

**Ontario Energy  
Board**

**Commission de  
l'énergie de l'Ontario**



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# **Report of the Board**

## **Developing an Ontario Electricity Support Program**

**December 22, 2014**

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## INTRODUCTION

On April 23, 2014, the Minister of Energy asked the Ontario Energy Board (the Board) to recommend an option for delivering an ongoing ratepayer-funded bill assistance program. The Minister asked the Board to provide advice on the development of an Ontario Electricity Support Program (OESP), which would assist low-income customers who are spending a disproportionate amount of their income paying for electricity.

As the Minister's letter points out, there may be a variety of reasons that low-income customers face a challenge in affording electricity, including those who rely on medical equipment in the home and those who rely on electric heating. The Minister asked the Board to engage with a wide range of stakeholders, including First Nation and Métis leaders, to improve understanding of the unique electricity affordability issues facing their community members.

In developing the OESP, the Minister asked the Board to:

- Identify low-income consumers and their needs to ensure program accessibility;
- Provide relief directly on eligible customers' bills;
- Consider unique needs of all low-income electricity consumers, including those that do not pay electricity bills directly; those that depend on medical equipment requiring electricity; and those in First Nation and Métis communities;
- Complement existing low-income energy assistance programs; and
- Recommend an implementation strategy that ensures the program is in place for January 1, 2016.

The Minister's letter is attached as Appendix "A" to the Report.

Our extensive consultations revealed an encouraging tone of cooperation and goodwill among the various stakeholders involved in this initiative. As with any policy development, there is a diversity of viewpoints. At the same time, there is a common sense of purpose in acting on shared values to help those in need, as well as a recognized shared interest in contributing to stability and fairness in the electricity distribution sector. The Board's [website](#) contains the stakeholder meeting materials and stakeholder written comments that have been received as part of the consultation.

The Board has developed a preferred option to recommend to the Minister. We recommend that the Ontario Electricity Support Program:

- Use a targeted, sliding-scale fixed credit to deliver greater benefits to those in greater need, including First Nations and Métis customers, those using medical equipment at home and those with electric heat;
- Be available to all eligible electricity customers of local distribution companies, unit sub-meter providers and retailers;

- Identify eligible low-income customers using Statistics Canada’s Low-Income Measure (LIM) and, for effectiveness, use LIM for all low-income energy assistance programs;
- Use a centralized service for program intake, supplemented by social agency partners for customers requiring additional assistance; and
- Recover program costs on a provincial basis from all ratepayers.

Our recommended approach would provide meaningful assistance to an eligible population of over 500,000 Ontario low-income households. We estimate the total program cost would be between \$175 and \$225 million. All program costs and participation rate projections are best estimates based on available data.

This report is divided into three sections: An overview of consultations and the input received; a detailed description of the recommended option (as well as the rationale for not recommending other options) and recommendations on how the OESP can be implemented by January 1, 2016 and evaluated once it’s in place.

# 1. GATHERING IDEAS, INSIGHT AND EXPERIENCE

Ontario has some experience in developing and delivering programs that provide energy assistance to those with low incomes. These experiences helped inform our recommendation for the OESP. At the same time, developing a new program is an opportunity to reconsider previous efforts, refine the approach and reach new customers in need.

That is why the Board undertook extensive consultations to further improve our knowledge of the needs of low-income customers and to seek ideas, advice and input on program design. Many stakeholders engaged in meetings with the Board to discuss the Minister's request for a program that improves affordability for low-income customers, while others provided written submissions.

This section of the report provides an overview of some of the thinking and input that went into developing the option the Board is recommending to the Minister. The views of stakeholders were extensive and meaningful to the Board's deliberations. They could not be captured here in their entirety. In summarizing input, this section highlights some of the major takeaways that helped the Board in recommending a balanced approach to meeting the objectives outlined by the Minister.

## 1.1 Understanding Challenges Faced by Low-Income Consumers

There are many factors that can influence whether low-income consumers across the province know about assistance programs and know how to access them successfully. As the Government's new Poverty Reduction Strategy points out, "Poverty has many faces, and there are countless circumstances that lead to poverty." That's why the Board consulted those who fight poverty to gain an understanding of the diverse circumstances facing low-income electricity customers.

The Low-Income Energy Network (LIEN) was an important stakeholder given their broad reach into low-income communities and the resources they brought to the discussion, including an acknowledged program design expert. Over 70 organizations from across Ontario are members of LIEN, representing a wide range of sectors including: energy, public health, legal, tenant/housing, education and social and community organizations. The Board held a LIEN workshop in September 2014 to gain insights into program design, intake, eligibility criteria and other issues.

### **What We Heard:**

- A range of obstacles can prevent low-income consumers from accessing programs that could help them, including resistance to seeking help, limited or no internet access, the fact that they are tenants, or not wanting to be labeled "low-income"
- Multiple intake sources, including engaging social service agencies, could help with program outreach and awareness and provide more choice for the customer
- The level of assistance needs to be meaningful for those most in need

## 1.2 Engaging First Nations and Métis

As pointed out in the Minister's letter to the Board, First Nation and Métis communities face unique situations that require solutions appropriate to their circumstances. The Board engaged communities across Ontario to gather feedback on their energy situation, seek insights on low-income support programs and solicit ideas for the design of any new program. We held nine discussions with organizations representing First Nation and Métis communities. These organizations represented a cross section of geography, size, energy access and economic opportunities. Input was formally and informally received from several other participants, including written submissions from two First Nations.

Representatives from these communities provided valuable insights on why a low-income electricity affordability program needs to consider the specific needs of First Nation and Métis communities. They cited poor housing stock, over reliance on electric heat, distance that electricity must be conveyed and higher connection costs for new customers. They also discussed the overall affordability issues faced by low-income households in their communities, such as overcoming distances to access shopping and medical care.

While First Nations and Métis people face some challenges unique to their own communities, there was considerable consistency in our consultations on how a low-income electricity assistance program could be designed to benefit First Nation and Métis people across the province. There was a clear consensus that specific program elements must address the unique challenges and needs of First Nation and Métis customers.

### **What We Heard:**

- Low-income residents of First Nation communities face challenges that are unique to these communities and require a higher level of assistance in affording electricity
- Branding of a distinct First Nations & Métis program will encourage greater uptake
- Local participation will promote trust within the community and improve program uptake
- There are, in some cases, historic grievances that impact relationships between electricity distributors and First Nations people
- A higher threshold, above what is used for LEAP EFA, is preferred to determine low-income eligibility for First Nations & Métis customers
- There are benefits to integrating the proposed OESP program with the Ontario Power Authority's Aboriginal Conservation Program

1.3 Listening to the Ratepayer

Ratepayers are an essential stakeholder, who will be asked to support the program financially through their monthly bill. They encompass the largest, most diverse stakeholder group. They are willing to support targeted assistance, but expect transparency and fairness.

We consulted with groups representing ratepayers, particularly the Consumers Council of Canada and the Vulnerable Energy Consumers Coalition. We also engaged Environics Research Group to conduct a survey of Ontario ratepayers to gauge public support for the broad objectives of the program and to help align program design with the values and expectations of ratepayers.

**What We Heard:**

- Ratepayers would support targeted assistance to low-income customers with the greatest need
- Taxes are the preferred funding option but ratepayers would be satisfied with a modest provincial charge on energy bills

<p><b><i>Ratepayer Survey Response</i></b></p> <p>Do you support or oppose a program, funded by all Ontario energy customers like yourself, to help low-income customers pay their bills?</p> <ul style="list-style-type: none"><li>• 67% strongly/somewhat support</li><li>• 29% oppose or strongly oppose</li></ul> <p>Why do you support such a program?</p> <ul style="list-style-type: none"><li>• 69% important to help vulnerable/poor</li><li>• 63% everyone needs electricity in winter</li><li>• 45% it won't cost very much for each individual ratepayer</li></ul> <p>(Environics Research Group, 700 Ontario ratepayers, August 2014)</p>
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1.4 Engaging Electricity Distributors

Electricity distributors have a clear role to play in delivering assistance to low-income energy customers. As the Minister has indicated, the OESP will be delivered as a reduction on the electricity bill for qualified households. Electricity distributors took part in the Board's Stakeholder Forum and provided written submissions in order to share their views.

While distributors are willing partners in helping the Government meet its objectives, they are cautious about engaging in commitments that go too far beyond the scope of their mission and existing relationship with customers. In particular, distributors did not

want to be put in the position of determining need because it adds to their administrative costs, raises privacy concerns and is beyond their core functions and expertise.

**What We Heard:**

- The higher the complexity in determining credits, the higher the distributors' administration costs will be, which can ultimately mean a lower proportion of program dollars going to those in need
- Distributors believe that the LEAP agency partnership model, where social service agencies facilitate intake, works well
- There is a strong preference for a provincial, rather than a distributor specific, charge

1.5 Transferring Knowledge across Government

The Ontario Public Service contains a reservoir of shared knowledge on assisting households with low incomes to meet a variety of life challenges. In August, Board staff met with representatives from several Ministries who were able to share advice based on their experiences developing, implementing and delivering eight different programs aimed at low-income consumers. Hearing these first-hand experiences helped us to understand challenges and opportunities, and to see development of the OESP in the broader context of the Government's poverty reduction efforts.

**What We Heard:**

- There are trade-offs between administrative efficiency and the definition of low-income and the level of scrutiny of income
- The Government is emphasizing the need for greater coordination of benefit programs in its Poverty Reduction Strategy, including adopting similar eligibility criteria or evaluation tools
- The OESP process should be as seamless as possible
- Ties with other programs can help minimize administration and improve participant convenience
- An accurate definition of "low-income" is an important tool in designing an effective program

1.6 LEAP Experience

The Low-Income Energy Assistance Program (LEAP) was implemented by the Board in 2011 to help electricity and natural gas customers with limited financial resources. It has three parts: emergency financial assistance (EFA), special rules for qualified low-income customers and targeted energy conservation programs.

LEAP EFA is funded by all ratepayers through the distribution rates of each distributor. Since its inception, LEAP has provided nearly \$12.5 million in emergency financial

assistance to more than 35,000 low-income electricity and natural gas customers throughout Ontario.

Low-income customers can get up to \$500 in emergency assistance for their electricity bills (\$600 if the home is heated electrically) and \$500 for gas bills. It's only available to those behind on their bill or in arrears and facing disconnection of their service. It's for emergencies only and does not provide ongoing assistance.

The customer service rules provide eligible low-income customers with relief from certain charges, longer notice periods on disconnections and the opportunity to enter payment management plans that allow them to pay off arrears over time.

