



## LOW-INCOME ENERGY NETWORK

# Energy Poverty in Ontario: LIEN's experience and advocacy

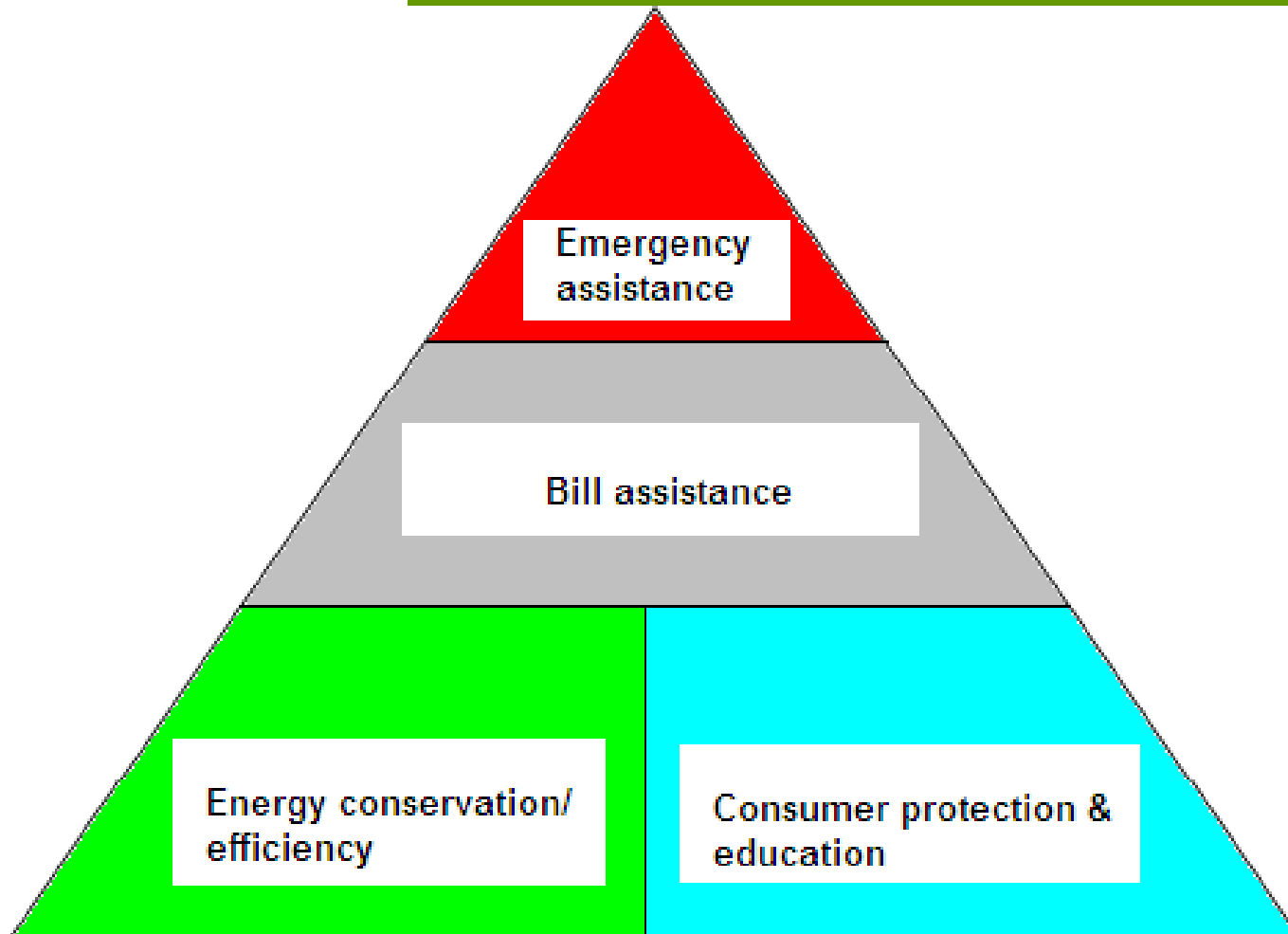
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## How LIEN got its start



