
RED TAPE REDUCTION OPPORTUNITIES BRIEF

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This document outlines targeted regulatory reforms Ontario can implement to remove barriers for businesses, consumers, and industry to streamline processes to spur economic growth in low-carbon industries. These actions will allow more freedom of choice for individuals and accelerate the adoption of low-carbon technologies for electrification, transportation, and building efficiency while improving affordability for households and businesses.

Priorities for Ontario

Clean Electricity

There are significant barriers to developing net-metered solar PV projects for groups of neighbours, companies, and small-scale utilities. For these project applicants, red tape and costly fees restrict access to clean electricity initiatives. These issues prevent collaborative and community-led projects, limiting Ontario's potential to expand low-carbon energy sources effectively. Below, we highlight key red tape issues and offer solutions to streamline clean energy adoption.

1. Restrictions on group solar applications

Context: While Ontario has only introduced community net metering (CNM) on a demonstration basis, the pilot and its accompanying regulations provide a framework for how renewable energy can be used in community settings. O. Reg 679/21 allows excess electricity credits to be shared across multiple residents and businesses in a community. However, if the regulation is expanded for broader implementation across the province, groups looking to benefit from this model will still face barriers, particularly around administrative complexity and a lack of allocation mechanisms or rebates for group applications. Even if the regulation is not expanded, there remain barriers to collective solar development.

Under the current regulations, [a single lead customer](#) is responsible for managing the community's generation facilities, coordinating billing for all participants and working with the local distribution company (LDC) to allocate excess credits. This complexity can deter participation in collective solar initiatives.

Additionally, participants in group solar applications would face application fees of approximately \$500 per application, though this varies by locality and is often non-refundable. These upfront costs can be a barrier for many applicants. The pre-assessment fee also creates a first-mover problem, where individuals are hesitant to pay the fee due to uncertainty about eligibility and the potential risk of rejection.

There is also a need for greater transparency in the assessment process. Clear and simple explanations should be provided about which dwellings meet the technical requirements for solar installations.

Solution:

- Allow **batch applications** to remove administrative burdens on individual customers and solar companies.
- Implement **group pricing and allocation mechanisms** or rebates for grouped applications to make participation more financially accessible.
- Provide **clear and simple** explanations when dwellings are ineligible for participation.

2. Community net metering restrictions

Context: CNM projects are regulated under O.Reg. 679/21 and are currently limited to a single demonstration project in London, Ontario. CNM allows multiple community members to share the benefits of a renewable energy generation system, with excess electricity fed back into the grid in exchange for credits to offset future consumption.

The IESO's 2022 study on Distributed Energy Potential found that the province's behind-the-meter solar capacity significantly lagged other jurisdictions at only [250 MW](#), compared to New York State at more than [3,500 MW](#).

The current CNM framework restricts broader implementation, limiting opportunities to learn from and expand upon the London demonstration project. Although ample information has been gained in the three years since project initiation, O. Reg 679/21 only allows CNM projects on a case-by-case basis.

Additionally, single owners of multiple meters for multiple buildings in close proximity to each other (e.g. universities, municipalities, housing co-ops, etc.) are currently prevented from transferring or pooling excess generation credits between these meters. This prevents entities from installing and aggregating generation at the most efficient location(s) and scaling across those properties.

Expanding CNM can offer several benefits, including:

- Increasing access to local generation for all residents and businesses;
- Reducing barriers related to upfront capital;
- Enabling the most efficient location and scale for energy projects;
- Attracting private capital and businesses to Ontario.

Solution:

- **Amend O.Reg 679/21 to expand community net metering for generalized use and open deployment** across Ontario, learning from projects like the London development to implement similar initiatives province-wide. In doing so, allow **single owners** to transfer

excess credits between meters, removing restrictions that prevent efficient siting and optimization of solar generation across multiple buildings or properties.

