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Reference #: EB-2014-0227

BY EMAIL and WEB POSTING

October 23, 2014

To: Low-Income Energy Network
Housing Help Association of Ontario
Neighbourhood Information Post
United Way Greater Simcoe County
United Way Toronto
Vulnerable Energy Consumers Coalition
Consumers Council of Canada
Energy Probe
All Licensed Electricity Distributors
All Other Interested Stakeholders

**Re: Stakeholder Forum on November 6, 2014
Development of an Ongoing, Ratepayer Funded, Electricity Bill Assistance Program
Board File No.: EB-2014-0227**

In a [letter](#) dated April 23, 2014, the Minister of Energy asked the Ontario Energy Board to develop options for the implementation of an ongoing, ratepayer-funded, bill assistance program for low-income electricity customers. The Minister's letter is included in Attachment A to this letter. The Minister has referred to this program as the 'Ontario Electricity Support Program' ("OESP").

The Board has undertaken significant preliminary work in order to respond to the Minister's request. An important component of the Board's process is to provide an opportunity for stakeholders to provide input that will assist the Board in the development of an ongoing, ratepayer-funded, bill assistance program for low-income electricity customers. Through August and September, Board staff held meetings with groups with expertise in issues facing low-income energy consumers; the Financial Assistance Working Group (the working group that developed the Board's LEAP program and provides ongoing advice to the Board on matters relating to low-income customers); and a group of low-income advocates representing a variety of programs. A series of meetings with representatives of First Nation and Métis communities across

Ontario are also being held throughout October. These meetings have provided Board staff with an understanding of the issues and design considerations for the program.

The purpose of this letter is to invite interested stakeholders to a Stakeholder Forum that will be held on November 6, 2014. The purpose of the Forum is to seek comments from stakeholders on the design of the program, and in particular key questions that have been identified through earlier meetings. These questions are set out below.

Questions for Stakeholder Input

The Board would be assisted by stakeholder input and advice on the following questions regarding the design of a ratepayer-funded ongoing assistance program (“OESP”).

1. Should the OESP be designed to provide support to the greatest number of low-income customers or to provide targeted support to those low-income customers with the greatest need?
2. How could the OESP best meet its intended objective?
 - a. A percentage-based credit (i.e. 10%) applied to the customer’s total bill that is the same for all eligible low-income customers?
 - b. A fixed credit (i.e. a fixed dollar-amount rebated off each bill such as \$50) that is the same for all eligible low-income customers?
 - c. A ‘customized’ fixed-credit that is tied to eligible low-income customers’ income level and electricity consumption? (The credit could either be determined individually for each customer, such that the customer only pays an amount equal to a specified percentage (i.e. 6%) of their household income; **or** by establishing credits for low income customers based on predetermined income and consumption brackets (i.e. a specific credit matched to a certain estimated annual usage.)
3. How should the OESP be funded: through a provincial charge that is uniform for all ratepayers, collected centrally and then paid out to distributors based on their OESP requirements; or should each distributor collect the revenue required to fund the OESP needed for its service area through its distribution rate?

Stakeholder Forum Details and Invitation for Written Comments

The Stakeholder Forum will take place in the Board’s West Hearing Room, 25th floor, 2300 Yonge Street, Toronto. It will be broadcast over the web to allow remote participation and will commence at 9:30 a.m.

Stakeholders that intend to participate in the meeting are asked to email notice of their intention to Corinne.carvalho@ontarioenergyboard.ca by **October 31, 2014**. Emails

should include “**EB-2014-0227 Stakeholder Attendance**” in the subject line and provide the following information:

- participant / organization name;
- name(s) of attendees to be registered;
- whether the participant intends to make a presentation, and if so, the presentation topic(s);
- whether the participant intends to attend in person or by web; and
- a contact name, telephone number and e-mail address.

Participants planning to make a presentation are asked to file copies of the presentation with the Board by **November 3, 2014** and to follow the filing instructions set out in Attachment B.

Interested stakeholders are invited to submit written comments on the questions set out in this letter by **November 10, 2014**. All comments received will be posted on the Board’s website.

Cost Award Matters

Cost awards will be available to eligible participants under section 30 of the *Ontario Energy Board Act, 1998* for a) participation in the stakeholder forum and submission of written comments as set out in this letter and b) any other eligible consultation activities that may occur in future under EB-2014-0227. Costs awarded will be recovered from all rate regulated electricity distributors and transmitters. Information about how to request eligibility for cost awards is included in Attachment C to this letter.