- ◆ Environmental, anti-poverty and affordable housing advocacy groups already working independently on energy issues
- ◆ Realization of the need to work together and develop a shared response to energy crisis.
- ◆ First meeting on March 10, 2004 of what becomes the Low-Income Energy Network
  - CELA, Share the Warmth, ACTO, ISAC, CSPC-Toronto, TDRC and TEA

# LIEN's approach to low-income energy conservation & assistance





# Ontario's energy crisis



- ◆ Closing coal plants
- ◆ Nuclear plants aging
- ◆ Commodity prices increasing
  - gas and electricity



# Energy crisis cont'd

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- ◆ Perceived supply crunch
- ◆ Pursuing renewables and conservation – Green Energy Act; FITS for renewables
- ◆ Transmission system capacity and re-build
- ◆ Greenhouse gas reduction targets
- ◆ Natural gas as transitional generation



## How many tenants; where do they live?

- ◆ 28.8% of all Ontario households are renters (1,312,295 tenant households)
  - 40% live in apt. buildings with five or more storeys
  - 29% live in apt. buildings with fewer than five storeys

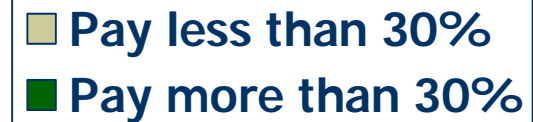
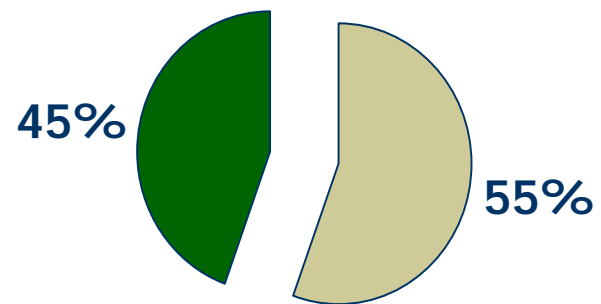


## Housing affordability and tenants

- ◆ 36% of Ontario's tenant households are living at or below the "poverty line" (2001 Census)
- ◆ The median income of Ontario's renter households is less than half of homeowner households (\$33,447 vs. \$74,712) – 2006 Census
- ◆ Ontario renter households represent 28.8% of all Ontario households, but comprise 63.5% of Ontario households in core housing need (2006 Census)

## Housing affordability and tenants

- ◆ 45% of Ontario's tenant households pay 30% or more of their household income on shelter costs (including utilities)
- ◆ 20% pay 50% and over of their household income on shelter costs - and are at risk of homelessness
- ◆ Impact of rising energy costs and sub-metering....





## Rising energy prices



- ◆ Electricity prices are on the rise
- ◆ Natural gas prices and oil also on the rise
- ◆ Harmonized Sales Tax
- ◆ Carbon?



# Energy and the Cost of Housing

- ◆ Rising utility costs affect housing affordability for low-income people
- ◆ Equitable access to utility service
  - Disproportionate impact on poor of policies that are uniformly implemented on all customers



## The Ontario Energy Board (OEB)



- ◆ “economic” regulator of Ontario's natural gas and electricity industries
- ◆ licenses and oversees market participants
- ◆ provides advice on energy matters referred to it by the Minister of Energy
- ◆ objective - to protect the interests of consumers with respect to prices and the reliability and quality of electricity & gas service
- ◆ responsible for approving “just and reasonable” rates



## The road to the OEB



LIEN gains recognition as intervenor, eligible for cost awards at OEB – participates in hearings on:

- ◆ Regulated Price Plan
- ◆ Conservation and demand management plans
- ◆ Gas and electricity rates – introduce low-income rate affordability program at gas rate hearings

...and continues to lobby Ministry of Energy, Ontario Power Authority, Premier's office



# A permanent low-income energy rate assistance program



- ◆ LIEN's proposal for an *Ontario Home Energy Affordability Program* has five major components: rate affordability, arrears management, crisis intervention, conservation and demand management, and consumer protections.
- ◆ It advocates that Ontario's low-income consumers should not be paying more than 6% of their total household income on energy.

