

December 7, 2015

To: Law Amendments Committee of the Nova Scotia Legislature.**RE: Concerns about the Electricity Plan Implementation Act**

I am writing on behalf of the Ecology Action Centre to express three concerns about the Electricity Plan Implementation Act (2015). Our concerns relate to Chapter 23, which if enacted will reduce the ability of Nova Scotia Power customers to install their own renewable electricity generators and connect them to the electricity distribution system, in an arrangement commonly known as "net metering".

(1) Concern about severe limits placed on the size of customer's renewable generators:

Our first concern relates to Section (4) of Chapter 23, in particular this clause that limits project size:

(b) in respect of a customer's generator first connected to the public utility's electrical grid on or after the date that this subsection comes into force, a nameplate capacity of twenty kilowatts.

The twenty-kilowatt (kW) limit in this clause represents a 50-fold reduction in the allowable maximum size for customer-connected renewable electricity generators, from the previous limit of one megawatt (1 MW). This severe decrease would exclude significant net metered renewable electricity projects by a wide range of communities and organizations, including Mi'kmaq communities, municipalities, universities, volunteer fire departments, non-profit organizations, churches, and small-to-medium enterprises. Some of these projects are already in the planning stages.

For example, the Municipality of the County of Kings recently (2015) commissioned a feasibility study for net metered photovoltaic (PV) generators for its wastewater treatment plants. The results of the study recommended a 100 kW solar PV array for the Canning Wastewater Treatment Plant (WTP). This array will provide 100% of the amount of electricity consumed by the WTP on an annual basis, reduce greenhouse gas emissions by over 1200 metric tonnes in its lifetime, and provide a net financial savings to the Municipality. This project is allowed under the previous rules, but would be severely limited to 20% of its appropriate size under the new legislation. This is only one example of the kinds of progressive green projects across Nova Scotia that would be stifled by this legislation.

We must ask the Nova Scotia government: Why should municipalities and other organizations be restricted by this legislation from investing in renewable energy for their own buildings at a scale that is appropriate to the size of their electricity consumption? This proposed change is a step backward, at a time when we all need to be ramping up our efforts to address climate change.

The existing legislation, prior to this Act, allows customers to connect renewable generators up to the size that will produce an amount equivalent to their annual electricity consumption, with an upper limit of 1 MW. We believe that the existing limit is appropriate and does not need further restriction.

We are working with municipalities and community organizations who want to join the renewable energy transition by installing solar PV panels and/or wind turbines. This legislation would put an arbitrary and unreasonably low limit on their ability to take meaningful action to reduce their greenhouse gas emissions by investing in renewable energy for their buildings.

(2) Concern about the rate change for net metering:

In the existing legislation, the rate offered to customers for the surplus electricity that they generate is equivalent to the rate the customer pays for that electricity. This offers, in our view, a reasonable approach to giving credit for the contribution that the customer makes to supplying renewable energy to the system. The new legislation proposes to change that by requiring the public utility to develop a tariff for the electricity that net metering customers contribute, based on the net value of the electricity to the electrical system. We see four issues that concern us with this new approach:

- a) A tariff developed by the public utility itself (in other words Nova Scotia Power) is very unlikely to take into account the full socio-economic and environmental benefits of the customer's renewable energy contribution, and is likely to undervalue this electricity.
- b) Developing a single tariff, if it applies to all kinds of renewable electricity, will not take into account the fact that different renewable energy sources have different value. For example, solar photovoltaic produces only in daytime, when the value of electricity is higher. If a tariff is proposed, it should distinguish between and assign different values to different renewable sources of electricity.
- c) This change is very likely to result in a decrease in the rate paid to customers for their net metered surplus electricity, significantly reducing the return on investment in renewable energy and discouraging growth in the renewable energy industry in Nova Scotia, when we need to be building a green economy.
- d) The legislation is not clear on the length of the period over which the calculation of how much electricity has been "sold" by the customer to Nova Scotia Power will be made. If these amounts are calculated for each billing period, this will dramatically decrease the return that the customer receives for their surplus renewable electricity, because it will credit the surplus energy in one billing period at a reduced rate, rather than at the retail rate in a future billing period over a twelve month period.

This change to the tariff for net metering represents another step backward. It will in all likelihood result in slower growth in renewable generators at buildings across Nova Scotia, at a time when we need to be increasing, not decreasing, the rate of uptake of renewable energy.

The clauses in question that relate to the net metering tariff are as follows:

- (8) The public utility shall develop a tariff for the electricity sold to it pursuant to this Section and apply to the Board for approval of the tariff to be implemented on such date as may be prescribed by the regulations.
- (9) A rate in a tariff developed and approved pursuant to subsection (8) must be based on the net value of the electricity to the public utility's electrical system, and any other factors that may be prescribed by the regulations.
- (10) Upon the implementation of the tariff developed and approved pursuant to subsection (8), excess electricity sold by a customer to the public utility pursuant to this Section must be sold at the rate established in the tariff approved pursuant to subsection (8) instead of the rate established by subsection (1) or (1A).

(3) Lack of Consultation

Our third concern relates to the fact that there appears to have been virtually no consultation, or even notification, of affected parties about these significant changes in legislation that will affect their projects, community energy planning processes, and businesses.

The intention to make these specific changes to the rules regarding net metering was not mentioned in the publicly-available reports on the new electricity plan. We can find no evidence that the provincial government consulted with or even informed those who will be directly affected by these proposed changes before writing them into legislation.

First Nations, municipalities, universities, community organizations, individual Nova Scotians, and companies that work in the renewable energy industry, all will be negatively affected by these proposed changes. We have not been able to find anyone in the affected sector who was made aware of these changes or given the chance to comment on them by the government before they were included in this legislation.

Request to the Province of Nova Scotia:

We ask that:

- 1) The clauses referred to in this letter be struck from the proposed legislation, leaving the project size limits and rates of the renewable net metering program the same as they were previously.
- 2) An open and transparent set of meetings be held in 2016 between the Province of Nova Scotia and municipalities, organizations, First Nations, renewable energy companies, and individuals with an interest in renewable energy, to determine the next stage for the net metering program. This would include the discussion of how to properly account for the full benefits of net metering projects to meeting provincial sustainability goals.

Thank you for your time in considering these concerns.

Sincerely,



Wayne Groszko
Renewable Energy Coordinator
Ecology Action Centre