One of the key elements of LEAP is that a local social agency determines eligibility for all the programs. In 2013, LEAP social agency partners assessed nearly 12,000 EFA applications for low-income eligibility. Those who have received emergency financial assistance within the past two years automatically qualify.

The EFA program is meeting many of its objectives, though in many communities, demand exceeds availability of program funding.

To develop LEAP, we established the Financial Assistance Working Group (FAWG). It is made up of social agencies, low-income and consumer groups and electricity and natural gas distributors. The FAWG helped develop the guidelines for delivery of emergency funding to low-income energy customers. Developing LEAP also produced partnerships with a network of social service agencies. Through the FAWG and work with LEAP partners, we have expanded our engagement with low-income consumers and increased our awareness of the challenges they face. These relationships yielded input that informed many of the Board's design considerations as we prepared our advice on the OESP, and potential changes to low-income energy assistance programs.

### **What We Heard:**

- Overall, the LEAP EFA program is successful at providing emergency relief
- LEAP program uptake and program success has been enhanced through partnership with social service agencies.
- LEAP EFA does not help customers with chronic issues who are unable to pay their bills year round
- Repeat applicants appear to be using LEAP EFA to address a chronic need, rather than an emergency, demonstrating a need for an ongoing assistance program
- Social services agencies indicated that new electricity support programs, such as OESP, would add to their administrative responsibility and they would need additional resources to assist with intake on any new low-income assistance program
- Multiple channels ensure widest possible intake of participants
- Cost recovery should support a consistent level of benefit across the province

- There should be a consistent way of measuring low-income eligibility across various energy programs
- Even with the introduction of the OESP, there will still be a need for the LEAP EFA program

### 1.7 Studying What Others Have Done

The Board studied low-income energy assistance programs in various jurisdictions in Canada, Australia, the United Kingdom, and the United States. We researched programs in a diverse set of geographical and regulatory conditions to explore elements that could inform a made-in-Ontario approach. Appendix B provides a summary of programs researched.

#### **What We Heard:**

- Benefits are often tailored to need
- Social agencies or government most often handle the intake and administration, with distributors responsible for the billing adjustments only
- Funding is from a broad base – all ratepayers contribute, in many cases across a jurisdiction, in order to minimize any disparity
- Assistance programs can help improve the payment patterns of the participating customers. Results from impact analyses of existing affordability programs provide evidence of this effect
- A program design choice is to: expand eligibility to capture all who find electricity unaffordable, or keep administrative costs low and rely solely on the income verification already performed by other agencies
- Evaluating program success should include tracking of disconnections and payment patterns of beneficiaries

### 1.8 Building Consensus: The Stakeholder Forum

On November 5, 2014, the Board hosted a forum to give all interested stakeholders the opportunity to present views, ask questions and discuss big issues around the OESP.

Participants included the Low-Income Energy Network, Housing Help Association of Ontario, Neighbourhood Information Post, United Way Greater Simcoe County and United Way Toronto, the Vulnerable Energy Consumers Coalition, the Consumers Council of Canada, Energy Probe, licensed electricity distributors and other interested stakeholders.

In the forum, the group worked through some of the questions raised in individual consultations. Various stakeholders shared ideas and presented the key considerations for the stakeholders they represent. While there was not agreement on all issues, the exchange helped the Board to determine goals for recommending an option for the OESP, in keeping with the Minister's direction. These include:

- Reflect values shared by Ontarians to help the vulnerable
- Target the greatest amount of help to those most in need
- Consider that low-income consumers have varying abilities to access assistance
- Determine a fair and reasonable cost to ratepayers for the program
- Strive to offset costs for distributors through reduced disconnection, improved collection
- Manage the administrative burden of both distributors and social service agencies
- Determine eligibility using the expertise of government or social agencies
- Make allowance for low-income customers with medical equipment requiring electricity
- Tailor solutions to the unique needs of First Nations and Métis customers
- Have a consistent, verifiable and realistic definition of low-income, which can be used across low-income energy programs
- Contribute to other long-term energy objectives, particularly conservation

## 2. RECOMMENDING AN APPROACH

### 2.1 The Ontario Electricity Support Program Design

After consulting with a broad cross-section of stakeholders, and carefully considering the Minister's request, the Ontario Energy Board recommends:

- The OESP should provide fixed credits that are determined by a sliding scale
- This targeted, sliding-scale fixed credit would deliver greater benefits to those in greater need
- The sliding scale would have the flexibility to address the particular needs of First Nations and Métis customers, as well as those using medical equipment at home or those customers with electric heat
- OESP should be available to all eligible electricity customers of local distribution companies, unit sub-meter providers and retailers
- Eligible low-income customers should be identified using Statistics Canada's Low-Income Measure and, for effectiveness, this should be used for all low-income energy assistance programs
- A centralized service should be used for program intake, supplemented by LEAP social agency partners for customers requiring additional assistance
- Program costs should be recovered on a provincial basis from all ratepayers

The Board believes that the recommended approach delivers the maximum public policy benefit from a limited pool of ratepayer-funded resources. It represents a compromise of stakeholder preferences – it goes further than a straightforward credit that utilities would prefer, but does not fully tailor benefits to individual need as low-income advocates had asked for. This captures the benefits of a targeted program and delivers greater benefits to those in greater need while mitigating the costs of implementation and ongoing administration. Further, it is the Board's view that this recommended program can be implemented for January 1, 2016. Our suggestions on implementation are discussed later.

The following provides the details of the program, the options we considered and our reasoning for choosing the sliding scale approach and related design elements.

### 2.2 Helping Those Who Need It Most - A Sliding Scale Fixed Credit

The amount of the credit provided to low-income electricity customers would depend on their income bracket and household size.

Customers in the lowest bracket receive the largest credit, while customers in the highest bracket receive the smallest credit. In developing the recommended benefits below, we have provided for benefits that should at least be equal to and generally greater than, the current 10 per cent Ontario Clean Energy Benefit. We are proposing a maximum credit of \$50 per month or \$600 annually, with an average credit of \$27. The

sliding scale below could be revised once the program is up and running. Additional information regarding our proposed benefits can be found in Appendix C.

**Table 1: Sliding Scale Fixed Credit**

		Household Size						
		1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 or More Persons
Income Bracket	< \$28,000	\$20	\$30	\$34	\$38	\$42	\$46	\$50
	\$28,001 - \$39,000	-	-	\$30	\$34	\$38	\$42	\$46
	\$39,001 - \$48,000	-	-	-	-	\$30	\$34	\$38
	\$48,000 - \$52,000	-	-	-	-	-	-	\$30

Customers with unique needs and special electricity requirements, such as those with electric heat or medical devices requiring electricity and First Nations and Métis customers, would be given a credit based on a separate, more generous sliding scale. This scale would provide a maximum credit of \$75 per month. We estimate the average credit under this scale would be about \$41 per month, based on the available information about low-income customers.

**Table 2: Energy Intensive Sliding Scale Fixed Credit**

		Household Size						
		1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 or More Persons
Income Bracket	< \$28,000	\$30	\$45	\$50	\$55	\$60	\$65	\$75
	\$28,001 - \$39,000	-	-	\$45	\$50	\$55	\$60	\$65
	\$39,001 - \$48,000	-	-	-	-	\$45	\$50	\$55
	\$48,000 - \$52,000	-	-	-	-	-	-	\$45

## 2.3 Options Considered But Not Recommended

### **Individualized Credit**

LIEN proposed a program that would see ‘individualized’ rebates calculated for each eligible customer based on their electricity bills and household income.

#### *How it would work:*

The customer’s individual credit is based on their forecasted estimated annual electric bill as compared to their total household income. LIEN proposed that if the eligible customer’s forecasted electricity costs exceed 6 per cent of household income, a credit

is provided for the difference (up to a maximum of \$50). The credit is split equally over 12 monthly bills, irrespective of customers' actual bills. There is no "true-up" where actual electricity use is verified.

*Benefits and Drawbacks:*

The level of assistance is tailored to the needs of each customer, ensuring maximum benefit for program dollars spent in terms of targeting actual need. It is the option most favoured by low-income advocates, because it determines individual rebates. This approach is similar to the recommended approach because it would also encourage conservation. However, it is opposed by distributors as it requires high administrative commitment and could lead to higher costs overall. The exact percentage of income that eligible customers would consider fair was something that was debated by stakeholders and would likely require considerable analysis. It also leaves potential for a customer to be determined eligible but then not receive any benefit because their electricity bill is just below the 6 per cent cut-off.

### **Uniform Fixed Credit**

As an alternative to more complex options that may not be easily implemented by the distributors and unit sub-meter providers, we thought about creating a uniform fixed credit option.

*How it would work:*

A uniform predetermined dollar-amount (e.g. \$50) is rebated to all eligible customers. The Board considered this option as a way of simplifying the LIEN approach. The customer knows exactly how much their bill is being reduced, which encourages them to conserve so that the credit covers a greater portion of the bill.

*Benefits and Drawbacks:*

This option would provide the most straightforward implementation of all the options we considered. However, the Board did not recommend this approach because it is not favoured by either low-income advocates or ratepayers, as it does not tailor level of assistance to actual need.

### **Uniform Percentage Reduction**

Given that there is an existing program based on a uniform percentage rebate, the Board investigated this option. We looked at two different versions - a 10 per cent and a 30 per cent credit. A 10 per cent credit provides similar relief to the Ontario Clean Energy Benefit, but low-income customers would not feel a noticeable difference because it would not provide any additional relief above what low-income customers are currently receiving.

### *How it would work:*

A 10 per cent or 30 per cent bill reduction on electricity charges after tax would be given to all eligible customers.

### *Benefits and Drawbacks:*

Percentage-based credits are undoubtedly the easiest option to implement and have the lowest cost for administration. For this reason, such an approach found strong support among distributors. However, the feature that makes it simple to administer – every low-income customer is treated the same – is also what makes it an inefficient method of ensuring energy affordability. There is no consideration given to need. Low-income advocates were very opposed to providing only a replacement of the OCEB as that would not “help” customers and given increasing prices would leave the customers at greater peril. Ratepayer advocates also raised concern that the 10 per cent would not be sufficient to make a meaningful impact on poverty. A 30 per cent bill reduction would provide greater relief to mitigate rising energy costs.

The lowest cost option, at 10 per cent, would deliver no noticeable benefit and would be criticized by low-income advocates, and possibly also ratepayer advocates. This approach also does not align with conservation goals. Inefficient use of electricity could be rewarded with a higher benefit. This also means program costs may be harder to forecast and control due to dependency on usage and electricity prices.