Any questions relating to this initiative should be directed to Lenore Robson at Lenore.Robson@ontarioenergyboard.ca or at 416-440-8141. The Board’s toll-free number is 1-888-632-6273.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary

Attachment A – Minister’s Letter
Attachment B – Guidance for Stakeholder Presentations
Attachment C – Cost Award Matters

Attachment A – The Minister’s Letter

Ministry of Energy

Office of the Minister

4th Floor, Hearst Block
900 Bay Street
Toronto ON M7A 2E1
Tel.: 416-327-6758
Fax: 416-327-6754

Ministère de l'Énergie

Bureau du ministre

4^e étage, édifice Hearst
900, rue Bay
Toronto ON M7A 2E1
Tél.: 416 327-6758
Télééc.: 416 327-6754



APR 23 2014

MC-2014-1115

Ms Rosemarie T. Leclair
Chair and Chief Executive Officer
Ontario Energy Board
PO Box 2319
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms Leclair:

Re: Requiring the Ontario Energy Board to report on Developing and Implementing an Appropriate Electricity Rate-Affordability Program for Low-Income Electricity Consumers

I write in my capacity as the Minister of Energy in order to exercise the statutory power I have under section 35 of the *Ontario Energy Board Act, 1998* (the "Act") to seek the Ontario Energy Board's advice (the "Board") in the form of a report-back to the Ministry of Energy (the "Ministry") dealing with the issues outlined below.

Background

The *Ontario Clean Energy Benefit Act, 2010* was introduced to help electricity consumers manage electricity prices as the province invests in its transition towards a clean, modern and more reliable electricity system. The Ontario Clean Energy Benefit and a number of conservation initiatives were introduced to help electricity consumers through this price transition as the province made these investments in the system. In addition to these measures, the government has in place a number of benefit programs and tax credits that are designed to assist energy consumers with managing their energy costs.

Low-income consumers face a particular challenge. The electricity bill for a typical household consuming 800 kilowatt hours (kWh) of electricity per month represents eight per cent of the total income of a family with an annual income of \$20,000, and four per cent of the total income of a family with an annual income of \$40,000, while amounting to less than two per cent of the total income of a family with an annual income of \$100,000 or more.

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The government intends to explore opportunities to protect low-income residential electricity consumers, including the potential provision of ongoing ratepayer-funded electricity assistance. Therefore, the Ministry is seeking the assistance of the Board. The Board's economic, financial and distribution sector expertise would be valuable in informing the development of such a program: one that meets the needs of low-income electricity consumers while balancing the need for just and reasonable distribution rates. The program would complement existing programs such as the saveONenergy Home Assistance Program delivered by electricity and natural gas distributors, which provides support to low-income eligible customers to improve the energy efficiency of their homes. That support helps homeowners reduce their energy bills.

Furthermore, in addition to offering direct assistance to low-income electricity consumers, the program would be expected to result in system benefits through fewer disconnections, reduced delinquent account management expenses and fewer bad debt losses for electricity distributors.

Section 35 Report

Therefore, pursuant to my authority under section 35 of the Act, I require the Board to examine and report to me on the following matters:

1. Options for the design, development and implementation of a long-term, ratepayer-funded program (the "Program") which is intended to assist qualifying low-income electricity consumers with their electricity bills. This would include consideration of opportunities to achieve additional system benefits for the ratepayers who are funding the program, potentially through load management or conservation mechanisms. My expectation is that the Program would:
 - be in place on January 1, 2016;
 - provide a similar level of relief to the Ontario Clean Energy Benefit, namely a 10 per cent discount on electricity bills; and,
 - be delivered as a reduction on qualifying consumers' bills.
2. In analyzing and reporting back on the design, development and implementation options for the Program, in addition to such other factors as the Board considers appropriate, the Board shall have regard to the government's comprehensive direction for Ontario's energy future as expressed in Ontario's Long-Term Energy Plan: *Achieving Balance*. The Board should develop Program options in the context of the government's overall plan. In addition, I expect the Board to take into consideration existing programs providing assistance to low-income individuals and households. To this end, I expect the Board to collaborate with government ministries, as well as social service delivery agents, the not-for-profit sector, and associated non-governmental organizations, with experience and expertise in existing social programs, to ensure the Program would complement existing programs. The Ministry is prepared to assist with this collaboration.

