

RE: Clean Air Council Member Feedback to the Province of Ontario's Repeal of the Green Energy Act, 2018 and Net Metering Regulations

The Clean Air Council (CAC) is a network of 28 municipalities and health units from across the Greater Toronto, Hamilton and Southwestern Ontario Area¹ who collaboratively work on the development and implementation of clean air and climate change mitigation and adaptation actions. More information on the Clean Air Council is available [here](#). CAC representatives are the staff municipal change agents within leading climate action municipalities and have been working collaboratively for almost 20 years to support and enable progress on clean air and climate change actions. This consultation was facilitated and is endorsed by the Clean Air Partnership, a charitable environmental organization that serves as the secretariat for the Clean Air Council.

CAC member municipalities represent over half the population of the Province of Ontario and with over 55% of Ontario's greenhouse gas (GHG) emissions coming from buildings, transportation and waste; enabling municipalities to reduce their community's GHGs is key to achieving clean air and climate change goals. The actions that also address GHGs will also play a key role in ensuring Ontario advances towards lower cost local energy solutions and a competitive position in the low carbon economy.

There are many reasons to invest in a low carbon economy. Not only does it make good business sense (saving energy and reducing energy costs), but it is also necessary for addressing climate change. The International Energy Agency (IEA) estimates we need \$10.5 trillion in incremental investment globally in low-carbon energy technologies and energy efficiency by 2030. This estimate is across all sectors, including renewable power, transport, residential and commercial building equipment, and industrial sectors, in order to limit global temperature increases to 2°C, the threshold that the United Nations Intergovernmental Panel on Climate Change has identified as necessary for "avoiding catastrophic climate change." This transformation presents a significant growth opportunity to Ontario's economy

especially as it relates to electric and autonomous vehicles as well as building energy efficiency renovations (which create well-paying jobs that cannot be outsourced from Ontario). It also provides the opportunity for Ontario to participate as a player in the emerging low carbon economy while making our communities better places to live.

Slow action to address climate change will most certainly have higher costs in comparison to investments implemented today. Unless we act fast, we will have to pay an ever-increasing price in economic damages that are far in excess of the costs associated with GHG reduction. The US Council of Economic Advisors found that if delayed action causes the mean global temperature increase to stabilize at 3°C above preindustrial levels, instead of 2°C, that delay will induce annual additional damages of 0.9% of global output. To put this percentage in perspective, 0.9% of Ontario's 2017 GDP is \$7.5bn. According to the Inter-governmental Panel on Climate Change's (IPCC) most recent climate report an additional degree increase, up to 4°, would incur greater additional annual costs of 1 – 5% of global GDP with regional losses likely to be substantially higher. To put that in perspective, 1 – 5% of Ontario's GDP equates to almost \$ 8 billion to almost \$ 40 billion. These costs are not one-off costs: they would be incurred year after year because of the permanent damage caused by additional climate change resulting from the delay.

It is also worthwhile to note, in light of the costs from extreme weather that Ontario and other jurisdictions have incurred, these estimates are likely to be significant underestimations. Climate change impacts are already costing everyday Ontarians significant financial and social costs through extreme weather; cleaning up flooded basements, fighting forest fires, and evacuating homes threatened by those fires, as well as suffering health impacts from polluted air and extreme heat.

CAC member municipalities have taken a strong leadership position on actions to mitigate and adapt to climate change. Attached you will find the [2015 - 2018 Clean Air Council Declaration & Progress Report](#) that outlines the commitments made and actions and targets achieved by CAC municipalities (See Supporting Links). In addition to the various community sustainability and mitigation actions outlined in the CAC Progress Report, over the last decade CAC members have allocated significant resources and efforts to developing Climate Change Mitigation and Adaptation Plans.

Regarding the Repeal of the Green Energy Act

Clean Air Council members are pleased to see that certain energy conservation and efficiency initiatives repealed from the Green Energy Act will be re-introduced in the Electricity Act, specifically:

- Promoting Energy Conservation (O. Reg 97/08): permits the use of energy efficient goods, services and technologies despite restrictions that may prevent their use;
- Energy Efficiency Standards (O. Reg 404/12): regulates energy and water efficiency standards for appliances and products in Ontario;
- Customer Access to Data: establishes a framework to introduce a common data standard for energy data i.e. Green Button Initiative;
- Energy and Water Reporting & Benchmarking (O. Reg 20/17): Ontario building owners (commercial, industrial, multi-unit residential and other building types) that are 50,000 square feet or larger, are required to report their building's energy and water consumption and greenhouse gas (GHG) emissions annually;
- Broder Public Sector Energy Reporting (O. Reg 397/11): Public sector agencies (including municipalities) are required to report annually on their energy use and associated GHG emissions and publish reports this data on their websites, in addition to a five energy conservation and demand management plan.