## 2.4 A Balanced Approach – A Sliding Scale Fixed Credit

The Board believes the recommended sliding scale achieves a balance and delivers value for money. The sliding scale fixed credit approach balances the trade-off between the benefits of tailoring assistance to need and the drawbacks of administrative complexity. In developing this recommendation we reflected on the experience with LEAP and the OCEB. With both those programs in place, there was still a demonstrated need for an ongoing assistance program that would help low-income households afford their ongoing energy needs. Ratepayer groups and low-income advocates also showed a strong preference for targeting benefits to provide the best value for ratepayer dollars. In addition, the Board believes the OESP should be designed to provide an incentive for conservation. Providing a low-income customer with a set credit on their bill encourages them to conserve so that the credit covers a greater portion of the bill.

## 2.5 Program Costs and Benefits

The OESP is expected to benefit more than 500,000 low-income households. The total program cost is estimated to be between \$175 and \$225 million. This cost estimate is dependent on program uptake and the number of customers eligible for each of the sliding scales. The recommended approach represents the second lowest cost of all options considered, while still targeting assistance. The estimated amount includes

administrative costs of approximately \$20 million (10 per cent of total program cost). Appendix C to the Report provides estimates of the types of benefits and costs for our recommended approach and for each of the options that we also considered.

All program cost estimates were constructed using Statistics Canada data on the density of low-income populations in different areas of the province (to approximate the number of potential program recipients) and distributor data showing the consumption of residential and low-income customers.

Due to the limitations of the data sets available, all program cost projections are best estimates. Where data was not available, or granular enough, we have made assumptions based on our review of other programs. However, one assumption that has a significant impact is the number of low-income customers that will be eligible and apply for the OESP. We have built our cost projections around high estimates for both of these factors. Appendix C describes the methodology used in greater detail.

### **Gaining System Benefits**

Another cost consideration should be system benefits. The recommended option, in targeting more support to those with higher need, could reap a greater proportion of system benefits than some other options.

Charging an affordable rate – and targeting those in greatest need – may enable a distributor to receive greater net revenues than charging an undiscounted rate. An affordable rate improves the payment patterns of the participating customers. The Board's study of other jurisdictions found evidence that more customers can and do pay affordable bills than unaffordable bills. This is particularly the case if a program is linked to the household's situation: level of poverty based on income, numbers in the household, and perhaps other variables, such as electricity use.

Although there is evidence of modest distribution sector benefits in other jurisdictions, it is difficult to determine what level of savings may be achieved in Ontario. Historically, distributors were not required to file bad debt and/or credit and collections cost data broken down by customer class. As of 2013, the Board has begun collecting this information for residential and low-income customers so we can track these costs going forward.

Distribution sector benefits that may be achieved include:

- Modest reductions in credit and collection expenses;
- Customer service efficiency gains;
- Improved utility/customer relationships; and
- Increased revenues due to improved customer payment patterns.

The Board believes the more thoroughly a program tailors the bill reduction to the actual burden on each household, the greater the possibility of system benefits.

## 2.6 Paying for the OESP

### **Provincial Charge**

The recommended approach for funding the OESP is a provincial charge. This means funds will be collected in a provincial pool and disbursed to distributors based on the cost of delivering the OESP in their respective service areas. Sharing costs across the province would ensure a program that achieves the goals outlined in the Minister's request, and also reflects the preference of stakeholders. A provincial charge ensures that ratepayers in a service area with a high density of low-income households would not be asked to pay more.

There were no stakeholders who favoured using a distribution charge. A distribution charge means that the total amount needed to fund the program in a given distributor's service area is collected in that service area. This means the amount needed to fund the program could vary across service areas, depending on the number of low-income recipients in that area.

### **The Leap Experience**

LEAP is funded with a distribution charge and this has impacted program availability in certain communities. When LEAP was established, a provincial pool approach was considered but rejected due to administrative costs associated with managing a central fund. However, based on experience, a distribution charge raises its own set of issues. The current funding model has been identified as a significant issue by many distributors – many run out of LEAP funds while others do not.

The Board therefore recommends that the funds for the OESP be collected in a provincial pool and disbursed to distributors based on the cost of delivering the OESP in their respective service areas. The Board would establish deferral and variance accounts to track program funds and 'true up' the costs recovered with the amount spent delivering the program. This approach is similar to the Rural and Remote Rate Protection (RRRP) charge.

Costs should be recovered from all rate-classes to share costs among more customers and lessen the impact for those asked to contribute.

## 2.7 Fixed Charge

The OESP will rely on a fixed charge for low-volume customers (for other customers costs will be recovered on a volumetric basis). Based on our cost projections for the recommended sliding scale approach, we estimate the monthly fixed charge for a residential customer to be \$2.55. A fixed charge for low-volume customers means that businesses and manufacturers are not asked to pay as large a share of the program costs. This makes sense since the benefits of the program, in terms of reduced costs,

will largely flow to residential customers. Table 3 provides estimates of the charges and residential bill impacts for our recommended sliding scale and the options that were considered.

**Table 3: Estimated Cost Impact of Program by Customer Type**

	Sliding Scale Credit with Energy Intensive Sliding Scale	Sliding Scale Credit	\$50 Credit	10% Credit	30% Credit
<b>Residential (\$/month)</b>	\$2.55	\$2.33	\$4.15	\$1.31	\$3.94
<b>GS&lt;50 (\$/month)</b>	\$5.15	\$4.70	\$8.39	\$2.65	\$7.95
<b>Others - \$/kWh</b>	\$0.0011	\$0.0010	\$0.0017	\$0.0005	\$0.0016
<b>Bill Impact - Residential</b>	1.89%	1.72%	3.08%	0.97%	2.92%
<b>Bill Impact - GS&lt;50</b>	1.81%	1.65%	2.95%	0.93%	2.79%

## 2.8 Reaching as Many Eligible Recipients as Possible

### **Determining Eligibility**

The Ontario Electricity Support Program’s sliding-scale fixed credit would use Statistics Canada’s Low-Income Measure to determine eligibility.

There are two measurements used most often to determine low-income.

Statistics Canada’s Low-Income Cut-Off (LICO) is an estimated threshold below which a family is likely to spend significantly more of its income on food, shelter and clothing than the average family. It considers both family and community size, reflecting a belief that cost of living varies in different areas of the province, or between urban and rural.

Statistic’s Canada’s Low-Income Measure is simply defined as half of the median adjusted economic family income. Adjusted means family size has been factored in. It takes into account that shelter costs for two persons living together may be higher than for one person living alone, but not necessarily twice as high due to economies of scale. Community size is not factored in.

In September 2014, the Government of Ontario released the new Poverty Reduction Strategy. One of the underlying principles of addressing poverty in a comprehensive way is to measure poverty consistently in programs across government. There is a growing consensus towards LIM, which is the method preferred by the Ministry of Finance. LIM is also the benchmark overwhelmingly preferred by low-income advocates surveyed in the consultations on the OESP.

Currently, LEAP uses LICO. In response to the consultations, the Board intends to take steps to amend the LEAP criteria to use LIM instead. Nearly all stakeholders agreed that the same measurement should be used for all low-income energy assistance programs. A consistent definition for low-income conservation programs should be evaluated because of the benefits it would bring to the administration of the program and potential for greater focus on helping those most in need.

#### ***A More Accurate Measure of Poverty in Our Province***

Low-Income Measure is considered by many advocates and policy experts to be a more useful measure for anti-poverty programs because it is newer, has a stronger empirical foundation, and is updated more frequently (LICO cost of living inputs have not been updated since 1992).

Using LIM as a measuring tool, and relying on Statistics Canada household data, Ontario has 713,300 low-income households. The OESP is estimated to reach 571,000. This estimate recognizes that not all low-income households in the province pay their electricity bills directly (i.e. utilities included in rent).

Using LICO, Ontario has 606,100 low-income households, and the OESP would reach only 484,900. Using LICO plus 15 per cent, the current LEAP measure of low-income, the number of households would be 687,300 and 550,000, respectively.

Adopting the LIM measure will provide implementation and administration benefits by allowing easier access to the OESP by those qualifying for provincial social assistance programs that are, or are being transitioned to, LIM for qualification.

### **2.9 Eligibility Assessment and Intake**

Program success depends heavily on successful intake. A program, such as the OESP, that strives to help those most in need, while managing administrative cost, must identify recipients in ways that are convenient, streamlined and accurate in identifying low-income households. For this reason, the Board is recommending:

- One window access to LEAP and OESP;
- Automatic qualification for social assistance and LEAP recipients;
- Multiple avenues for applying to promote accessibility; and
- Only requiring customers to re-qualify every two years; except for customers whose circumstances are unlikely to change, such as seniors or persons with disabilities with fixed incomes, for them this requirement is waived.

## 2.10 Automatically Qualifying Those Already Identified as Low-Income

Recipients of LEAP, Ontario Works and Ontario Disability Support Program should automatically be eligible for OESP. A customer either shows proof of social assistance to a social agency to be automatically qualified (no further income verification required), or indicates receipt of social assistance via an online application, which would be confirmed by the Ministry of Community and Social Services. In the case of LEAP, once a customer is declared eligible, the distributor or unit sub-meter provider would apply the OESP credit and any LEAP program benefits, including customer service rules. The customer would still have to provide the necessary information to assess where they are on the appropriate sliding scale.

### ***Electricity Intensity: Medical Equipment***

Increasingly, Ontarians are receiving health care services in their home, and many patients with complex needs, who only five or ten years ago may have been in an institution, now receive ongoing care at home. Of course, not all of these patients have low incomes. Many manage electricity costs without assistance. However, there are those who have low incomes and therefore could receive additional assistance under the Ontario Electricity Support Program. A specific sliding scale will provide greater assistance to help cover the additional electricity cost necessary for the operation of these medical devices.

## 2.11 Requalification

Eligible customers should re-qualify every two years, which is consistent with the current LEAP program. Certain customers will not be required to re-qualify (e.g. seniors and those with permanent disabilities on fixed incomes). We have also found similar types of requalification processes in our review of other programs, and understand this is a mechanism used to manage the administrative burden and avoid requalification becoming a barrier to program participation. This also ensures assistance is provided only to those in need.