- **Increase transparency and reduce administrative red tape** to streamline assessing and connecting distributed energy resources. Ontario can start by reassessing the amount of surplus electricity that can be fed into the system by residents with distributed solar.

3. 15-metre setback limiting ground-mounted solar

Context: O. Reg. 350/12 requires a minimum setback of 15 metres between ground-mounted solar photovoltaic panels and a property boundary. This limits the feasibility of installing solar systems in urban, densely populated areas of the province, as the setback restriction can make installations impractical on smaller plots. Since this regulation was introduced in 2012, solar technology has evolved significantly. Panels are now more efficient, take up less space, and are easier to integrate into various landscapes. A review and update to this regulation would better reflect current technological advancements and enable more flexible, accessible solar solutions.

Solution: Amend O.Reg. 350/12 to eliminate the 15-metre setback requirement for ground-mounted solar installations, replacing it with a 5-metre setback or a distance as determined by municipal zoning by-laws. Where municipalities do not specify a setback, the default should be 5 metres across the province.

4. Ontario's offshore wind moratorium

Context: In 2011, the [provincial government halted progress on proposed offshore wind projects](#) in the Great Lakes, citing the need for further research into environmental impacts. Since then, studies by the Ministry of Natural Resources have indicated that offshore wind projects can be developed with minimal ecosystem disruption.

The IESO's [Pathways to Decarbonization](#) (2022) report projects that Ontario's electricity demand will increase by 115% by 2050, requiring 181 TWh of new zero-carbon electricity generation. Of this, 65% is expected to come from new renewable sources, with offshore wind playing a significant role – contributing 2,500 MW of new supply from wind farms in the Great Lakes, with an average capacity factor of 50%.

Integrating offshore wind with energy storage could significantly reduce Ontario's reliance on natural gas for peaking and flexibility needs. Recent advancements in energy storage enhance the potential to pair these technologies, allowing wind power to address intermediate and peak demands more effectively. The IESO's first phase of procurements under the Resource Adequacy Framework secured 1,784 MW of clean energy storage – the largest in Canada to date. These projects, coming online between 2026 and 2028, provide an opportunity for Ontario to accelerate decarbonization by integrating offshore wind with these new storage solutions.

Solution: The government's [recent requirement](#) for energy project developers to obtain municipal support resolutions addresses concerns surrounding local approval that the moratorium was meant to ensure. Therefore, the moratorium on Great Lakes wind development should be repealed,

allowing offshore wind projects to advance, subject to municipal support and site-specific environmental assessments. Project-specific municipal approvals and environmental assessments will provide sufficient oversight to address local and environmental concerns while enabling Ontario to capitalize on the renewable potential of offshore wind.

Transportation

5. Permitting challenges for EV charging station installation along the 401 East Corridor

Context: There is notable inconsistency in how Ministry of Transportation (MTO) regulations are applied along the 401 East Corridor, causing confusion and raising concerns about the fairness and transparency of the regulatory process. For example, in Belleville, MTO Corridor Management requires additional studies on traffic, stormwater, and signage, despite these not being required at other locations along the corridor. This shift has introduced new complexities and has resulted in delays for EV charging projects. The stringent demands, especially the classification of EV charging posts as signage, have triggered a series of additional permits and reviews that are not required at other sites with identical equipment.

While cities like Belleville are subjected to stringent permitting processes, other sites in Ontario have been allowed to proceed with only building and land use permits or have been granted waivers, with MTO citing ‘no concerns.’ The absence of a streamlined, standardized process is delaying the rollout of EV charging infrastructure projects.

The situation is further complicated by the lack of clear guidance in MTO’s Highway Corridor Management Manual regarding EV charging stations, resulting in ambiguous standards and inconsistent enforcement by different regional planners.

