**Prepared for:** Ontario Energy Board

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# Executive Summary

**Purpose:** This memorandum responds to the OEB's request for stakeholder input on the valuation of Distributed Energy Resources (DERs), focusing on the Net Metering program.

## Key Recommendations:

- Redefine 'customer' for Net Metering as the business entity, not the individual electricity meter.
- Allow energy billing consolidation across all meters and locations for a single customer.

**Expected Outcomes:** These changes will remove major barriers to Net Metering participation, enabling businesses to invest in generation at scale, reducing unnecessary grid costs, and supporting Ontario's energy and economic goals.

# 1. Introduction

Ontario's Net Metering program was designed to support industry and increase renewable generation. However, current regulations have limited its effectiveness. This memorandum identifies key barriers and proposes practical solutions to improve program outcomes.

# 2. Summary of Key Barriers

- Mismatch between generation opportunities and load behind a single meter.
- High grid upgrade costs and lack of economies of scale.
- Multiple meters per customer fragment Net Metering systems.
- Considerable capital allocation challenges currently for businesses.
- Regulatory restrictions on energy transport and generation limits.

# 3. Recommendations

**Recommendation 1**: Redefine the 'customer' in Net Metering regulations as the business entity procuring energy, rather than each individual meter.

Rationale: Allows businesses to aggregate load and generation across multiple sites, improving project feasibility.

**Recommendation 2:** Permit energy billing consolidation so that load and generation can be netted within a single account for each customer, regardless of meter or location.

Rationale: Enables businesses to optimize generation placement and scale, reducing grid connection costs and administrative complexity.

## 4. Expected Benefits

**For Customers:**

- Ability to build generation at scale, improving project economics.
- Reduced grid connection costs and administrative burden.
- Flexibility to locate generation where most efficient.

**For the Electricity Grid:**

- Easier accommodation of distributed generation.
- Fewer grid connections, reducing disruption and safety risks.
- Increased renewable generation investment from private capital.

## 5. Case Study: Santa's Village Properties

Santa's Village operates four properties with 21 electricity meters. Under current regulations, each meter requires a separate Net Metering system, making solar generation uneconomic.

**Barrier**: Only one property has space for a solar array large enough to meet total demand, but fragmented billing, landscape (rocks & trees) plus grid connection costs undermine feasibility.

**Solution**: If Net Metering rules allowed aggregation and billing consolidation, Santa's Village could install a single solar array, supply all properties, and make an attractive case for business investment.

## 6. Additional Considerations

Ontario's 'Affordable Future 2024' emphasizes removing barriers to DER investment and supporting business competitiveness.

Other barriers include geographic separation of load and generation sites, transient property occupancy, and historic utility practices leading to multiple meters per customer that precludes consolidation at the business level without costly and unnecessary rewiring to suit current net metering policy.

## 7. Conclusion and Call to Action

In the authors' opinion, Net Metering has two value streams: directly, energy for the grid and indirectly, enabling businesses to create Ontario's future economy. Therefore, 'valuing' DER must consider more than just the necessity and fairness of Net Metering projects' cost

allocations to other network customers, but also DER's potential to enable GDP growth. DER should enable Ontario's businesses to meet their growing energy needs *and* create jobs *while* lowering Ontario's overall electricity's cost.

With this wider lens, OEB can 'reimagine' the Net Metering program by: (i) redefining 'customer' and (ii) allowing 'business entity' billing consolidation. We strongly believe that Net Metering, without its current DER barriers, can unlock significant benefits for both industry *and* the grid.

**Next Steps**: We welcome further discussion on policy options that could enable the significant benefits of our case study to be realized. Please contact Doug Urban @ 647-680-6507 to arrange a meeting.

# Appendix:

## Regulatory References:

- Ontario Net Metering Regulation (O. Reg. 541/05): Limits net metering to individual meters; prohibits aggregation across properties.
- Ontario's 'Affordable Future 2024' Policy: Calls for reducing barriers to DER investment and enabling aggregation.
- OEB Stakeholder Consultation Meeting: Review of the Valuation of Distributed Energy Resources' (Nov 24, 2025).

## Exemplar Project Overview:

Santa's Village Holdings evaluated Net Zero Energy feasibility for four properties. Analysis compared individual site solar installations versus a consolidated 'One Site to One Business' approach, enabled by policy reform.

### Key Findings:

- **Individual Site Approach Under Current Policy:** Scenarios A1-A4 evaluation paybacks range from 11 to 16 years; IRRs unattractive (3.5%–8.8%). Total electricity cost increase by 29% with significant risk of cost overruns due to terrain, forest clearing and grid connection.
- **Consolidated Net Metering Approach Under Proposed Policy** ('One Site to One Business' or Scenario B) - one large 1.2 MW Solar PV system under revised policy is viable:
  - 48% cost savings ($0.968M) over 25 years;
  - IRR of 17.2% and 6-year payback;
  - LCOE $0.104/kWh;
  - Allows load growth of 50% to enable new campsites and EV charging (revenues *not included!*)

## Proposed Net-Zero Energy PV Plan for Santa's Village Holdings (SVL):

- Solar PV System Size: One 1.2 MW array consolidated located at Whispering Pines.
- Annual Production: ~1,350,000 kWh (Ontario average yield).
- Electricity Rate Inflation Hedge: 25-year LCOE at $0.104/kWh.

## Santa's Village Net-Zero Energy Solar Business Case:

### Proposed 'Consolidated' Net Metering versus Current NM Policy

| Scenario | Utility Cost (25yr Total) | Solar PV FCF ($-25 Yr) | Utility Net Cost with PV | Delta Cost Saving (%) | Solar PV Payback (yrs) | Solar PV IRR (25yr) | Meets Business Hurdle Rate |
|---|---|---|---|---|---|---|---|
| **A1** - Santa's Village Park | -$680,191 | -$66,001 | -$746,192 | -9.7% | **11.0** | **8.8%** | No |
| **A2** - Whispering Pines Campground | -$245,109 | -$187,520 | -$432,629 | -76.5% | **16.0** | **4.2%** | No |
| **A3** - Muskoka Ridge Campground | -$332,386 | -$246,879 | -$579,265 | -74.3% | **15.0** | **3.5%** | No |
| **A4** - Severn Lodge | -$761,240 | -$85,163 | -$846,403 | -11.2% | **12.0** | **7.5%** | No |
| **A** - SVL Total ***(Current Policy)*** | **-$2,018,926** | **-$585,563** | **-$2,604,489** | **-29.0%** | **13.5** | **6.0%** | **No** |
| **B** - SVL Total ***(Consolidated)*** | **-$2,018,926** | **$968,289** | **-$1,050,637** | **48.0%** | **6.0** | **17.2%** | **Yes** |
| **Individual NM vs Consolidated NM DELTA (B-A)** | **$0.0** | **$1,553,852** | **$1,553,852** | **77.0%** | **-7.5** | **11.2%** | |