## 2.12 One Window Access and Multiple Channels for Applying

Many low-income electricity customers have never accessed the LEAP program. They may not receive social assistance. They would, however, qualify for the program and would benefit from electricity assistance. The OESP would connect with these customers in two ways:

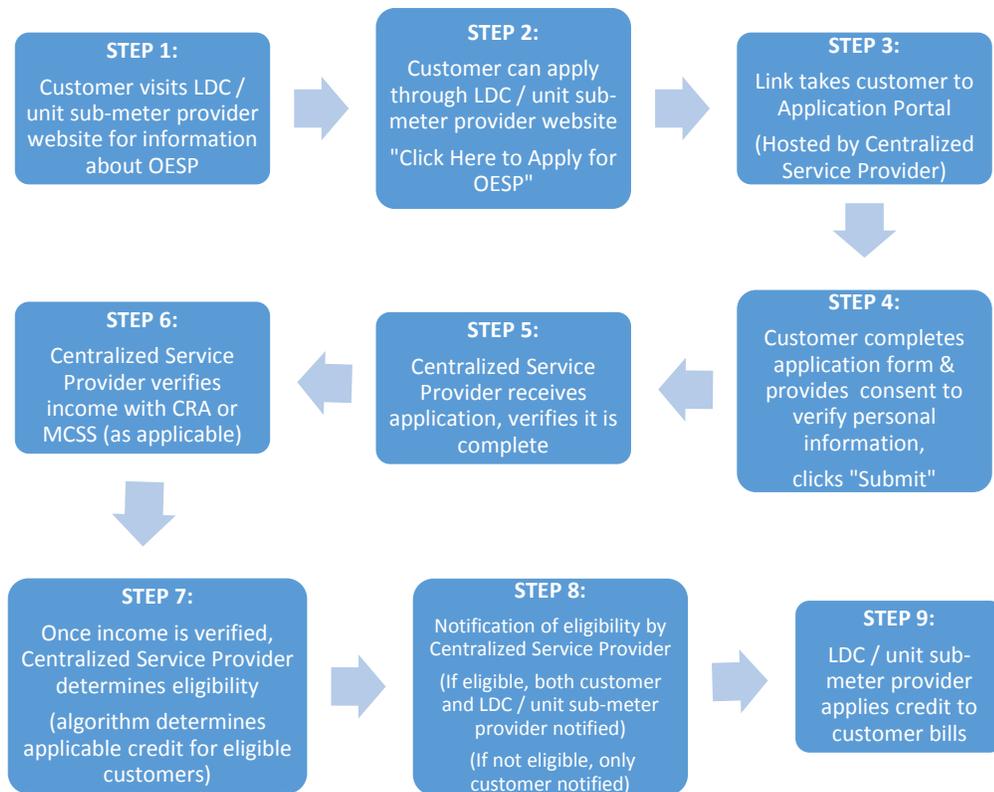
### **Centralized Service**

The Board recommends using a centralized service as the main intake approach. This would be the easiest option for those who file taxes. We see a central

service being contracted that would provide a complete service for customers and develop communication channels to all of the distributors and unit sub-meter providers.

The applicant would enter basic information into a web-portal run by a third party. They would arrive at this site via a link on distributor's and unit sub-meter provider's websites. The centralized service provider would ask the Canada Revenue Agency to verify income or confirm receipt of other social assistance program. The third party would notify the customer and distributors/unit sub-meter providers of qualified applicants. A picture of the proposed intake process is provided below.

**Figure 2: The OESP Intake Process**



### LEAP Social Agency Partners

The LEAP program relies on partnerships with social and government agencies to determine which customers qualify for assistance. They provide assistance that goes beyond assessing eligibility, taking a holistic approach to helping low-income customers. The number of potential applicants for the OESP makes reliance on LEAP social agency partners alone impractical. However, the Board

sees a continued important role for these agencies. Non-tax-filers would access the program via LEAP government and social service agency partners. These partners also have the experience and awareness to help customers who need a high-level of assistance. The agency partner would notify distributors and unit sub-meter providers of qualified applicants.

### **Why Not Distributors and Unit Sub-meter Providers**

We considered the option of an intake process using the resources of distributors and unit sub-meter providers. The approach would be similar to the centralized service but with the distributor or unit sub-meter provider gathering the customer information and undertaking an assessment, including verification through the CRA or Ministry of Community and Social Services.

Such an approach would take advantage of established customer relationships. However, the Board rejected this option for several reasons:

- The distributors and unit sub-meter providers are not skilled or resourced for assessments of customers' income and household situation;
- They do not have resources for performing verification;
- The distributor systems and resources for implementing changes will already be stretched with the implementation of billing and CIS changes associated with delivering an on-bill credit; and
- If 73 distributors and 20 unit sub-meter providers had to establish links with either the CRA or Ministry of Community and Social Services, there is a good chance implementation would be delayed.

### **Advantages of Multiple Intake Sources**

We have estimated the number of eligible households based on our recommended use of LIM could be greater than 500,000 and the experience to date with LEAP has seen annual average numbers of 12,000 -15,000 new customers handled by LEAP partner agencies. By having several intake sources, the OESP is more likely to reach the greatest number of those in need, as well as those with the greatest need for assistance.

The centralized service, with its online process, provides an option for customers who do not want to visit social service offices. At the same time, low-income customers without internet, for example, can seek help or be advised by social service agencies. The OESP can thus leverage the existing network of LEAP social agencies to do what they do best, without overburdening them.

This approach could also help the Board and the electricity sector increase engagement with low-income customers and contribute to greater awareness and participation in LEAP and conservation programs.

In addition to promoting a consistent eligibility threshold for all low-income energy assistance programs, OESP applicants would automatically be referred to electricity and natural gas conservation programs, as applicable. This is consistent with the Board's new Demand Side Management Framework. Given the development of the Conservation First Framework, this is also an opportunity to ensure the programs are complementary.

### 2.13 Promoting First Nations and Métis Participation: Community Partnerships

The Board's discussions with First Nation organizations, as well as individual First Nation communities, and the Métis Nation of Ontario led us to determine that a distinctly branded First Nations and Métis OESP program will encourage greater uptake. The Board recommends the use of a tailored intake and qualification process.

The level of assistance would be determined using the OESP energy intensity sliding scale. The Board heard from First Nations and Métis that a higher threshold for determining low-income eligibility should be used, given that the cost of living in their communities is often significantly higher than what is reflected in LICO (the measure currently used for LEAP).

However, the Board is mindful of the benefits of using a single eligibility measure both in terms of costs and program intake and outreach. This view is also supported by stakeholders. The Board finds that its recommended approach of using LIM to determine eligibility will address First Nations and Métis concerns that the cost of living in their communities is not adequately reflected in LICO.

Program intake should be performed by Band Councils for First Nation customers and the Métis Nation of Ontario for Métis customers. Local representatives promote trust within the community, leading to better communication and outreach of the program and greater uptake. Familiarity with the community will ensure on-reserve customers who do not file taxes will be properly screened for eligibility.

This proposed approach is supported by First Nation and Métis communities, along with Hydro One, the distributor that primarily serves those communities.

### 2.14 Harder to Reach: Low-Income Consumers Who Don't Directly Pay a Utility Bill

Everyone who pays rent in Ontario is of course paying for electricity. There's no question that some consumers who have low incomes, and perhaps already benefit from other government support, are in this situation. The challenge in developing a program to provide on-bill relief from increases in electricity costs is that the landlord, or some other type of housing provider, is the customer, not the low-income person.

In our consultations, low-income advocates recommended against the Board attempting to reach low-income consumers who are not direct electricity customers. They cited the issue of the consumer not paying the bill and concerns of low-income consumers being identified as “low-income” to their landlord. There are privacy issues in delivering the benefit if the payer of the bill is made aware of tenants who qualify, which would be necessary if a credit were to be applied to their rent. The Board has no experience or model to rely on in assisting electricity customers who are not connected to the system through an electricity bill.

If the Government chose to support low-income consumers who do not pay a bill in some other way, the Board would, of course, assist in any way possible.

### 3. EVALUATION AND IMPLEMENTATION

#### 3.1 Measuring the Success of the OESP

The Minister asked the Board to recommend ways of evaluating the OESP's effectiveness in delivering support to low-income consumers. As with any sound policy, setting goals or objectives help determine effectiveness and value for money. In developing a recommended approach to evaluating the proposed OESP program, we considered evaluations of programs in other jurisdictions.

The Board recommends the following objectives for measuring the success of the OESP:

1. Reducing Disconnections;
2. Improving Payment Patterns; and
3. Reaching Intended Beneficiaries.

It would be useful to work with distributors and low-income advocates to establish clear deliverables for each of these objectives. It will also be important to track program costs and participation rates, similar to what is already in place for LEAP EFA. This will provide ratepayers with an opportunity to assess the value that is being achieved with the OESP.

Some reporting requirements are already in place to assess whether these objectives have been met, however some new ones may need to be developed.

Designing and implementing these measures will be undertaken as part of implementing the OESP.

#### **Monitor and Review Program Performance**

An established timeline for review and assessment ensures changes can be made in a timely manner if objectives are not being met.

A full-scale review of the OESP, similar to the one currently being undertaken for LEAP EFA, should occur within three to five years of the program being launched. We suggest the program should be allowed to operate for at least three years to gain sufficient experience with program design; to smooth out any initial kinks that may arise; and collect sufficient data to enable a comprehensive and meaningful review. However, that said, if there is a clear need for refinements or improvements that would significantly improve customer experience, they should be considered in a timely manner.

Annual reporting would be required to monitor the program for any anomalies. A planned review of the annual filings and publication of program results would be useful to the Board and policy makers as a check on effectiveness, while showing ratepayers the value of their investment in the OESP.

### 3.2 Implementing the OESP for January 2016

The Board was asked to provide a plan to ensure the OESP is implemented by January 1, 2016. The implementation will not be affected by the type of credit put in place.

Key implementation tasks include:

- Development of intake processes;
- Changes to distributors' and unit sub-meter providers' billing and customer information systems;
- Establish a mechanism to collect and disburse funds; and
- Development of a communications and outreach strategy to promote program awareness.

A dedicated and focused team will be required to ensure successful implementation. The Board recommends a project coordinator be appointed to lead the work.

The project coordinator would be responsible for:

- Contracting a centralized service provider for intake
- Working with social agencies, distributors and unit sub-meter providers to ensure they are prepared for the commencement of the OESP
- Acting as the primary contact for other agencies and Ministries involved in the implementation
- Reporting to the Ministry, OEB and others
- Identifying potential issues or timeline concerns that would then be addressed by the appropriate authority

To achieve a coordinated approach and seamless implementation, it is recommended a cross-functional team be established with representatives from key government ministries, electricity agencies, distributors and social service agencies.

#### **Decision on Program Design & Legislative Changes**

In order to meet the January 1, 2016 launch date, we believe there will need to be a decision on the OESP design by February 2015. This would be followed closely by needing to establish a centralized service provider no later than March 2015 to ensure systems are in place and customer enrollment can begin in advance of the OESP launch.