Solution: The MTO should review and update its Highway Corridor Management Manual to provide clear, consistent guidance for EV charging station installations. As part of this process, the MTO could initiate a consultation via the Environmental Registry of Ontario to gather input from stakeholders in the EV charging sector. This consultation could identify additional regulatory barriers and help design regulations tailored to EV charging infrastructure. Clearer standards will equip MTO regional officers with the guidance necessary to apply regulations uniformly, ensuring a more streamlined and transparent permitting process.

6. Insufficient EV charging infrastructure

Context: More than 20% of Ontarians live in condominiums and apartments (as of 2021), where access to charging infrastructure is a significant, but solvable, barrier to EV adoption. Additionally, many city homeowners without private parking must rely on parallel street parking, making it difficult to install home charging. The limited urban charging infrastructure in these areas is generally located in paid parking lots, meaning EV drivers must pay twice: once for parking lot access and again for EV charging service. This has led to low utilization of existing chargers and combined with high rents for charging operators in cities, has further discouraged investment in urban EV charging.

Solution: Assess whether underused and surplus government lands and parking facilities could be made available to charging operators to develop and install EV charging. To promote usage and help operators recover their investments, eliminate parking fees for drivers using these charging sites and do not charge rents to the operators. Together, these actions are estimated to reduce EV charging costs for urban drivers by between 33% and 65%, relative to the status quo, while improving access to charging infrastructure, and ultimately EV adoption.

Alternatively, a permitting process could be established for installing EV charging infrastructure on public lands.

Buildings

7. Mandatory minimum parking requirements

Context: Minimum parking requirements across Ontario pose a significant barrier to sustainable development and the adoption of alternative modes of transportation. While recent amendments to the Planning Act through Bill 185 have removed these requirements for new developments near transit hubs, the rules governing parking remain overly restrictive.

Parking minimums limit the ability of property owners and developers to adapt their spaces to evolving transportation trends, particularly in transit-accessible areas. These requirements can often lead to unnecessary and costly retrofits, with parking spots being particularly expensive to retrofit, as detailed above. In many cases, these spaces remain underused, contributing little to the needs of communities. Excessive parking mandates inflate construction costs, which are passed onto residents through higher housing costs. A [costing study](#) from the Clean Air Partnership shows that underground parking can account for as much as a third of the embodied carbon in new buildings while adding over \$50,000 in construction costs per parking spot. The study further states that developers have found that parking minimums result in the overbuilding of parking spots, which then remain unsold.

Toronto has already taken bold action to remove city-wide parking minimums, while Ottawa is actively considering similar reforms. Other municipalities across the province, such as London, Oakville, Kingston and Thunder Bay, have eliminated parking minimums for specific building types or areas like downtowns.

[Numerous cities across North America](#) have also recognized that outdated requirements no longer align with current or future needs. As highlighted in a [recent by-law review](#) by the City of Ottawa, minimum parking requirements are often based on outdated assumptions designed to meet peak parking demand, which is rarely reached. Ottawa's review also notes that these requirements are often based on historical precedents set by the Institute of Transportation Engineers (ITE) several decades ago and before the development of sufficient transit alternatives. In 2019, the ITE itself [urged municipalities to eliminate parking minimums](#), advocating for a more flexible, demand-based approach.

The need for change is also echoed by the Task Force for Housing & Climate’s report [Blueprint for More and Better Housing](#), which recently urged provincial governments to “legalize walkable, accessible, inclusive, transit-rich, climate-friendly neighbourhoods by abolishing parking minimums on residential, commercial, and industrial properties.”

Solution: We recommend removing parking minimums across the province, allowing developers to determine parking needs based on market demand. This change will improve housing affordability by reducing retrofit costs, lower emissions by reducing car dependency, and encourage greater use of sustainable transportation options.

8. Barriers to exterior insulation on existing houses

Context: Improving the energy efficiency of existing buildings often involves adding exterior insulation and new cladding. However, many municipalities have zoning barriers that complicate these upgrades. Setback requirements and limitations on the Floor Space Index (FSI) can prevent the installation of exterior insulation, requiring approval from the local committee of adjustment and causing unnecessary project delays.

