

**NOTICE OF AMENDMENT TO A CODE**  
**AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE**

**EB-2005-0447**

To: All Participants in EB-2005-0447  
All Licensed Electricity Distributors  
All Other Interested Persons

Re: Net Metering  
Amendments to the Distribution System Code  
Board File No. EB-2005-0447

The Ontario Energy Board (the "Board") has today issued amendments to the Distribution System Code (the "DSC") under section 70.2 of the *Ontario Energy Board Act, 1998* (the "Act").

The amendments establish the maximum cumulative generation capacity from net metered generators that an electricity distributor must allow to be connected to its distribution system.

**Background**

On October 24, 2005, the Government of Ontario filed the *Net Metering Regulation*, Ontario Regulation 541/05 (the "Regulation"), made under the Act. The Regulation came into force on January 23, 2006.

The Regulation requires the distributor to allow eligible generators to deliver electricity to the distributor and receive a refund. This results in the customer paying only for its net consumption of electricity.

The Regulation triggers the requirement under section 70(6.1) of the Act for the Board to create licence conditions establishing the maximum cumulative generation capacity from net metered generators that an electricity distributor must allow to be connected to its distribution system. The amendments to the DSC fulfill this legislative requirement.

**Proposed Amendments to the DSC**

The Board issued a Notice of Proposal to Amend the DSC on December 5, 2005. The proposed amendments required a distributor to make net metering available on a first-come first-served basis to any eligible generator that requests it unless, at the time of the request, the maximum cumulative generation capacity from net metered generators that are already connected to the distributor's system equals or exceeds a threshold amount. That threshold amount is one percent of the

distributor's annual maximum peak load for the distributor's licensed service area, averaged over three years, as determined by the Board from time to time. Beyond that a distributor may – but is not required – to make net metering available to additional eligible generators.

The Board received five written submissions in response to the Notice of Proposal. A number of the submissions were generally supportive of the proposed amendments.

The majority of submissions commented on the potential settlement and record-keeping costs to the distributor. The Board acknowledges that distributors will incur costs in relation to settlement and record-keeping associated with net metering. The Board remains of the view that the benefits of the amendments to the DSC, as described in the Notice of Proposal, will outweigh those costs.

Certain submissions raised the question of metering standards and metering costs associated with net metering. The metering provisions of the DSC by their terms apply in relation to the metering of net metered generators. The Board also notes that section 8(13) of the Regulation speaks to cost responsibility for incremental metering and other costs associated with the connection of a net metered generator.

One submission noted the inflationary impact of including large industrial loads in the calculation of maximum cumulative capacity, although it did not provide evidence of any specific harm that would result. Another submission was against the idea of a threshold altogether. Section 70(6.1) of the Act requires the Board to establish a threshold, and the methodology selected by the Board, including the one per cent threshold, is consistent with practice in other jurisdictions that have thresholds on net metering. Moreover, the amendments do not prohibit a distributor from connecting net metered generators in excess of the threshold.

### **Changes to the Proposed Amendments**

The Board has considered the submissions received in this matter and has determined that no material changes need to be made relative to the DSC amendments as originally proposed. The Board has, however, made the following three minor revisions:

- the amendments will come into force on February 10, 2006, rather than on the originally proposed date of January 23, 2006;
- the reference to January 23, 2006 in section 6.7.5 is replaced with a reference to February 10, 2006; and
- section 4.2 of the Micro-Embedded Load Displacement Generation Facility Connection Agreement is also being amended to clarify that it does not apply if the generator is a net metered generator.

The revised amendments to the DSC are attached as Attachment A to this Notice.

### **Determination of Maximum Cumulative Generation Capacity**

The amendments to the DSC contemplate that the Board will determine from time to time the net metering threshold for each distributor. Until re-determined by the Board, the maximum cumulative generation capacity from net metered generators is as set out in Attachment B for each distributor licensed by the Board.

### **Coming Into Force**

As noted above, the amendments to the DSC will come into force on February 10, 2006.

This Notice, the accompanying amendments to the DSC set out in Attachment A and the maximum cumulative generation capacity from net metered generators set out in Attachment B are available on the Board's website at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) and at the office of the Board during normal business hours.

If you have any questions regarding the amendments, please contact Beverley Jaffray at 416-440-8101 or [Beverley.Jaffray@oeb.gov.on.ca](mailto:Beverley.Jaffray@oeb.gov.on.ca) or toll free at 1 888-632-6273.

DATED at Toronto, February 2, 2006.

### **ONTARIO ENERGY BOARD**

*Original signed by*

Peter H. O'Dell  
Assistant Board Secretary

Attachments: Attachment A: Revised Amendments to the Distribution System Code

Attachment B: Maximum Cumulative Generation Capacity from Net Metered Generators that Must be Allowed to Connect