In order to implement the OESP, the Board believes there would need to be legislative changes. Currently, the Board does not have the authority to set a provincial charge for this type of program and also establish the rules for the funds to be disbursed to the distributors.

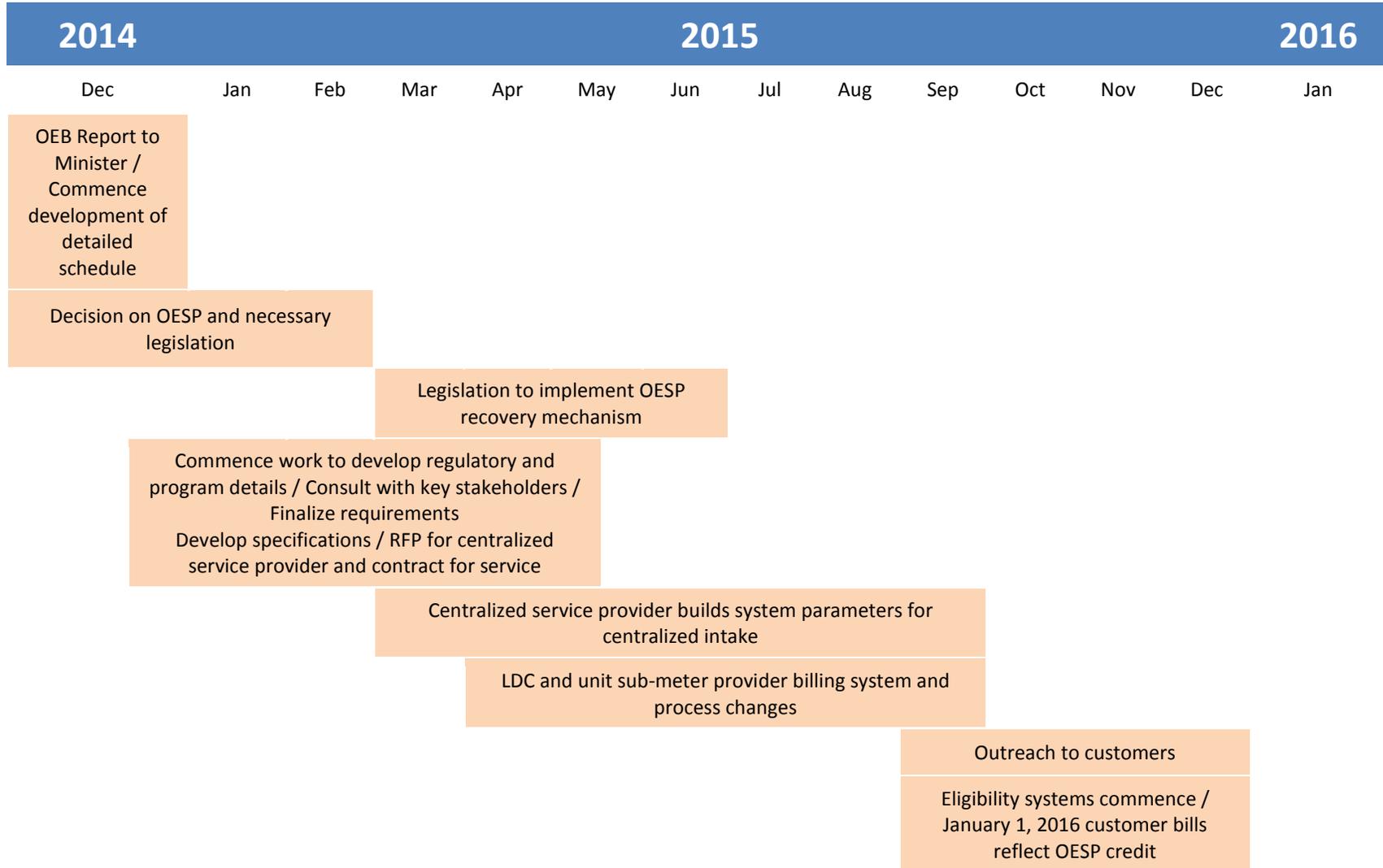
The only comparable charge is the RRRP, which has specific legislation that sets out the Board's authority to set the charge and order payments to the appropriate distributors.

Providing for the recovery of the charge on bills may require amendments to regulations relating to the information on low volume customers' invoices. We would recommend that legislation provide flexibility to administer changes to the OESP as it develops, including how charges and benefits are provided for on customer's bills.

### **High Level Implementation Timeline**

To illustrate the steps necessary for a smooth and cost effective implementation, the Board has developed a high level implementation timeline, provided on the following page.

**Figure 3: Implementation Timeline**



## CONCLUSION

In developing our recommendations, we were mindful of balancing diverse program needs, such as ensuring fairness for ratepayers, managing administrative costs and delivering meaningful, targeted assistance to those most in need.

Our recommended approach provides incentives to encourage conservation, which supports Ontario's Long-Term Energy Plan: *Achieving Balance*, and complements existing programs, including the Low-Income Energy Assistance Program.

We believe our proposal for the Ontario Electricity Support Program will help the Government achieve its objective of helping low-income Ontarians who spend a proportionately higher percentage of their income on energy, as well as other Ontarians whose circumstances make them vulnerable to electricity price increases.

# Appendix A – The Minister’s Letter

Ministry of Energy

Office of the Minister

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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.

.../cont'd

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

Sincerely,

A handwritten signature in black ink, consisting of a long horizontal line that curves upwards at the end, with a small loop underneath the start of the line.

**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

## Appendix B - Overview of Low-Income Energy Assistance Programs By Jurisdiction

### Program Design

Jurisdiction	Program Type	Program Name	Program Design
Australia, Federal	Rate Assistance	Energy concessions	Energy concessions (payments targeted at vulnerable customers to assist them to pay their energy bills) are predominately provided by state and territory governments and administered by energy retailers as an automatic deduction from energy bills.
	Emergency Assistance	Hardship assistance	In contrast to regular energy concessions, hardship assistance payments (emergency payments to customers already in financial stress) are provided on a temporary basis.
	Other (1)	Australia Utility Allowance	Flat monthly grant.
	Other (2)	Household Assistance Package	Flat monthly grant.
Australia, Victoria	Rate Assistance	Annual Electricity Concession	17.5% discount on electricity bills
	Off-peak concession	Off-peak concession	13% discount on the off-peak tariff of electricity bills for households with separately metered electric hot water or slab heating. Not available in relation to the flexible or time-of-use tariffs enabled by a smart electricity meter or similar technology.
	Other State-specific (1)	Service-to-property-charge concession	Provides a reduction on the (fixed cents/day) supply charge for concession households with low electricity consumption. The concession is applied if the cost of electricity used is less than the supply (or service) charge. The service charge is then reduced to the same price as the electricity usage cost.
	Other State-specific (2)	Electricity Transfer Fee Waiver	Provides a full waiver of the fee that is normally payable to electricity retailers when there is a change of occupancy at a property.
California	Rate Assistance	California Alternate Rates for Energy (CARE)	30-35% discount off electric bill, depending on utility.
	Rate Design (1)	Medical Baseline	All residential customers are billed a certain amount of their natural gas and electricity use at their utility company's lowest residential rate. This is called the "Baseline Allowance" and it is set depending on what climate zone the home is in and whether it is the utility's "winter" or "summer" season. Extra allowances of natural gas and electricity are billed at the lowest rate for customers who rely on life support equipment, or those who have life threatening illnesses or compromised immune systems. The extra allowances are called Medical Baseline.
	Rate Design (2)	Family Energy Rate Assistance program	Families whose household income slightly exceeds the low-income energy program allowances will qualify to receive FERA discounts, which bills some of their electricity usage at a lower rate. FERA is available for customers of Southern California Edison, San Diego Gas and Electric Company, and Pacific Gas and Electric Company.
Colorado	Rate Assistance - PIPP	Percentage of Income Payment Plans (PEAP)	Monthly reductions in low-income customers' bills, both current and those in arrears. Also educates customers on ways to manage their monthly bill. Participants pay between 2 and 3 percent of their household income, and have the opportunity to have past-due amounts forgiven. Requires participants to be billed 3 percent of their electric bills and 3 percent of their gas bills, bringing their maximum total payment to six percent of income. Arrearage forgiveness plan forgives existing arrears over a 24-month period.
	State Energy Assistance	Low Income Energy Assistance Program (LEAP)	Pays a portion of a customers bill directly to their utility company.
Illinois	Rate Assistance	Percentage of Income Payment Plan (PIPP)	A bill payment assistance program for low-income customers. Participants pay no more than 6 percent of their income for gas and electric service. The maximum PIPP benefit is \$1,800 per year, with a maximum of \$100 per month for the participant's natural gas bill and \$50 for the electric bill. The PIPP program has an arrearage reduction component, which provides participants with a monthly benefit towards their utility bill and a reduction in overdue payments for every on-time payment they make by the bill due date. Participants who make their monthly PIPP payments on time receive a monthly credit amounting to one twelfth of their past due bills, up to \$1,000 total per year for both gas and electric bills. (305 ILCS 20/18, (c)(5); IL LIHEAP 2014c). The PIPP includes client education to inform customers about the PIPP and about their rights and responsibilities under the program. If clients miss their payments, the local agencies attempt to contact them and help them stay on the program. (IL LIHEAP 2014c).