# Understanding Home Energy Burdens

Home energy burden =  
Home energy bill / Household income

- ◆ Total shelter burdens affordable at 30% of income.
- ◆ Utility costs should be no more than 20% of shelter costs.
- ◆ Utility costs affordable at 6% of income

(20% x 30% = 6%).

# OEB & low-income rate assistance

- ◆ **Ontario Home Energy Affordability Program** – LIEN tried to make it an issue in Union Gas and Enbridge Gas rates hearings at the OEB
- ◆ **April 26, 2007 OEB decision – no jurisdiction to set affordable rates for low-income consumers**
  - strong dissent decision by OEB Vice-Chair

## **Response:**

- ◆ LIEN appealed decision to Divisional Court, and
- ◆ LIEN requested Minister of Energy to issue a directive to the OEB to hold a generic hearing to consider and implement solutions, including low-income rate assistance

# OEB & low-income rate assistance

## May 16, 2008 – Divisional Court issues decision in favour of LIEN

- ◆ Declare that OEB has jurisdiction to establish a rate affordability assistance program

### **But:**

- ◆ Court wavers on how and the manner by which the Board should exercise the jurisdiction to consider ability to pay in rate setting
- ◆ LIEN presses for a generic hearing at the OEB



# **OEB & consultation on low-income energy consumer issues**

**July 2, 2008 – OEB announces consultation process to examine energy issues associated with low-income consumers**

- ◆ Despite Divisional Court appeal decision, OEB still has not decided about whether or how they will exercise their jurisdiction to consider ability to pay when setting gas and electricity rates
- ◆ Board wants to gain better understanding of the issues to consider need for and nature of policies and measures to address those issues

# OEB & consultation on low-income energy consumer issues

## **Sept. 22-25, 2008 – OEB stakeholder conference**

- ◆ Presentations on issues such as rate assistance, arrears management, disconnection protocols, service charges, energy retailing, smart sub-metering

## **March 10, 2009 – OEB issues Low-Income Energy Assistance Program (LEAP) report**

- ◆ Dismissed rate affordability program, but recognized energy poverty as a significant problem needing a comprehensive and province-wide approach!



# OEB's LEAP

## **Low-Income Energy Assistance Program – to be in place by November 2009**

- ◆ temporary financial assistance for consumers in need
- ◆ access to more flexible customer service rules on matters such as bill payment and disconnection notice periods
- ◆ targeted conservation and demand management programs

# OEB's LEAP

## LEAP Financial Assistance Working Group and Conservation Working Group

- ◆ LIEN chosen to participate in both working groups;
- ◆ Several meetings and final reports....

**September 8, 2009** – Energy Minister requests OEB to halt LEAP – province plans to implement integrated low-income energy consumer program through directives, policy statements, regulation and legislation



# Why was it important to go to the OEB?

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- ◆ Board has a mandate to protect consumers – including low-income consumers
- ◆ OEB's decisions affect cost of, and conditions of service for, natural gas and electricity
- ◆ Programs funded by ratepayers vs. taxpayers
- ◆ Quicker action, more timely decisions than government
- ◆ Pushes government to act



## Opportunities to end energy poverty

Environmental, social and economic...

- ◆ Ontario's poverty reduction strategy
- ◆ Ontario's long-term affordable housing strategy
- ◆ Ontario's climate change plan
- ◆ Ontario's Cap-and-Trade system
- ◆ Ontario's goal to reduce peak electricity demand
- ◆ Latest Budget – energy rebates in Northern Ontario



# Going forward What we Need



- Two crucial programs still needed for low-income consumers
  1. Low-income energy rate affordability program (not just emergency energy assistance)
  2. Low-income conservation programs for multi-residential sector

# An Energy Poverty Strategy is Needed

- ◆ Accessable across the Province
- ◆ Multi-fuel (regulated and non-regulated)
- ◆ Addressing rates in regulated fuels and assistance in non-regulated fuels
- ◆ Integrated – eg deal with gas and electric opportunities together
- ◆ Deep measures in conservation
- ◆ Basic energy needs to be assured