

## Net metering and feed-in tariffs are policy instruments used successfully in other jurisdictions.

- Since the mid-2000s, Canadian provincial and regional utilities have been developing and implementing net metering and feed-in tariff programs to enable customers to store electricity generated on the local grid.
- Net metering and feed-in tariffs are policies designed to encourage private investment in renewable energy.
- **Net Metering:** involves connecting small residential or commercial energy sources (e.g. wind, solar, biomass, or water) to the power grid enabling customers to use electricity whenever needed while contributing their energy production to the grid. If energy production is less than what is used, the grid supplies the difference and the customer is billed for that difference. If energy production is greater than the amount used, the excess goes to the grid so that the customer can “draw down” (in the form of energy credits) on it in periods of time when they are producing less electricity than using.
  - Net metering is a tool which allows for the reduction of an electrical bill from the utility – **not** for selling a net amount of electricity to the grid.
  - Net metering can be established either by a utility or through legislation at a provincial government level.
  - In many jurisdictions, net metering is considered a foundation for promotion of small wind and other distributed energy systems.
  - Currently, nine provinces offer net metering programs. See appendix for details.
- **Feed-in Tariff:** involves connecting a small residential or commercial energy source (e.g. wind, solar, biomass or water) to the power grid and selling electricity to the power company. A feed-in tariff (FIT) program allows individuals and companies to supply power to the grid and be financially compensated per kilowatt per hour (KWh) usually for a defined contract period.
  - A feed-in tariff is a rate per KWh that small-scale energy producers are guaranteed for a fixed period of time providing them with enough economic certainty to invest in renewable energy projects. “Feed-in” means that energy produced by these projects will be fed in to the province’s electricity grid.
  - The advantages of selling under a FIT program are the reliable and guaranteed revenue stream and contract period to pay for the investment.
  - The disadvantage is that if the energy producer is also using electricity, they will likely be paying at the same rate as everyone else, and this rate is likely higher than what is paid under the FIT program.
  - Since 2009, Ontario has approved almost 2,000 small and large FIT contracts totalling more than 4,600 megawatts (MW) of power and attracted over \$20 billion in private-sector investment.
  - Currently, two provinces offer FIT programs.

# Newfoundland and Labrador's policies on net metering and feed-in tariffs are out of step with the rest of North America.

- Newfoundland and Labrador is the only province in Canada without net metering and/or feed-in tariff programs.
- As stated in the government's 2007 Energy Plan, NL Hydro and Newfoundland Power committed to the Provincial Government that a joint proposal would be developed to implement net metering for small-scale renewable energy sources.
- In the spring of 2010, NL Hydro and Newfoundland Power presented a draft report on net metering for customer generation less than 100 kilowatts (kW) for review by the Provincial Government.
- During the fall of 2010, the Provincial Government requested that NL Hydro not submit for approval the policy for customer generation less than 100kW until such time as the policy for customers with generation in excess of 100 kW had been developed.
- During the summer of 2012, NL Hydro provided for Newfoundland Power's comments a summary proposal for an approach that covers customer generation up to 1 MW. Newfoundland Power provided its feedback on the summary proposal.
- NL Hydro is also working to finalize a distributed generation policy and technical interconnection guide for stakeholders, which would define the policies and standards to be applied to persons and businesses who want to produce power for their own needs using alternative energy sources and be able to store excess energy on the grid.
- Bill 61 - AN ACT TO AMEND THE ELECTRICAL POWER CONTROL ACT, 1994, THE ENERGY CORPORATION ACT AND THE HYDRO CORPORATION ACT, 2007 – passed in 2012, effectively bans business development of renewable energy by entities other than Newfoundland Power or NL Hydro. It states:

*"A retailer or an industrial customer shall not develop, own, operate, manage or control a facility for the generation and supply of electrical power or energy either for its own use or for supply directly or indirectly to or for the public or an entity on the island portion of the province."*

and:

*"Newfoundland and Labrador Hydro shall have the exclusive right to supply, distribute and sell electrical power or energy to a retailer or an industrial customer in respect of the business or operations of that retailer or industrial customer on the island portion of the province; and a retailer or an industrial customer shall purchase electrical power or energy exclusively from Newfoundland and Labrador Hydro in respect of the business or operations of that retailer or industrial customer on the island portion of the province."*

- This position is in contrast to other provincial jurisdictions that actively promote net metering and/or feed-in tariff programs in support of energy efficiency, environmental stewardship, and innovation.

## The delay in the introduction of net metering and feed-in-tariffs policy is stifling innovation and threatening business.

- Newfoundland and Labrador has significant renewable energy resources – including wind, water, solar, biomass, and waste-to-energy – that cannot be developed by business under current government policy.
- There are firms on the leading edge of renewable energy technology formed and based in Newfoundland and Labrador. However, current legislation does not allow for these businesses to operate within the province.
- There are firms who have explored renewable technologies to supplement their operations in order to increase business efficiency, reduce costs, and decrease waste. These initiatives would increase firm competitiveness, have a positive environmental impact, open local markets for businesses in renewable energies, and foster innovation.
- NEIA is consistently being approached by firms who are frustrated with current government energy policy. These firms are involved in a wide array of renewable energy technologies, including wave energy, large-scale wind, small-scale wind, green builders, waste-to-energy, and various industrial firms looking to reduce energy needs.
- A common complaint among these firms is that they have been advised of imminent policy change for a number of years, but in reality the decision continues to be delayed.
- Continued delay in the introduction of net metering / feed-in tariff policies is threatening the operation of these firms. Some will be forced to relocate their employees, ideas, and technologies to a neighbouring province such as Nova Scotia. Others may be forced to shut down.
- On July 5, 2014, the Department of Natural Resources issued a new request for proposals to inform the government on “Net Metering Standard Industry Practices” (RFP closed on July 25, 2014). The RFP stipulated that the final report for the successful consultant is to be delivered by October 31, 2014.
- The lack of support for the development of renewable energies sends negative economic and environmental messages to potential entrepreneurs and investors.
- Regions identified as strong trade partners for Newfoundland and Labrador have expressed needs for green energy technologies. If the province hopes to benefit from strong trade relationships in emerging economies, it needs to allow its renewable energy sector to develop expertise and practical experience.

## **NEIA believes the introduction of net metering and FIT is to the benefit of Newfoundland and Labrador’s businesses, environment, and taxpayers.**

- The introduction of net metering and FIT policy would: (1) allow for the growth of businesses currently operating in Newfoundland and Labrador; (2) support innovation and business creation in Newfoundland and Labrador; (3) diversify the province’s portfolio as an ‘energy powerhouse’, and; (4) help the province achieve its greenhouse gas emissions objectives.
- Residential consumers would be able to mitigate power requirements through small scale approaches – making more of the power generated at Muskrat Falls available to the open market.
- If businesses can generate electricity and sell to NL Hydro in a fixed purchasing plan agreement and profit, they should be allowed to do so.
- Consumer rates need not be affected by third party generation. Newfoundland Power and NL Hydro can profit from the difference in consumer rates and rates specified in purchasing plan agreements. This will not affect planned financing for the Muskrat Falls project.
- Feed-in is also a potential source of revenue generation for the province. Hydro power is not considered green energy in the U.S.A., and thus will not be in as high demand as other renewables. Other sources of renewable energies – such as wind, wave, biomass, and solar – are in higher demand and available in the province.
- Electricity generated by renewable energy enterprises can be absorbed into the grid, while domestic needs can be met by hydro. The renewable energy on the grid can be sold on the open market at a premium.