## Program Design Cont'd

Jurisdiction	Program Type	Program Name	Program Design
New York	Rate Assistance (1)	Low-Income Rate Assistance (in general)	Discounts off the basic monthly service charge for electricity and/or gas. Monthly discounts range from \$2 to \$24 off the monthly fixed customer charge. Some gas companies provide discounts on consumption up to a specified level. For example, Con Edison provides a 50 percent discount on the first 90 therms to 165,000 customers. Some of these programs offer arrearage forgiveness and case management as well. For example, KeySpan's "On-Track" program provides financial assistance, education, and energy and financial management to a limited number of low-income customers. Customers on the payment plan may receive credits on past due accounts.
	Rate Assistance (2)	ConEd's Low Income Program	Flat dollar reduction off monthly bill, plus waiver of reconnection fees.
Pennsylvania	Discount, DSM, credit and collection rules	Customer Assistance Programs (CAPs) Discount	An alternative collection method that provides payment assistance. CAP participants agree to make regular monthly payments that are for an amount that is less than the current bill in exchange for continued provision of electric utility services. The individual programs do have some variances from the CAP Policy Statement. One area in particular that may vary is the amount of the maximum CAP credit. The CAP discount has an arrearage forgiveness component, which is provided generally over a two to three year period. The customer receives arrearage forgiveness for each on-time, in full CAP payment received. The structure and exact requirements of the arrearage forgiveness program is established on a case by case basis through plan filings.
	Emergency Assistance	Customer Assistance and Referral Evaluation Services (CARES)	This program helps selected, payment-troubled customers maximize their ability to pay utility bills. Provides a casework approach to help customers secure energy assistance funds and other needed services. The structure and requirements of the CARES program varies from utility to utility. For example, the emphasis of NFG's CARES Program is towards those customers with short-term and temporary hardships. Qualifying households may receive counseling and/or direct referrals to community resources that can aid in resolving the emergency.
Pennsylvania, PPL	Rate Assistance	PPL Electric Utilities On Track	Primary features: Reduced payment arrangement based on ability to pay [flat monthly payment at program-determined level]. Arrearage forgiveness over 18 mos. Protection against shutoff of electric service. Referrals to other programs and services PL Electric establishes an 18-month debt forgiveness plan. 4 major purposes: 1. Improve customers' bill payment habits and attitudes; 2. Stabilize or reduce customers' energy usage; 3. Eliminate uncollectible balances for program participants; and 4. Provide the customer with other beneficial services and/or programs through a network CBOs.
Seattle, Washington	Rate Assistance	Seattle Utility Discount Program	60% discount off electricity bill [Note: Seattle Public Utilities offers companion 50% discount from water/sewer/trash removal bills].
United Kingdom	Rate Assistance (1)	Warm Home Discount scheme	An annual rebate of £140 provided to vulnerable customers in or at risk of fuel poverty.
	Rate Assistance (2)	Winter Fuel Payments	Annual tax-free cash transfers of between £100-300 to seniors. The amount paid depends on where you live (i.e., care facility or at home), how many people you live with and the ages of those people. These living conditions are assessed during one qualifying week per year. There is no customer obligation to spend any of the payment on energy.
	Rate Assistance (3)	Cold Weather Payments	£25 to vulnerable customers for each seven day period of "very cold weather" between 1 November and 31 March. Vulnerable customers are defined as those on income support or those who receive pension credit and are disabled, have a child who is disabled, or are raising a child younger than five years old. Very cold weather is defined as when the local temperature is either recorded as, or forecast to be, an average of zero degrees Celsius or below over 7 consecutive days.
US Federal (LIHEAP)	Cash Grant	Low Income Home Energy Assistance Program (LIHEAP)	Block grant to states, the District of Columbia, territories and commonwealths, and Indian tribal organizations, to fund assistance to low-income households in paying for home energy needs. From APSE: Small portion of federal dollars support leveraging incentive funds to reward states for raising additional funding from nonfederal sources, and funds for demonstration projects that focus on the intersection of energy, health and safety. States have the discretion to use up to 15 percent of their LIHEAP grants (or up to 25 percent with an approved waiver) for weatherization activities." Federal government sets broad policy choices on eligibility and administration, states set state policies within those limits. Typically funds to assist eligible households are paid directly to vendors.
	Emergency Assistance	LIHEAP Emergency Assistance	The 1998 reauthorization of LIHEAP added a new section that specified additional conditions under which LIHEAP emergency funds could be released, to include: 'a natural disaster, any other event meeting criteria the Secretary determines appropriate, or a significant increase in: (1) home energy supply shortages or disruptions; (2) the cost of home energy;(3) home energy disconnections; (4) participation in a public benefit program such as the food stamp program; or (5) a significant increase in unemployment or layoffs.' LIHEAP 101, at 4.

## Funding Source

Jurisdiction	Program Type	Program Name	Funding Source
Australia, Victoria	Rate Assistance	Annual Electricity Concession	Government
	Off-peak concession	Off-peak concession	Government
	Other State-specific (1)	Service-to-property-charge concession	Government
	Other State-specific (2)	Electricity Transfer Fee Waiver	Government
California	Rate Assistance	California Alternate Rates for Energy (CARE)	All ratepayers via nonbypassable volumetric charge on distribution services.
	Rate Design (1)	Medical Baseline	Residential cost responsibility is redistributed in rate design process.
	Rate Design (2)	Family Energy Rate Assistance program	All ratepayers - nonbypassable volumetric distribution charge.
Colorado	Rate Assistance - PIPP	Percentage of Income Payment Plans (PEAP)	Customer surcharges.
	State Energy Assistance	Low Income Energy Assistance Program (LEAP)	LIHEAP funding from the state as well as private funds from oil and gas companies, foundations, and private donations.
Illinois	Rate Assistance	Percentage of Income Payment Plan (PIPP)	There are two sources of funding for this program. The Supplemental Low-Income Energy Assistance Fund (SLEAF) is funded by voluntary donations from individuals, foundations, corporations, and other sources. The Energy Assistance Charge collects funds from all ratepayers to fund the assistance programs.
New York	Rate Assistance (1)	Low-Income Rate Assistance (in general)	Funded through utility rates recovered from all customer classes.
	Rate Assistance (2)	ConEd's Low Income Program	Funded through utility rates recovered from all customer classes.
Pennsylvania	Discount, DSM, credit and collection rules	Customer Assistance Programs (CAPs) Discount	Program costs are included in utility rates as part of the distribution cost passed on to all residential customers. The costs may be collected through distribution base rates and/or a universal service surcharge mechanism.
	Emergency Assistance	Customer Assistance and Referral Evaluation Services (CARES)	CARES is funded as part of the universal service program surcharge. It is not funded by LIHEAP cash and crisis grants.
Pennsylvania, PPL	Rate Assistance	PPL Electric Utilities On Track	PAPUC must ensure that the utilities run the programs in a cost-effective manner. Utilities recover approved costs through universal service charge on all customers.
Seattle, Washington	Rate Assistance	Seattle Utility Discount Program	Cost allocation in rates; i.e. other ratepayers.
United Kingdom	Rate Assistance (1)	Warm Home Discount scheme	Energy suppliers
	Rate Assistance (2)	Winter Fuel Payments	The Social Fund
	Rate Assistance (3)	Cold Weather Payments	The Social Fund
US Federal (LIHEAP)	Cash Grant	Low Income Home Energy Assistance Program (LIHEAP)	Federal annual appropriations. In a few cases supplemented by state appropriations. Often administered in tandem with other low-income energy assistance programs, such as utility discount rates.
	Emergency Assistance	LIHEAP Emergency Assistance	Same as LIHEAP.

## Funding Source Cont'd

Jurisdiction	Program Type	Program Name	Utility and/or Program Administrator
Australia, Federal	Rate Assistance	Energy concessions	In Australia, energy concessions (payments targeted at vulnerable customers to assist them to pay their energy bills) are predominately provided by state and territory governments and administered by energy retailers as an automatic deduction from energy bills.
	Emergency Assistance	Hardship assistance	The Australian Capitol Territory (ACT), Tasmania and the Northern Territory Governments do not offer direct emergency hardship payments, although retailers in these states do operate hardship programs which involve bill smoothing and payment plans. The ACT has a hardship program operated by the ACT Civil and Administrative Tribunal, and provides an external avenue through which customers experiencing hardship may apply to be put onto a retailer's payment plan or into a hardship program. The Tribunal has the power to direct a retailer to discharge part or all of an outstanding energy bill, including any interest or fees incurred, in exceptional hardship circumstances.
	Other (1)	Australia Utility Allowance	In addition to state concessions, the Australian Government provides an energy concession – known as a Utilities Allowance – for those receiving the disability support pension, partner allowance or widow allowance.
	Other (2)	Household Assistance Package	Usually automatic.
Australia, Victoria	Rate Assistance	Annual Electricity Concession	Department of Human Services
	Off-peak concession	Off-peak concession	Department of Human Services
	Other State-specific (1)	Service-to-property-charge	Department of Human Services
	Other State-specific (2)	Electricity Transfer Fee Waiver	Department of Human Services
California	Rate Assistance	California Alternate Rates for Energy (CARE)	Pacific Gas & Electric/Utilities
	Rate Design (1)	Medical Baseline	Pacific Gas & Electric/Utilities
	Rate Design (2)	Family Energy Rate Assistance program	Pacific Gas & Electric/Utilities
Colorado	Rate Assistance - PIPP	Percentage of Income Payment Plans (PEAP)	Xcel Energy (4 other utilities also provide this program)
	State Energy Assistance	Low Income Energy Assistance Program (LEAP)	Colorado Department of Human Services (CDHS)
Illinois	Rate Assistance	Percentage of Income Payment Plan (PIPP)	Utilities serving more than 100,000 customers as of 1/1/2009 are required to offer the program, which includes Ameren Illinois, ComEd, Nicor Gas, and Peoples Gas/North Shore Gas.
New York	Rate Assistance (1)	Low-Income Rate Assistance (in general)	Administered by the utilities.
	Rate Assistance (2)	ConEd's Low Income Program	Con Edison, with assistance from human services agency eligibility determination or categorically-eligible.
Pennsylvania	Discount, DSM, credit and collection rules	Customer Assistance Programs (CAPs) Discount	The programs are administered by the largest utilities in the state, which includes six electric utilities, seven gas utilities, and one combination electric and gas utility. Each of these utilities is required to submit a universal services plan every three years, which includes a projected needs assessment and projected enrollment level for its universal services programs for the upcoming three years (PA PUC 2012, p 34). The utilities' plans are then reviewed by the PA PUC.
	Emergency Assistance	Customer Assistance and Referral Evaluation Services (CARES)	Same as Discount, LIURP
Pennsylvania, PPL	Rate Assistance	PPL Electric Utilities On Track	Commission's Universal Service and Energy Conservation Reporting Requirements require each large EDC to submit a universal service and energy conservation Plan every 3 years for approval.
Seattle, Washington	Rate Assistance	Seattle Utility Discount Program	Seattle City Light and City of Seattle Human Services Department per Memorandum of Agreement with Seattle City Light utility.
United Kingdom	Rate Assistance (1)	Warm Home Discount scheme	Department of Energy and Climate Change (DECC)/Ofgem/Npower (not every supplier provides this discount to low income customers)
	Rate Assistance (2)	Winter Fuel Payments	Department for Work and Pensions (DWP)
	Rate Assistance (3)	Cold Weather Payments	Department for Work and Pensions (DWP)
US Federal (LIHEAP)	Cash Grant	Low Income Home Energy Assistance Program (LIHEAP)	Federal government sends block grants [not entitlement program] to states, tribes and territories, most of which sub grant to local agencies, mostly "Community Action Agencies", to administer program. CAAs are private, non-profit corporations, established under state law but in accordance with federal guidelines, to receive and administer certain funds for low-income households and communities. Cities and other local entities provide administration in some areas. "In 2014, all 50 states, the District of Columbia, five U.S. territories (Puerto Rico, Virgin Islands, America Samoa, Commonwealth of the Northern Mariana Islands, and Guam), and 154 tribes or tribal organizations received LIHEAP grants." LIHEAP 101, at 1.
	Emergency Assistance	LIHEAP Emergency Assistance	Same as LIHEAP.

