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# Bill 172

**An Act to improve energy affordability  
through distributed energy resources and deep retrofits**

**Co-sponsors:**

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**Private Members' Bill**

1st Reading      March 7, 2024

2nd Reading

3rd Reading

Royal Assent



## EXPLANATORY NOTE

The Bill enacts the *Affordable Energy Act, 2024*.

The Premier of Ontario is required to prepare and implement a plan entitled Ontario's Community Energy Affordability Plan. The Plan must set out measures to be taken by the government to achieve specified goals, including the following:

1. The goal of electricity customers in homes and public buildings having the right to use and benefit from distributed energy resources and to have access to distributed energy resources.
2. The goal of deep retrofitting being implemented for all buildings in Ontario.

Affordable Energy Ontario is established as an agency. Its objects relate to the development, oversight, financing, facilitation and delivery of specified programs. These programs include the following:

1. Programs that provide Ontarians with opportunities to benefit from distributed energy resources and to subscribe to or invest in offsite renewable energy generation and storage facilities owned by community energy organizations.
2. Programs for deep retrofitting of buildings.

## An Act to improve energy affordability through distributed energy resources and deep retrofits

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#### Preamble

Electricity and gas have become unaffordable for many Ontarians, especially those with low or fixed incomes. Ontario's current government has responded by providing subsidies and increasing the use of natural gas for heating and power generation.

The two most effective ways to stabilize energy bills and make energy affordable are increasing the use of distributed energy resources and supporting deep, full building, retrofits.

Distributed energy resources are resources that generate energy, store energy or control load. They may be connected to the electricity distribution system directly or indirectly, behind a customer's meter. An example of distributed energy resources is roof top solar photovoltaic units. The cost of distributed energy resources is dropping every year, and this trend is expected to continue. Meanwhile, the cost of conventional resources such as natural gas will continue to be volatile.

Energy efficiency measures, especially deep retrofits, have always been the best way of reducing energy bills. Deep retrofits involve extensive overhaul of building systems that can substantially reduce energy costs. By decreasing building heating and cooling loads, such retrofits also reduce the impact of electrification on energy bills and the grid, ensuring that the full benefits of distributed energy resources are realised.

Reducing energy demand from greenhouse gas emitting sources, such as gas-fired power plants and gas-fired heating, allows for buildings to contribute to climate stabilization.

Buildings with their own power supply, or access to local power supplies, and reduced energy needs will be resilient to power outages that will be more frequent in a world with more extreme weather events.

To increase equity in energy supply and demand, it is necessary for the government to accelerate the deep retrofitting of homes and buildings and to empower all Ontarians to benefit from the deployment of distributed energy resources.

Therefore, His Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

## DEFINITIONS AND PURPOSE

### Definitions

1 In this Act,

“Agency” means the corporation established under section 6; (“Agence”)

“community energy organizations” include co-operatives within the meaning of the *Co-operative Corporations Act* and eligible public organizations within the meaning of the *Ontario Infrastructure and Lands Corporation Act, 2011*; (“organismes d’énergie communautaire”)

“distributed energy resources” means resources that generate energy, store energy or control load and that are connected directly to a local distribution system or to a host load facility within a local distribution system; (“ressources énergétiques distribuées”)

“Plan” means the Plan developed and prepared under section 3. (“Plan”)

### Purposes of Act

2 The purposes of this Act are,

- (a) to implement measures that provide more stable and affordable energy costs for all Ontarians;
- (b) to encourage the deployment of distributed energy resources and to empower Ontarians and facilitate their efforts to collectively participate in and benefit from the use of these resources;
- (c) to reduce the cost of and accelerate deep retrofitting of Ontario’s homes and other buildings;
- (d) to increase the resiliency of homes and other buildings in the face of weather-caused power disruptions;
- (e) to reduce the greenhouse gas emissions from our electricity and heating systems; and
- (f) to ensure that the purposes mentioned in clauses (a) to (e) are achieved in a manner that supports job creation, economic development and the provision of unionized employment.

