



Ontario
Home Builders'
Association

September 16, 2019

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto ON M4P 1E4

Re: Distributed Energy Resources (DER) Connections Review and Stakeholder Meeting on Utility Remuneration and Responding to DERs

Case: EB-2019-0207

Background:

The OEB is commencing an initiative to review its requirements in regard to the connection of Distributed Energy Resources (DERs) by licensed electricity distributors. The purpose of this initiative is to identify any barriers to the connection of DERs, and where appropriate to standardize and improve the connection process. The review will be focused on connection of electricity generation and storage facilities connected to the distribution system, either in front or behind the distributor's meter.

About OHBA:

The Ontario Home Builders Association (OHBA) is the voice of the land development, new housing and professional renovation industries in Ontario. OHBA represents over 4,000 member companies, organized through a network of 29 local associations across the province. Our membership is made up of all disciplines involved in land development and residential construction, including: builders, developers, professional renovators, trade contractors, manufacturers, consultants and suppliers. The residential construction industry employed over 513,000 people and contributed over \$62.3 billion to the province's economy in 2017.

OHBA Comments regarding the Distributed Energy Resources (DER) Connections Review:

OHBA supports the Provincial Government in its efforts to cut red tape, reduce energy costs, streamline approvals and increase the supply of housing. OHBA members have an important role to play in protecting and preserving our environment. Through environmental stewardship, building energy efficient new housing or upgrading aging homes our members are important partners to the government in delivering upon a *Made-in-Ontario Environment Plan*. This consultation represents an important opportunity to recalibrate public policy to facilitate the construction of more new energy efficient homes (Net Zero Homes), low or net zero energy communities, and encourage home builders and developers to take a more pro-active and role with respect to DER. The new home building and land development industry can play a leading role in a long-term shift from large scale electrical generation to smaller scale community based DER and our members are increasingly interested in, and open to the opportunities to own and operate these types of DER systems within new communities.

This engagement presents an opportunity for OHBA and our builder members to share their concerns about some of the existing energy regulations and sector practices that are keeping builders from realizing their distributed energy, smart grid goals and to ask the energy regulatory to prioritize an examination of these issues and the development of solutions that will enable builders to more quickly bring affordable, energy efficient housing to market and contribute to addressing Ontario's energy needs through the development of local energy resources.

OHBA therefore strongly supports reducing barriers to the implementation of DER and the delivery of those resources by the private sector, including the home building and land development sector. A critical issue for OHBA members is consumer protection and ensuring that our home purchasers are not burdened by additional long-term costs by third party DER developers. It is our belief that the benefits of DER, financial or otherwise

should be considered in the form of an incentive. The OHBA recognizes that private sector investment by our members in DER reduces the financial burden of all Ontarians by deferring or eliminating the need for generation, transmission and distribution assets, paid for by the rate base; however those costs are typically passed on to the DER Developer and the consumers affected.

In response to the Ontario Energy Board's Distributed Energy Resources (DER) Connections Review, OHBA convened an AD-HOC committee of interested builders and developers who have both identified DER's potential and in some cases already have their own experience installing DER within a recently built (or currently under construction) community, but also note that barriers exist that create uncertainty and it is that uncertainty that has to date constrained its uptake. OHBA however counts amongst its members leaders in energy sustainability and innovation who have invested in DER projects and who have identified the following barriers. Uptake by the sector would require co-ordination amongst multiple Ministries, not just the Ministry of Energy and OEB.

The OHBA requests that the Provincial Government prioritize a review of regulatory barriers that are preventing builders and land developers from developing more local energy resources to give Ontario customers more choice and to increase competition within the energy sector.

Barriers exist in the following regulatory areas:

- 1) Ontario Building Code
 - a. Recent changes to the Ontario Building Code have changed the carbon intensity of grid supplied electricity. This change has had the effect of making combined heat and power (CHP) systems, an essential transition technology to a low carbon future prohibitive. CHP is central to community scale district heating systems, another technology that supports reduced dependence on grid supplied electricity while providing both efficiency and resiliency. OHBA supports a "right fuel at the right time" approach.
- 2) Consumer Protection (*Condominium Act*)
 - a. Section 112 of the *Condominium Act* permits condominium corporations to cancel agreements put into place by the Condominium's Developer within 1 year of registration. This creates uncertainty within the marketplace and prevents investment in DER. OHBA supports amending the regulation with exemptions for DER systems, but with enhanced consumer disclosure requirements. The OHBA looks to the recent Consumer Protection regulations around door knocking within the hot water and consumer products rental market as an example of "plain language" disclosure and regulatory oversight.
- 3) Ontario Electricity Regulations
 - a. Regulations including licensing requirements for generation and distribution, prohibitions on sharing of energy amongst municipal addresses or passage of thermal energy across rights of way, restrictive connection agreements and a lack of virtual metering other than in pilots creates a regulatory minefield that contributes to the uncertainty. The OHBA supports regulation that eliminates or centralizes approvals processes and recognizes the OEB Sandbox as a step in the right direction. Limiting relief from regulatory requirements on a pilot basis only does not provide the necessary relief for uptake as developers require continuity and replicability in their production to generate economies of scale that result in lower housing costs.
- 4) Environmental Protection
 - a. Back up generation and cogeneration remains one of the more significant opportunities for DER in both new and existing buildings however emissions controls remain the principle barrier to adoption. Exemptions are provided from the more stringent regulations required of dedicated generation systems for backup generators while the more stringent requirements are applied should the backup generators be used for load shifting or demand management. The OHBA favours an approach whereby back up generators could be aggregated with limitations on runtimes to allow these systems to be deployed as DER without the requirement for additional emissions controls measures.

5) Community Net Metering / Virtual Net Metering

- a. OHBA members with experience with DER have expressed concern with respect to barriers and challenges with community net metering / virtual net metering. For new communities and condominium corporations, the ability to form common accounts that divide surplus energy income among each member of the condominium corporation or community energy subscriber is complicated, but is an important arrangement to make it viable to install new systems that are owned by the condominium corporations or community collectives. The OHBA favors the development and implementation of community net metering / virtual net metering to facilitate these transactions. If within Ontario we are going to supply a variety of DER options, we need to ensure that all potential opportunities are being maximized. Within some communities a sharing of produced resources is required which is why options with respect to community net metering / virtual net metering is so important.

6) Transformers and BUSBAR system

- a. The transformer and BUSBAR system are a critical pieces of equipment to distribute electricity, but the regulatory authority over the system acts to ensure capacity as if every element of the system is turned "on", including generation components (i.e. solar panels on the roof). This calculation method artificially inflates the load and the corresponding equipment sizing.

7) Urban Design Guidelines

- a. OHBA members have indicated that local municipal urban design guidelines and architectural review may frustrate the ability to efficiently implement DER in new communities. Solar opportunities can only be maximized if all/most buildings in a new community have a south facing orientation, but the reality is that when planning new communities, due to urban design guidelines, only some buildings with have a south facing orientation while local architectural review may discourage the placement of solar generation assets.

OHBA looks forward to further and direct engagement opportunities with the Ontario Energy Board to reduce the barriers to the implementation of DER within new residential and mixed-use communities across the province. Our membership is very interested in building, owning, operating and partnering the connection of DERs. The industry requires clear rules, less uncertainty and the removal of barriers that are inhibiting the adoption of cost-saving energy management technologies in new communities. OHBA also believes that greater competition within the sector will reduce costs and result in better outcomes for consumers.

Thank you for the opportunity to provide our perspective on the DER Connections Review.

Sincerely



Mike Collins-Williams
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Ontario Home Builders' Association