## Eligibility Requirements

Jurisdiction	Program Type	Program Name	Eligibility Requirements
Australia, Federal	Emergency Assistance	Hardship assistance	In some states, payment eligibility is assessed by community welfare organizations on the basis of circumstances rather than automatic eligibility as a result of holding a Commonwealth concession card.
	Other (1)	Australia Utility Allowance	Not available at this time.
	Other (2)	Household Assistance Package	Given to pensioners, families who receive assistance and those on income support.
Australia, Victoria	Rate Assistance	Annual Electricity Concession	Commonwealth Concession card. Many of Australia's assistance programs are connected to concession cards, which are identification cards related to health care, seniors, students, veterans, low-income, and other types of situations that cause customers to be on low or fixed incomes.
	Off-peak concession	Off-peak concession	Commonwealth concession card.
	Other State-specific (1)	Service-to-property-charge concession	Commonwealth concession card.
	Other State-specific (2)	Electricity Transfer Fee Waiver	Commonwealth concession card.
California	Rate Assistance	California Alternate Rates for Energy (CARE)	Customers with incomes under 200% of the Federal Poverty Levels are eligible for CARE. Customers may also qualify if they are enrolled in public assistance programs such as Medicaid/Medi-Cal, Women, Infants and Children Program (WIC), Healthy Families A & B, National School Lunch's Free Lunch Program (NSL), Food Stamps/SNAP, Low Income Home Energy Assistance Program (LIHEAP), Head Start Income Eligible (Tribal Only), Supplemental Security Income (SSI), Bureau of Indian Affairs General Assistance, and Temporary Assistance for Needy Families (TANF) or Tribal TANF. CARE is also available to the following PG&E customers: Tenants of Sub-Metered Residential Facilities Qualified Non-Profit Group Living Facilities Agricultural Employee Housing Facilities Migrant Farm Worker Housing Facilities.
	Rate Design (1)	Medical Baseline	Customers with household member needing life-support equipment. "Life support equipment" means equipment that uses mechanical or artificial means to sustain, restore, or supplant a vital function, or mechanical equipment that is relied upon for mobility both within and outside of buildings. This includes: All types of respirators, iron lungs, hemodialysis machines, suction machines, electric nerve stimulators, pressure pads and pumps, aerosol tents, electrostatic and ultrasonic nebulizers, compressors, IPBB machines and motorized wheelchairs. Also, in consideration of their increased heating and cooling needs, the Medical Baseline allowance is available to paraplegics and quadriplegics, multiple sclerosis patients, scleroderma patients, and people being treated for a life threatening illness or who have a compromised immune system.
	Rate Design (2)	Family Energy Rate Assistance program	Families whose household income slightly exceeds the low-income energy program allowances will qualify to receive FERA discounts, which bills some of their electricity usage at a lower rate. FERA is available for customers of Southern California Edison.
Colorado	Rate Assistance - PIPP	Percentage of Income Payment Plans (PEAP)	LEAP approved households.
	State Energy Assistance	Low Income Energy Assistance Program (LEAP)	150% FPG. Eligibility is based on household income and federal poverty guidelines. Those approved for this program may also receive Emergency Assistance.
Illinois	Rate Assistance	Percentage of Income Payment Plan (PIPP)	Up to 150 percent of federal poverty guidelines. The DCEO establishes the specific eligibility levels, and in so doing considers factors such as economic conditions, state and federal funding levels, and energy costs. PIPP eligibility is based on whether the customer is on retail competition, and whether their supply vendor collects the SLEAF charge. If the vendor does not collect the charge, then the customer cannot receive benefits from that funding source. PIPP participants have the option of signing up for PIPP or receiving a one-time direct vendor payment, either through LIHEAP funds or the ratepayer (meters charge) funds. If a customer participates in PIPP, it cannot participate in another energy assistance program for the year. (305 ILCS 20/18, (c)(2)).

## Eligibility Requirements Cont'd

Jurisdiction	Program Type	Program Name	Eligibility Requirements
New York	Rate Assistance (1)	Low-Income Rate Assistance (in general)	For most programs, households in receipt of or eligible for LIHEAP are automatically enrolled into the program.
	Rate Assistance (2)	ConEd's Low Income Program	Customers enrolled in the Utility Guarantee or Direct Vendor programs administered by local human resource agencies; receive benefits under Temporary Assistance for Needy Persons/Families, Safety Net Assistance, Supplemental Security Income, or the Supplemental Nutrition Assistance Program; or received a Home Energy Assistance Program [LIHEAP] grant in the last twelve months. In last rate case, low-income advocates urged that Medicaid receipt be added to the list of programs receipt of which make a customer "categorically eligible." The PSC deferred its decision, pending research to estimate how many Medicaid eligible customers are served by Con Edison that are not already participants in the electric low-income program. On August 21, Con Edison provided those numbers, along with its analysis of how its low-income program budget could adapt to any anticipated changes in volume.
Pennsylvania	Discount, DSM, credit and collection rules	Customer Assistance Programs (CAPs) Discount	At or below 150 percent of federal poverty guidelines; must have made a payment agreement with their utility. The CAP Policy Statement states that customers should apply for LIHEAP. The LIHEAP grant may be applied to either the electric or natural gas account. There is not a requirement that customers receive a LIHEAP grant in order to participate in CAP.
	Emergency Assistance	Customer Assistance and Referral Evaluation Services (CARES)	Payment-troubled customers. CARES is about referring CAP customers to other available resources in the community. For example, PECO's CARES program directs its CARES resources to customers at or below 50% of the Federal Poverty Level (FPL). PECO's CARES resources are provided for customers who are low-income; have "special needs" which are defined as CAP customers below 50% of the Federal Poverty Level; and have extenuating circumstances. NFG's CARES Program, however, directs its resources to low income, fixed income, special needs, and payment troubled customers who are experiencing short-term financial hardships. The CAP Policy Statement states that customers should apply for LIHEAP. The LIHEAP grant may be applied to either the electric or natural gas account. There is not a requirement that customers receive a LIHEAP grant in order to participate in CARES. CARES provides information about resources available in the community, and LIHEAP may be one of those resources available.
Pennsylvania, PPL	Rate Assistance	PPL Electric Utilities On Track	Act does not define "affordability;" PAPUC Policy Statement provides guidance. PPL's CAP available to customers with incomes at or below 150% of the FPL, and who are "payment-troubled."
Seattle, Washington	Rate Assistance	Seattle Utility Discount Program	Seattle City Light customer, =/ <70% of state minimum income, not living in subsidized housing.
United Kingdom	Rate Assistance (1)	Warm Home Discount scheme	The Core Group is comprised of poorer pensioner households identified by the Department of Work and Pensions (DWP). The DWP shares information about recipients of Pension Credits with retailers. Eligible Core group members receive an automatic annual rebate on their energy bill. Customers must apply to be a member of the Broader Group and they must receive certain additional benefits to be eligible. Suppliers are also required to provide annual rebates to these customers, but suppliers set the eligibility criteria, in line with WHD regulations. As an example, Npower's customers are considered part of the Broader Group if they receive any of 1) Income support/Income based jobseeker's allowance/income related employment and support allowance; 2) and one of Child tax credit/disability premium/Disability Living Allowance/Long Term Incapacity Benefit.
	Rate Assistance (2)	Winter Fuel Payments	Customers are eligible if they are recipients of State pensions or another social security benefit (excluding Housing Benefit, Council Tax Benefit and Child Benefit). Generally, they are eligible if they were born on or before July 5, 1951 (date changes every year) and normally live in the UK throughout the coldest week in September. The amount available depends on whether the customer meets certain additional criteria. For example, eligible customers aged 80 or over on a Pension Credit will receive £300, whereas an eligible customer living with someone who also qualifies will receive just £100.
	Rate Assistance (3)	Cold Weather Payments	Customers are generally eligible if they receive benefits including Pension Credit, Income Support, Jobseeker's Allowance (assuming they meet sub-criteria such as receiving a Child Tax Credit), and Employment and Support Allowance (assuming they meet sub-criteria such as receiving a severe or enhanced disability premium).
US Federal (LIHEAP)	Cash Grant	Low Income Home Energy Assistance Program (LIHEAP)	From APSE: "The LIHEAP statute requires that each grantee set income eligibility thresholds at or below 150 percent of the HHS poverty guidelines or 60 percent of the state median income, provided that no income threshold is lower than 110 percent of the HHS poverty guidelines. Each grantee has the discretion to set the specific income threshold as well as define countable and noncountable income. Grantees also have the option of applying assets tests and creating additional eligibility requirements not related to income." Households with highest energy burden and/or including children/disabled persons/persons 65+ should get priority, but often it is first-come-first served in practice. Must apply each year, but many CAAs send opt-in or opt-out letters to past recipients.
	Emergency Assistance	LIHEAP Emergency Assistance	Same as LIHEAP.