The City of Toronto zoning by-law allows for insulation or cladding to encroach up to 150 mm into a required setback, but most cities do not. Even in Toronto, exterior insulation and cladding measures often still require approval from the committee of adjustment due to FSI limits. This barrier adds unnecessary bureaucratic hurdles for homeowners and can prevent much-needed energy efficiency and sustainability improvements from being made to existing buildings. Addressing these challenges is essential as retrofits play a crucial role in enhancing affordability by reducing energy costs for residents.

Solution: Create province-wide allowances for exterior insulation and cladding to encroach up to 150mm into setbacks and be exempted from FSI limitations.

Priorities for the Ontario Energy Board

Overarching recommendation: The Ontario Energy Board (OEB) should hold a generic hearing to address the issues outlined below. This hearing would provide a comprehensive forum for stakeholders to discuss these challenges and develop clear, standardized regulations for all Local Distribution Companies (LDCs) to follow.

Across the items below, we demonstrate that the [Distribution System Code](#) (DSC) requires modernization to keep pace with advancements in distributed energy resources and the province’s decarbonization goals. As energy demand grows, updating the DSC will be essential to ensure a more equitable, transparent, and efficient distribution system. Several elements of the DSC impose barriers preventing customers and LDCs from maximizing clean energy benefits. Updating these regulations in line with the recommendations below will empower LDCs to support Ontario’s transition to a cleaner and more resilient energy system.

9. 10 kW microgeneration limit

Context: The OEB’s DSC defines microgeneration as facilities with a capacity of 10 kW or less. While this classification simplifies connection approval processes for small-scale distributed energy resources (DERs), it also restricts slightly larger projects, which face more costly and time-consuming connection procedures. This outdated 10 kW limit originates from Ontario’s discontinued microFIT program, established when residential solar and storage technologies were in earlier stages of development. Advancements in technology have significantly improved the efficiency of solar panels, which now generate much more energy per square meter compared to those installed a decade ago.

As a result, the 10 kW limit prevents businesses and homeowners from realizing the full potential of today’s more efficient technologies. Consequently, many projects are deliberately downsized to stay under the limit, even where larger projects would offer greater benefits for both customers and the electricity system.

This limit is out of step with current energy needs and market conditions. Other Canadian jurisdictions have adopted much higher microgeneration limits. For example, British Columbia and Manitoba permit up to 100 kW, while Alberta allows up to 150 kW for small projects.

Solution: The OEB should conduct a hearing to review the 10 kW microgeneration limit. This review would consider microgeneration limits in other jurisdictions and determine an appropriate and feasible threshold for Ontario. Additionally, utility connection processes should be updated and streamlined to help businesses and homeowners maximize their distributed energy potential.

10. Inconsistent fees for microgeneration connections

Context: Individuals interested in small-scale renewable energy must contact their LDC to determine available net metering opportunities in their area. While LDCs typically provide information on these opportunities online, pricing details are rarely accessible. We inquired with the LDCs operating across TAF’s catchment area and found large differences in the connection fees they charge:

- Alectra: \$437.31 - \$1,695
- Elexicon: approximately \$1,100
- Burlington Hydro: \$774.24
- Toronto Hydro:
 - Connection Impact Assessment: \$565
 - Meter inspection and installations: \$1,295, but can vary based on project details
- Oshawa Power: \$550+

Consequently, customers often cannot obtain an accurate cost estimate without submitting a proposal for a microgeneration project.

Connection impact assessments determine whether there is sufficient capacity to connect a microgeneration project to the grid, considering the project’s characteristics and the local transmission and distribution system. Customers must pay for these assessments and a separate

fee to connect approved projects. LDCs across the province have varied fee structures for connection impact assessments, leading to confusion and unpredictability for consumers. Some LDCs are overly conservative in assessing how much distributed energy can be added within their short circuit capacity, creating barriers for feasible projects and limiting opportunities for increased adoption of renewable energy sources.