These above policies are key to advancing energy saving improvements in the most efficient way through standards; providing additional data sources to support the identification of energy saving opportunities; and increasing energy literacy across various stakeholder groups. Opportunities to increase the effectiveness of the above policies include:

- Improving ease of access to energy use data for municipalities to help them more easily undertake energy inventories so that they can better understand how energy is used within their community and advancing their ability to identify energy saving opportunities. Municipalities are very keen to work with the Ministry and utilities to streamline data access in order to reduce costs to all stakeholders associated with energy data access and analysis.
- Municipalities would like to provide support for the Ministry's Municipal Energy Plan program that has enabled a number of the municipalities within the Clean Air Council network to undertake the development and adoption of Community Energy Plans. This program has been very effective in raising the level of engagement within municipalities, their stakeholders and

the community on local energy savings and use opportunities. We would like to provide our support for the continuation of this program.

- There is the need for the Province and its various Ministries to work with municipalities, utilities and other key stakeholders to support the implementation of these Community Energy Plans. There are significant regulatory, institutional and financial barriers associated with advancing community energy projects. Initial barriers identified by municipalities include, but are not limited to: A) The role that utilities can and cannot play in community energy within their regulated utility and the administration associated with setting up an unregulated arm to the utility. B) How community energy projects can be financed: Ontario's centralized energy system investments can be paid for by the rate base while community energy projects are ineligible to mobilize capital through the same base, thereby placing it at a significant financial disadvantage.
- In order to better support the implementation of local energy opportunities where they best enable benefits at the local, regional and provincial level; there is the need to develop an Energy Transition Road Map and Decision Making Matrix. The province, municipalities and utilities need to work together to develop and navigate a road map for the transition to a more decentralized energy system. Suggestions that CAC members would like to work with provincial and utility partners to develop and test include analysis of the following: (1) Identify potential futures: Accessing ever deeper energy efficiency opportunities (Conservation First principle); business as usual generation (centralized system); decentralized generation (community with or without micro grid); individual generation (not connected up to any other grid simply at the building level) and how these scenarios impact or support each other. (2) Identification of the various pros and cons; costs and benefits associated with each of the scenarios, and development of a decision matrix to compare among them. (3) Review of the various scenarios from a variety of different lenses: provincial system, local/community system; resilience; climate; economics and economic development; social, short term, longer term, market transformation, etc.

Regarding Amendments to the Environmental Protection Act

- Clean Air Council Members would like to have greater clarity regarding what types of projects would be covered under the changes to the Environmental Protection Act related to electricity demand criteria mentioned in the Amendment.

- This regulatory amendment could affect future renewable energy approvals, therefore affecting Ontario's ability to respond to distributed energy opportunities to meet local energy needs through local energy solutions. Additional clarity is required here. It is also important to address that electricity demand is one lens that should be applied to distributed energy projects, but other lenses should include (but not limited to): infrastructure savings, greenhouse gas and air pollution reductions, energy cost savings, and local jobs and economic development.

Regarding Changes to Proposed Net Metering Regulations

- The planned changes relating to net metering regulations allowing for virtual net metering and third party ownership models are instrumental in increasing energy options to a variety of properties and from different customer segments. Third party and virtual net metering business models are key to opening up the market and providing energy customers with increased options for meeting their energy needs. PV installations are essential in creating a cheaper, more flexible, resilient and less large-infrastructure reliant electrical system.
- It is also important for the Province to play a role in ensuring consistency and transparency related to net metering utility connection costs. Costs associated with connections should be revenue neutral to the utility but how those utility connection costs are calculated should be transparent to net metering customer and other key stakeholders. Connection fees should be in alignment with actual connection costs.
- We ask that the Province work with Clean Air Council municipalities to develop future improvements to Ontario's net metering regulatory framework in the context of its broader energy policy priorities for the province.

The Clean Air Council thanks the Province for the opportunity to provide the above input on the changes to the Green Energy Act and the Net Metering regulation and would like to invite Ministry staff to meet with Clean Air Council members at an upcoming Clean Air Council meeting (meetings occur monthly). Please contact Gabriella Kalapos at the Clean Air Partnership (gkalapos@cleanairpartnership.org and 416-948-7125) for dates for upcoming meetings.