

**NOTICE OF PROPOSAL TO AMEND A CODE**  
**PROPOSED AMENDMENTS TO THE DISTRIBUTION SYSTEM CODE**  
**EB-2005-0447**

To: All Licensed Electricity Distributors  
All Other Interested Parties

**Background**

On October 24, 2005, the Government of Ontario filed the *Net Metering Regulation*, Ontario Regulation 541/05 (the "Regulation"), made under the *Ontario Energy Board Act, 1998* (the "Act"). The Regulation comes into force on January 23, 2006.

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

Under the Regulation, a customer is an eligible generator if:

- it generates the electricity primarily for the generator's own use;
- it generates the electricity solely from one or a combination of eligible renewable energy sources (wind, water, solar radiation and agricultural bio-mass);
- the maximum cumulative output capacity of the equipment used to generate the electricity that the generator intends to return to the distributor for net metering purposes is no greater than 500kW; and
- the generator conveys the electricity directly from the point of generation to another point for the generator's own consumption without reliance on the distributor's distribution system, before conveying any electricity that is in excess to the generator's own needs at the time of generation into the distributor's distribution system.

The Regulation triggers the requirement under section 70(6.1) of the Act for the Ontario Energy Board (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.

**Proposed Amendments to the Code**

In order to fulfil the above legislative requirement, the Board is proposing to amend the Distribution System Code (the "Code") by adding a new section 6.7 as set out in Attachment A.

The Board proposes that the amendment to the Code come into force on January 23, 2006, as reflected in the proposed amendment to section 1.7 of the Code set out in Attachment A.

In accordance with the proposed amendments to the Code, a distributor must 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.

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. Attachment B also contains a sample calculation for illustrative purposes only.

### **Anticipated Costs and Benefits**

The Board anticipates that:

- the distributor will benefit from knowing, and being able to plan for, the maximum cumulative generation capacity from net metered generators that they must allow to be connected to their distribution system;
- eligible generators and proponents of new generation projects will benefit from access to net metering and lower electricity bills; and
- eligible generators and proponents of new generation projects will benefit from knowing the maximum cumulative generation capacity from net metered generators that the distributor must allow to be connected to their distribution system.

It is not anticipated that electricity distributors will incur substantial costs as a result of the proposed amendments.

### **Invitation to Comment**

Written submissions are invited on the proposed amendments to the Code. Any person who wishes to make a written submission with respect to the proposed amendments to the Code **must** file seven (7) paper copies of the submission, and an electronic copy in Adobe Acrobat (PDF) or Word, if possible, with the Board Secretary by **4:30 pm** on **December 21, 2005**. Your submission must quote file number **EB-2005-0447** and include your name, address, telephone number and, if available, your e-mail address and fax number.

Written submissions should be sent to:

John Zych  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
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Electronic copies may be submitted on diskette or by e-mail to  
[boardsec@oeb.gov.on.ca](mailto:boardsec@oeb.gov.on.ca)

This Notice, including the proposed amendments to the Code, and the written submissions received by the Board will be available for public inspection at the office of the Board during normal business hours and on the Board's website at  
[www.oeb.gov.on.ca](http://www.oeb.gov.on.ca).

If you have any questions regarding this Notice, 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 888-632-6273.

**DATED** at Toronto, December 5, 2005.

ONTARIO ENERGY BOARD

*Original signed by*

John Zych  
Board Secretary