## Intake Process

Jurisdiction	Program Type	Program Name	Intake Process
California	Rate Assistance	California Alternate Rates for Energy (CARE)	Application forms can be obtained from the utility, or completed online through the utilities' website. Application forms also are available through numerous community agencies. For PG&E's CARE program, no proof of income is necessary for enrollment. Once a customer's application is approved, they see the CARE/FERA Program and monthly savings listed on the first page of their bill. The CARE discount appears on the bill after the completion of a full billing cycle. Customers receive the discount for two years (or four years if they are on a fixed income). Three months before the discount expires, PG&E sends a letter and re-certification application giving customers the opportunity to reapply if they still qualify under the current program guidelines.
	Rate Design (1)	Medical Baseline	Customers may call utility or apply on line.
	Rate Design (2)	Family Energy Rate Assistance program	Customers may call utility or apply on line.
Colorado	Rate Assistance - PIPP	Percentage of Income Payment Plans (PEAP)	The State LEAP office provides utilities with data on LEAP approved households, which is used for direct outreach to these clients. Xcel Energy created a portal to assist counties with eligibility determination by transmitting daily data on customer heating costs to the state's centralized LIHEAP eligibility processing system.
	State Energy Assistance	Low Income Energy Assistance Program (LEAP)	CDHS sends out a mass mailing of applications prior to the start of the season to all previous year clients. New clients hear about the program through 1) mass media (tv and radio advertising, community columns, call-in with major news stations), 2) county local outreach with community agencies (flyers, brochures, events), 3) state website (w/ access to the application), 4) Program Eligibility Application Kit (PEAK) (website where clients can determine if they are eligible for LEAP) and 5) statewide heat help line where clients can call and get information.
Illinois	Rate Assistance	Percentage of Income Payment Plan (PIPP)	PIPP eligibility is determined by Local Administrative Agencies (LAAs). These are local community action agencies, other community-based organizations or units of local government that implement the LIHEAP at the local level. These agencies are responsible for the provision of outreach, referral, energy-related counseling and educational materials, taking applications, verifying eligibility information and issuing assistance payments to energy vendors. LAAs are required to notify applicants of their eligibility status within 30 days of the date the client application is complete. (DECO 2013, p 4). Applications for PIPPs are handled centrally by the state Department of Commerce and Economic Opportunity's Office of Energy Assistance and not through the individual vendors, but the participating utility companies have helped design the program from its beginning in 2011. The utilities offering PIPPs use a real-time integrated data system in which they enter and track customer information such as Social Security Number and termination status to aid in program administration. (ASPE 2014, p 30).
New York	Rate Assistance (1)	Low-Income Rate Assistance (in	Varies by utility.
	Rate Assistance (2)	ConEd's Low Income Program	The Company pays the out-of-pocket costs for the city and county [NYC and Westchester] Departments of Human Services to run a computer match twice a year of categorically-eligible households and the utility's residential customers. The utility sends a list of residential customers to the agency, which then conducts the computer match. The agency notifies the utility of the matches, and sends a letter advising the customer that she will be enrolled in the low-income program unless she opts out. The utility must enroll the customer within 30 days of receiving the information that the customer is a match.

## Intake Process Cont'd

Jurisdiction	Program Type	Program Name	Intake Process
Pennsylvania	Discount, DSM, credit and collection rules	Customer Assistance Programs (CAPs) Discount	Utilities use a variety of methods to reach customers, and each utility uses a different approach. In general, local agencies and utility support staff communicate directly with eligible customers. They attempt to match customers' needs with existing utility and/or community programs. For example, PPL uses Customer Programs Directors (CPDs), who have responsibility for the day-to-day administration of the utilities universal service programs. PECO uses community partners that provide opportunities and access to resources that offer the assistance that low-income customers may need. Utilities identify potential enrollees through a variety of means such as, customer telephone inquiries; when a customer receives energy assistance grants; referrals from community groups, other utilities or state agencies; public outreach sessions, community workshops and advocate-sponsored events for low income customers. After the utility identifies potential enrollees, its asks these customers if they are interested in receiving information about Universal Services programs, and provides information and applications to those who are interested.
	Emergency Assistance	Customer Assistance and Referral Evaluation Services (CARES)	Utilities use a variety of methods to reach customers, and each utility uses a different approach. In general, local agencies and utility support staff communicate directly with eligible customers. They attempt to match customers' needs with existing utility and/or community programs. For example, PPL uses Customer Programs Directors (CPDs), who have responsibility for the day-to-day administration of the utilities universal service programs. PECO uses community partners that provide opportunities and access to resources that offer the assistance that low-income customers may need. Utilities identify potential enrollees through a variety of means such as, customer telephone inquiries; when a customer receives energy assistance grants; referrals from community groups, other utilities or state agencies; public outreach sessions, community workshops and advocate-sponsored events for low income customers. After the utility identifies potential enrollees, its asks these customers if they are interested in receiving information about Universal Services programs, and provides information and applications to those who are interested.
Pennsylvania, PPL	Rate Assistance	PPL Electric Utilities On Track	CSRs refer payment-troubled customers to the CBOs. DurMust have proof of income. PPL uses 10 CBOs [2 county government offices and 8 Community Action Agencies - nonprofits that administer LIHEAP] to administer OnTrack 65 caseworkers at 27 sites.
United Kingdom	Rate Assistance (1)	Warm Home Discount scheme	Automatic, no application is necessary. If a customer meets the conditions set out in law, they will receive a payment or grant. If they are not happy with the decision, they, or someone else who has the authority to act on their behalf, can 1) ask for an explanation, 2) ask for a written statement of reasons for the decision, 3) ask for the agency to look again at the decision or 4) appeal against the decision to an independent tribunal (this must be in writing). Customers can do any or all of these actions.
	Rate Assistance (2)	Winter Fuel Payments	Automatic, no application is necessary. If a customer meets the conditions set out in law, they will receive a payment or grant. If they are not happy with the decision, they, or someone else who has the authority to act on their behalf, can 1) ask for an explanation, 2) ask for a written statement of reasons for the decision, 3) ask for the agency to look again at the decision or 4) appeal against the decision to an independent tribunal (this must be in writing). Customers can do any or all of these actions.
	Rate Assistance (3)	Cold Weather Payments	Automatic, no application is necessary. If a customer meets the conditions set out in law, they will receive a payment or grant. If they are not happy with the decision, they, or someone else who has the authority to act on their behalf, can 1) ask for an explanation, 2) ask for a written statement of reasons for the decision, 3) ask for the agency to look again at the decision or 4) appeal against the decision to an independent tribunal (this must be in writing). Customers can do any or all of these actions. Customers who have recently had a child or are caring for a child younger than five may need to inform the agency that provides these funds.
US Federal (LIHEAP)	Cash Grant	Low Income Home Energy Assistance Program (LIHEAP)	Conducted by sub grantees. Wide discretion in selecting approach. Valuable alternatives to or additions to information and referral include: (a) matching customer lists with lists of those receiving other means-tested assistance, with automatic enrollment [sometimes with opt-out], (b) unitary application for all benefits - only one application needed, (c) requirements that households seeking utility program assistance apply for LIHEAP for that utility's bills. Households reapply each year. If they are eligible, agency calculates grant per that year's formulae, and typically the award is paid to the energy vendor in the household's name.
	Emergency Assistance	LIHEAP Emergency Assistance	Same as LIHEAP.

## **Appendix C – Methodology: The Sliding Scale Fixed Credit, Cost Projections, Estimating Bill Impacts & Program Benefits**

The following explains our methodology for developing the OESP recommended approach. It also provides an explanation of how we estimated costs for the recommended sliding scale and other options for comparison purposes.

### The Sliding Scale Fixed Credit

The sliding scales were constructed by assigning applicants into household size and income categories so that the most vulnerable received the greatest benefit. Two sliding scale tables were constructed for this approach, a typical household option and a more energy intensive household option where some of the household's usage is necessary for heating or medical equipment. Households that fall under the latter category will typically receive a greater benefit, conditional on household size and income statuses being equal.

### Methodology for Cost Projections

In order to develop the cost projections set out in Figure 1 the Board relied on data from Statistics Canada (to identify the number of low-income households in Ontario) and distributors (to estimate the electricity consumption of low-income and residential customers).

Survey data from Statistics Canada was used to construct estimates of the number of low-income households in different areas of the province (at a municipal/regional level). It is worth noting that although Statistics Canada's survey strategy is rigorous, not all regions within the province can be accounted for, allowing for the possibility that some rural areas are under-sampled.

The estimates of low-income population density across Ontario were then applied to distributors' service areas to infer the potential low-income population within each distributor's customer base. Recognizing that not all low-income households are direct electricity customers, an assumption had to be made about what proportion of low-income households actually pay an electricity bill. We assumed that about 80% of low-income electricity customers receive a bill. This assumption is appropriate because: a) the rise in unit sub-metering and the low incidence of bulk-metering in rural areas means many renters do pay their electricity bill directly, and b) when forced to make an assumption in this case it is probably safer to risk overestimating than underestimating.

Overall program costs were then constructed for each of the program options using each distributor's estimated low-income population and assuming that a low-income customer consumes electricity consistent with the average residential consumption within that service territory (the assumptions about usage are critical to estimating the costs of the percentage-based credit options). To construct the cost estimate of the two sliding scales, we made use of NRCan data on household income and electricity use,

including as base load or electric heating. Within each scale, we then estimated the number of households that would receive each credit allowing us to determine the average benefit for each of the sliding scales.

Since income data cannot be linked accurately to consumption the cost projection for the 'individualized fixed credit' option is based on the maximum credit always being given. In other words, since there is limited data available containing both household income and energy consumption too many arbitrary assumptions would have to be made to determine what the average credit would be under the 'individualized fixed credit' option. Therefore, the Board erred on the side of caution and assumed the maximum credit would always be given. As such the cost projection for this option has been combined with the cost projection for the 'uniform (\$50) fixed credit' approach. It is likely therefore that the actual cost of the individualized fixed credit option would be lower than the projection, however, due to its administrative complexity, the start-up costs and ongoing administration costs would still be significantly higher than the other options.

### Estimating Bill Impacts

In order to estimate the bill impacts of recovering the costs of the program, costs were allocated to all Ontario electricity customers.

For residential and small general service (GS<50kW) customers, program costs are allocated as a fixed charge per customer in accordance with the proportion of distribution revenues paid by these classes using data from the 2013 Yearbook of Electricity Distributors. Recovering certain costs through a fixed charge is consistent with the Board's policy vision for these kinds of customers. Use of a fixed charge ensures that all residential consumers contribute to the program equally, independent of their consumption levels. Bill impacts were estimated based on the fixed rate that was calculated by this approach, using consumption levels typical of the class.

Remaining costs were allocated to all other classes, including transmission connected customers, as a surcharge on energy consumption. The method of allocation used for these classes is consistent with the current method for recovering costs associated with Ontario's rural and remote rate assistance program.

When estimating the program costs and bill impacts for each of the options the Board assumed:

- LIM is the eligibility threshold
- 800 kWh monthly consumption of typical residential customer
- 2 MWh monthly consumption of typical small commercial customer
- Electricity prices based on LTEP forecast for 2016
- DRC and OCEB have been removed
- 10% administrative cost (i.e. 10% of total program cost) which was we estimated based on the experience in other jurisdictions

- All rate-classes contribute to the program (with residential customers covering the greatest portion)
- 100% uptake by eligible low-income *electricity customers* (reflecting that not all low-income households receive electricity bills)

### Estimating Program Benefits

With respect to the program benefits, the Board reached out to a sample of distributors to provide data around the bad debt/credit and collections associated with their residential customer class. The Board learned that most distributors do not track these costs by customer class, however a few distributors were able to provide the requested data. The data shows that the bad-debt and credit collections costs related to the entire residential customer class are small relative to the projected program costs.

**Figure 1: Low-Income Programs: Level of Cost Relief and Corresponding Program Costs**