## ONTARIO’S COMMUNITY ENERGY AFFORDABILITY PLAN

### Plan

3 (1) The Premier of Ontario shall prepare and implement a plan entitled Ontario’s Community Energy Affordability Plan in English and Plan communautaire ontarien pour des frais d’électricité abordables in French.

### Public consultation

(2) The Premier shall ensure that public consultation is conducted in respect of the Plan before finalizing the Plan.

### Publication

(3) No later than 12 months following the day this section comes into force, the Premier shall ensure that the Plan is published on a website of the Government of Ontario.

### Implementation

(4) The Premier shall ensure that the Plan is implemented in accordance with the timeline set out in the Plan.

### Contents

4 (1) The Plan shall set out the following:

1. Measures to be taken by the government to achieve the following goals:
  - i. Electricity customers in homes and public buildings in Ontario have the right to use and benefit from distributed energy resources and have access to distributed energy resources, including but not limited to the following:
    - A. They have the ability to generate and store their own electricity generated from renewable sources through net metering, available not only to home owners but also to residents of housing co-operatives and tenants in multi-residential buildings who sub-meter.
    - B. They have the collective benefit, with other customers in their local community, of the generation and supply of their excess electricity generated from renewable sources through community net metering.
    - C. They have the opportunity to subscribe to or invest in offsite renewable energy generation and storage facilities owned by community energy organizations.
    - D. They have deductions from their electricity bills for electricity generated from offsite renewable energy generation and storage facilities that they own, lease, subscribe to or rent.

- ii. Deep retrofitting is implemented for all buildings in Ontario, with a goal of achieving net zero emissions from Ontario's buildings.
- iii. Residential tenants are empowered to reduce energy costs as follows:
  - A. They have the right to make prescribed minor changes to their homes to reduce energy costs.
  - B. They have the right to maintain residence and tenure after any retrofit is undertaken by the landlord.
- 2. A description of the proposed legislative and regulatory amendments that are necessary in order to achieve the goals set out in paragraph 1.
- 3. A detailed plan explaining how and when the Plan will be implemented.

#### **Community net metering**

(2) For the purposes of sub-subparagraph 1 i B of subsection (1),

“community net metering” means a system in which excess electricity generated on site may be sent to the grid for a credit which can be shared by multiple participating residents.

#### **Review of Plan**

5 (1) The Premier shall cause a review of the Plan to be undertaken no later than the second anniversary of the publication of the Plan and every second anniversary thereafter.

#### **Public consultation**

(2) The Premier shall ensure that public consultation is conducted as part of reviewing the Plan.

#### **Same**

(3) As part of a review of the Plan, the Premier shall amend the Plan, as the Premier considers advisable, and shall ensure that the amended Plan is published on a website of the Government of Ontario.

### **AFFORDABLE ENERGY ONTARIO**

#### **Agency**

6 (1) A corporation to be known in English as Affordable Energy Ontario and in French as Énergie abordable Ontario is established as a corporation without share capital.

#### **Constitution**

(2) The constitution of the Agency and its board of directors shall be in accordance with the regulations.

#### **Agent of the Crown**

(3) Subject to the regulations, the Agency is, for all its purposes, an agent of the Crown and its powers may be exercised only as an agent of the Crown.

#### **Employees**

(4) The Agency may employ or otherwise engage persons for the proper conduct of its activities, subject to the regulations or, if the regulations so provide, employees may be appointed under Part III of the *Public Service of Ontario Act, 2006*.

#### **Application of corporate Acts**

(5) The *Corporations Act*, the *Corporations Information Act* and the *Not-for-Profit Corporations Act, 2010* do not apply to the Agency, except as provided by the regulations.

#### **Powers**

##### **Natural person powers**

7 (1) The Agency shall have the capacity, rights, powers and privileges of a natural person for the purpose of carrying out its objects, except as limited by this Act or the regulations.

##### **Financial activities**

(2) The Agency shall not borrow money, invest funds or manage financial risks except in accordance with a by-law of the Agency that has been approved by the Minister of Finance.

##### **Subsidiary corporation**

(3) The Agency shall not establish a subsidiary corporation, except as permitted by the regulations.

##### **Commercial activity**

(4) The Agency shall not engage in commercial activity through an individual, corporation or other entity that is related to the Agency, to a member of its board of directors or to any of its officers, except as permitted by the regulations.