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3. Recognizing that the Board would likely be responsible for ensuring the appropriate delivery and implementation of the Program, the Board's report should consider how it would propose to address the development, implementation, funding and delivery aspects of the Program including such issues as:
- a) Identification of low-income consumers and their needs, including consideration of low-income consumers who do not pay their electricity bills directly and those who use medical equipment requiring electricity, with a view to developing an appropriate definition of "low-income" and options for a range of program eligibility criteria. These would include the use of household income thresholds of \$40,000 and Statistics Canada's Low Income Cut-offs.
 - b) Delivery and intake options for the Program while ensuring program accessibility. Specific consideration should be given to the anticipated consumer participation rates, identification of the role of distributors and social service delivery agents, and their relationships with regard to delivery of the Program.
 - c) Overall cost of the program, including Program benefits and administration, and options for scaling costs up or down.
 - d) Options for funding of the Program through electricity rates and details regarding anticipated low-income consumer benefits and costs to ratepayers.
 - e) Value of anticipated distribution sector savings such as reduced bad debt expense and collection activities. The Board should consider whether there are opportunities to achieve overall system benefits that are advantageous to all ratepayers through mechanisms such as facilitation of load management or conservation goals.
 - f) Implementation options, potential barriers to Program implementation, program uptake and mitigation strategies and consideration of interactions with other assistance programs. The Board shall include an implementation timeline that ensures the Program would be in place by January 1, 2016.
 - g) Process and mechanisms for reviewing the Program, monitoring Program outcomes and measuring Program success.

My expectation is that, in order to support the preparation of its report, the Board will seek input from the public, First Nations and Métis communities, as well as key stakeholders, including social service delivery agents, electricity distributors and the Province, on the proposed Program. The Board may also wish to engage and consult with other experts it may deem appropriate.

The Board's examination of the potential options for such a Program should commence as soon as possible. It is my expectation that the report be submitted to the Ministry no later than December 1, 2014.

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As always, I thank you for your co-operation in these matters and look forward to regular updates on your progress.

Sincerely,



Bob Chiarelli
Minister

- c: Hon. Ted McMeekin, Minister of Community and Social Services
Hon. Teresa Piruzza, Minister of Children and Youth Services
Hon. Deborah Matthews, Minister of Health and Long-Term Care
Serge Imbrogno, Deputy Minister, Ministry of Energy
Halyna Perun, Director, Legal Services Branch, Ministries of Energy and Infrastructure

Attachment B – Guidance for Stakeholder Presentations

Filing Instructions

Two (2) paper copies of each filing must be provided, and should be sent to:

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, Ontario M4P 1E4

The Board requests that stakeholders make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/>, quoting the file number **EB-2014-0227**. A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at www.ontarioenergyboard.ca, and fill out a user ID password request. Additionally, stakeholders are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of filings may be filed by e-mail at boardsec@ontarioenergyboard.ca. Those that do not have internet access should provide a CD containing their filing in PDF format.

Filings to the Board must be received by the Board Secretary by **4:45 p.m.** on the required date. They must quote the applicable file number (**EB-2014-0227**) and include your name, address, telephone number and, where available, your e-mail address and fax number.

All materials related to this consultation will be available for viewing at the Board's offices and on the Board's website (www.ontarioenergyboard.ca).

If the filing is from a private citizen (i.e., not a lawyer representing a client, not a consultant representing a client or organization, not an individual in an organization that represents the interests of consumers or other groups, and not an individual from a regulated entity), before making the filing available for viewing at the Board's offices or placing the filing on the Board's website, the Board will remove any personal (i.e., not business) contact information from the filing (i.e., the address, fax number, phone number, and e-mail address of the individual). However, the name of the individual and the content of the filing will be available for viewing at the Board's offices and will be placed on the Board's website.

Attachment C – Cost Award Matters

Cost Award Eligibility

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person intending to request an award of costs must file (in accordance with the filing instructions set out in Attachment B) a written submission to that effect by **October 27, 2014**. The submission must identify the grounds on which the person believes that it is eligible for an award of costs (addressing the Board's cost eligibility criteria as set out in section 3 of the Board's *Practice Direction on Cost Awards*). An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the Board's website.

If a Board licensee has any objections to any of the requests for cost eligibility, such objections must be filed with the Board by **October 30, 2014**. Any objections will be posted on the Board's website. The Board will then make a final determination on the cost eligibility of the requesting participants.

Eligible Activities

Cost awards will be available in relation to the submission of written comments on the questions listed in Attachment A and participation in the Stakeholder Forum. Participants that are granted cost eligibility in this process will also be eligible for any future consultation activities that may take place as part of the Low-Income Assistance Strategy Review.

The maximum number of hours allowed per participant for the eligible activities are:

Written Comments on Board Staff's Questions.....	10 hrs
Preparation, Attendance and Reporting on Stakeholder Meeting.....	15 hrs

Cost Awards

When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied. The Board expects that groups representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process. In accordance with section 12 of its *Practice Direction on Cost Awards* the Board will act as a clearing house for all payments of cost awards in this process. For more information on this process, please see the Board's *Practice Direction on Cost Awards*.