and to offer valuable information to help the Ministry make informed decisions about the future of corporate PPAs with renewable generation facilities.

Introduction and Overview

We appreciate and are generally supportive of the proposal to amend corporate PPAs with renewable generation facilities. We also suggest that there is a significant opportunity to go further to both facilitate and create a whole new generation of Distributed Energy Resources (DER) in Ontario.

The implementation of DER programs would not only lower the energy bills for business and/or industrial energy consumers while increasing the province's relatively low energy productivity, it would also encourage greater participation in the energy economy, increase resilience, lower transmission losses, and reduce carbon emissions. DER, both behind and in-front of the meter, would enable greater customer choice to achieve more energy and greenhouse gas savings, and participation in energy markets.

The recent Ontario Distributed Energy Resources Potential Study by Dunsky for IESO indicated that "there is ample cost-effective DER capacity to meet or exceed all incremental system needs under all scenarios and that the achievable potential results reveal that, when factoring in real-world conditions, DERs are able to satisfy a material portion of the province's energy needs – from 1.3 to 4.3 GW of peak summer demand by 2032."

Rooftop-based solar, agrivoltaics and other distributed renewable energy systems are not only easing the burden on the distribution grids and allowing companies, farmers and households to lower their electricity bills, they are enabling energy consumers to also become energy producers. This can be further enhanced by the integration of on-site energy storage systems (power wall, repurposed lithium car batteries, vehicle-to-grid (V2G) technology). These systems, which typically involve low impact renewables like solar PV, can also contribute to maintaining or improving Ontario's clean grid claim to attract investment, while also significantly reducing carbon emissions. In addition, an aggressive DER program will create jobs, develop and support new skills, and increase Ontario exports across these many solutions.

Specific Feedback

In response to the specific feedback that the Ministry of Energy is seeking regarding the proposed changes, ONEIA offers the following comments.

There are a number of potential barriers for renewable generation facilities that might limit take-up under corporate PPAs for renewables including the requirement of either export limitation (and approval by the local distribution company (LDC) and/or the Canada Energy Regulator) or the possibility of a Connection Impact Assessment (CIA). While we appreciate the need to address connection issues, if further guidance or standards were provided so that projects could be more readily approved by the LDCs without the need for a CIA, this would assist with planning and feasibility assessment. There is a fundamental need to redesign the process with the stakeholders and provide more efficient tools to help all stakeholders navigate the overall process efficiently.

The more that fees can be capped or scaled in a way that was appropriate to the size of the project, the better to facilitate a more active and liquid marketplace involving a more active and wider range of buyers and sellers seeking different size projects.

- For large solar and battery projects (>10kWac) there is a required CIA by the LDC. This means there will be a detailed engineering study resulting in an approval for connection to the grid which may require changes in layout and/or Single Line Diagram subject to approval granted by the LDC. This study and coordination with the LDC costs approximately $8,100+HST which could impact the economics of the project depending on its scale.

- Successful completion of the CIA and approval results in a Connection Cost Agreement (CCA) which are separate from the CIA application costs and are issued by the LDC. They can range between $5,000 and $100,000 depending on system size (larger system, larger costs) and LDC requirements (SCADA monitoring, COVER testing, station/feeder equipment upgrades, etc). These connection costs are on the owner, payable directly to the LDC. Some LDCs will provide their own SCADA monitoring equipment and include it in their CCAs, others will require the subcontractor to source and install - so there may be additional costs to project developers, to be determined at the end of the CIA.

There are several innovative financing models for renewable energy that have gained traction in recent years that could complement corporate PPAs with renewable generation facilities such as Property Assessed Clean Energy (PACE). The Province could work with municipalities to implement PACE programs more broadly across the province as opposed to the few including the City of Toronto that currently offer such programs.

There are also a number of measures that the Province could consider to facilitate an active market in corporate PPA's for renewable energy.

- With PPA's the size and scope of each project determines their financial viability and enabling energy aggregators to assemble multiple projects and undertake negotiations with the respective entities requesting the power would facilitate a more active and liquid market. It would also allow smaller project developers, including farmers and households, to participate in these markets.

- New digital and data driven technologies - such as AI, blockchain and the Internet of Things - offer significant opportunities to enhance the integration of DER, making them more effective and impactful. They can serve to empower consumers, enhance program efficiency, and support a more sustainable and resilient energy system. These solutions are in the market now, i.e., Ontario companies in this space are selling solutions to customers in the USA.

- A registry could provide information on project developers and connect them to qualifying commercial and industrial customers. This could build off or link to the Clean Energy Credit (CEC) registry that provides businesses with a tool to meet environmental and sustainability goals by demonstrating that their electricity has been sourced from clean resources.

ONEIA appreciates the opportunity to provide our comments and suggestions and is ready to work with the Ministry and other areas of the government as works to accelerate the growth of new clean electricity generation. We welcome the opportunity to discuss our position and recommendations further. Please contact our office at info@oneia.ca or at (416) 531-7884 should you have any questions.

Sincerely,

Michelle Noble
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