### **Money appropriated by the Legislature**

**8** The money required for the purposes of the Agency shall be paid out of the money appropriated for this purpose by the Legislature.

### **Objects of Agency**

**9** (1) The Agency's objects are,

- (a) to develop, oversee, finance, facilitate and deliver programs that provide Ontarians with opportunities to benefit from distributed energy resources and to subscribe to or invest in offsite renewable energy generation and storage facilities owned by community energy organizations;
- (b) to develop, oversee, finance, facilitate and deliver programs for deep retrofitting of all buildings in Ontario; and
- (c) to perform the duties and exercise the powers assigned to the Agency by this Act and the regulations.

### **Same, distributed energy resources**

(2) The programs mentioned in clause (1) (a) shall be developed, financed and delivered in accordance with the following principles:

1. Renewable energy generation and storage facilities should be owned by community energy organizations.
2. All Ontarians should be able to participate, with priority given to low and middle income residents.
3. Capacity building support should be provided to community energy organizations, municipalities and their local distribution utilities to deliver distributed energy resources and develop renewable energy generation and storage projects.

### **Same, deep retrofitting**

(3) The programs mentioned in clause (1) (b) shall be developed, overseen, financed and facilitated in accordance with the following principles:

1. Modular technologies and business models that would accelerate and reduce the cost of seamless deep retrofitting should be applied.
2. Social housing and low-income rental housing should be prioritized.

### **Unionized workers**

(4) In carrying out its objects, the Agency shall, in accordance with the regulations, ensure that unionized workers are hired to carry out necessary work where a project is financed or facilitated by the Agency.

### **Use of revenues**

(5) The Agency shall apply its revenues to carry out its objects and duties and for no other purpose.

### **Affairs of Agency**

**10** (1) Subject to the regulations, the board of directors of the Agency shall manage or supervise the management of the activities and affairs of the Agency.

### **By-laws and resolutions**

(2) The board of directors may make by-laws and pass resolutions regulating its proceedings and generally for the conduct and management of the affairs of the Agency.

### **By-laws available to public**

(3) The board of directors shall make its by-laws available to the public in the manner it considers appropriate.

### **Officers**

(4) Without limiting the generality of subsection (2), the board of directors may make by-laws or pass resolutions to appoint officers and assign to them such powers and duties as the board considers appropriate.

## **REGULATIONS**

### **Regulations, general**

**11** The Lieutenant Governor in Council may make regulations,

- (a) respecting anything that, under this Act, may or must be prescribed, done or provided for by regulation;
- (b) defining words and expressions used in this Act that are not otherwise defined in this Act;
- (c) providing for such other matters as the Lieutenant Governor in Council considers advisable to carry out the purpose of this Act.

### **Regulations re Agency**

**12** The Lieutenant Governor in Council may make regulations governing the Agency, including,

- (a) providing for the governance and management of the Agency, including providing for a chief executive officer;
- (b) respecting the composition of the board of directors;
- (c) respecting stakeholder participation in the affairs of the Agency;
- (d) respecting the Agency's role as agent of the Crown, providing for circumstances in which the Agency may act outside of its role as agent of the Crown and limiting its powers as agent of the Crown;
- (e) respecting the Agency's ability to hire or employ persons or providing that employees may be appointed under Part III of the *Public Service of Ontario Act, 2006*;
- (f) respecting the capacity, rights, powers and privileges of the Agency and any restrictions on them;
- (g) prescribing additional duties and powers of the Agency;
- (h) respecting the Agency's authority to establish, acquire, wind up, dispose of or otherwise deal with, in whole or in part, a subsidiary and any restrictions on that authority;
- (i) respecting the Agency's authority to engage in commercial activities, including activities with persons or entities that are related to the Agency, a member of its board of directors or to any of its officers;
- (j) respecting the Agency's auditors, their appointment and their duties.

### **COMMENCEMENT AND SHORT TITLE**

#### **Commencement**

**13** This Act comes into force six months after the day it receives Royal Assent.

#### **Short title**

**14** The short title of this Act is the *Affordable Energy Act, 2024*.