Solution: Use an Ontario Energy Board generic hearing process to work through these issues, resulting in solutions and fixes that are appropriate to their regulated LDCs. This process should consider the following:

- **Standardize fees and processes:** implement a single, standardized fee schedule to provide clarity and predictability for consumers. Transparent, streamlined timelines for connections should be established which prioritize customer experience.
- **Improve transparency:** establish a standardized process for microgeneration connections, including an opportunity to appeal project rejections. Require LDCs to provide clear details to consumers when their projects are rejected. Reduce financial risk for consumers by providing tax receipts for connection assessment fees to make them tax-deductible.
- **Allow for batch applications:** to streamline the process for multiple projects, reducing administrative costs for consumers and LDCs.

11. Allocation of grid upgrade costs related to customer connections

Context: LDCs charge customers or developers for the costs of grid connections and necessary upgrades. This can lead to delays in requesting connections, as customers and developers may wait for capacity upgrades to be triggered by other projects. Such delays hinder investment and the adoption of low-carbon technologies.

The IESO's [Pathways to Decarbonization](#) report highlights a high-growth scenario in which Ontario could need to more than double its electricity generating capacity within the next 30 years, underscoring the scale of the challenge.

Solution: Spreading grid upgrade costs across all ratepayers allows utilities to socialize these costs, reducing the financial burden on customers and developers. This encourages electrification and the adoption of low-carbon technologies by improving fairness and preventing early adopters from bearing disproportionate costs. It also facilitates consistent and planned upgrades, enhancing the grid's reliability and capacity to handle increased demand.

The OEB should amend section 3.2 of the Distribution System Code to allow LDCs to rate-base upgrades to local distribution networks. Flexibility to socialize the cost of upgrades helps to ensure lower overall costs, streamlined approval processes, better planning coordination, increased fairness, and improved customer experience.

Recent changes in the UK offer a model for this reform. Historically, UK distribution network operators charged customers directly for the grid upgrades. Since April 2023, the UK's [Office of](#)

[Gas and Electricity Markets implemented a system](#) where most upgrade costs are recovered through network charges to all users. A high-cost cap of £1,720 per kVA has been set; any costs exceeding this threshold are covered by the consumers. This ensures that only extreme outliers are affected, as recent data shows that over 90% of upgrade costs fall below £1,000 per kVA.

12. One percent net metering limit

Context: Under section 6.7.2 of the DSC, LDCs must connect net metered generation projects to the grid if the combined generation capacity from net metered generators remains below one percent of the distributor's annual maximum peak load averaged over three years. Beyond the one percent limit, distributors are no longer required to connect more net metered generators, but they may if they choose to.

This limit, established in 2006, does not align with industry best practices or the growing adoption of renewable energy. The [National Renewable Energy Laboratory](#) of the US Department of Energy has noted that in the early 2000s, net metering limits in the US were generally around one percent or less of peak demand. By 2014, many states had increased their limits to five percent or more in response to the growth of net metering demand. Some LDCs in Ontario have already reached or exceeded the one percent threshold. According to [2023 Electricity Reporting & Record Keeping Requirements data](#), the OEB estimates that more LDCs are expected to reach this limit as early as 2028.

The current regulation will limit access to and adoption of renewable energy across the province. As the one percent limit is reached, distributors will likely follow inconsistent approaches to approving new net metered projects, leading customers to face unequal opportunities based solely on their location. This has significant economic consequences, as it presents missed opportunities for cost savings and energy independence for households and businesses and limits the potential for green energy job creation.

Solution:

- **Amend section 6.7.2 of the DSC** to increase the net metering generation threshold from the current one percent of an LDC's peak load to a minimum of three percent. The exact adjustment should be informed by a thorough review of best practices and consultation with industry stakeholders.
- At the completion of the OEB's Distributed Energy Resources Connections Review, a generic hearing should address this adjustment.

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