

---

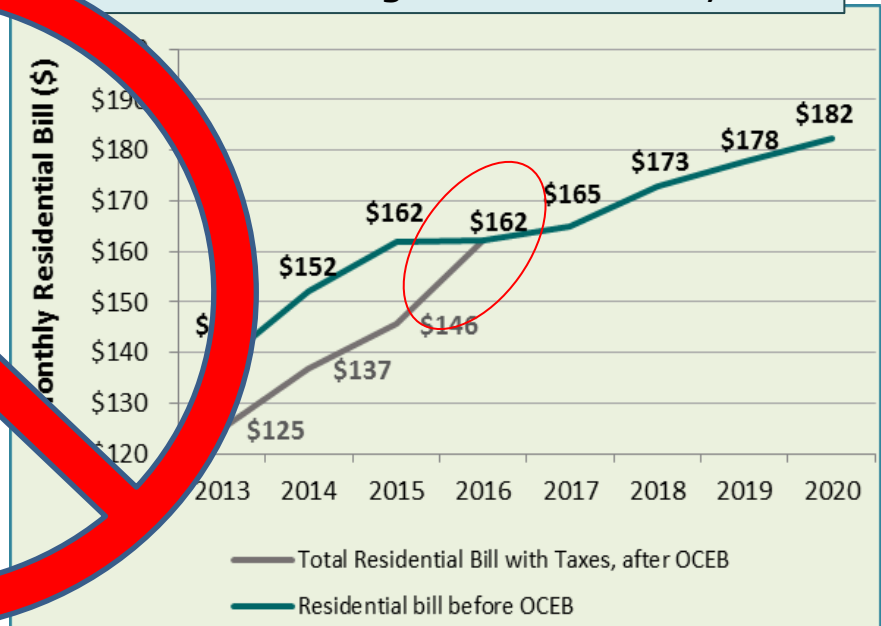
# **Ontario Electricity Support Program**

Foundation Briefing  
January 2018

# The Need for Low-Income Rate Assistance Change

- **Electricity rates are rising:** Electricity consumers are experiencing continued rapid electricity rate increases. This is a particular problem for low-income households.
- **Ontario Clean Energy Benefits (OCEB) ended:** The OCEB ended on December 31, 2015.
- **Low-income consumers spend disproportionately more on electricity:** The electricity bill for a typical household consuming 800 kilowatt hours of electricity per month represents on average 10 percent of the total income of a family with an annual income of \$20,000, compared to an average of 2 percent for a family with an annual income of \$100,000 or more in 2016.
- **Need as evidenced through the Low-Income Energy Assistance Program (LEAP):** The OEB's ongoing program review of LEAP's Emergency Financial Assistance (EFA) indicates that repeat applicants appear to be using LEAP amounts to address a chronic need rather than emergency situations as intended by the program.

**Forecast typical residential bill without OESP OCEB ending on December 31, 2015**



# Program History

- The Ontario Clean Energy Benefit was launched as a five-year rate-relief program starting in 2010. The Ministry began considering options to ensure protection for vulnerable consumers when the Benefit ended on December 31, 2015.
- In March 2014, the Ministry of Energy went to Cabinet and received Cabinet direction to report back on options for a rate-payer funded assistance program for low-income electricity consumers. ~~after which The Minister then of Energy wrote to the OEB for requiring a report on back with~~ program design options.
- The OEB submitted a report to the Minister in December 2014 that included options and recommendations for the design of the OESP.
- In February 2015, Cabinet approved proceeding with the OESP based on the OEB's recommendations, and the Minister asked the OEB to move forward with the implementation of the OESP, and that the program be in place by January 1, 2016.
- In March 2015, the OEB procured IBM Canada as project manager for the OESP, and to help with the timely and effective implementation of the program.
- In May 2015, the OEB procured ICF Consulting Canada Inc. to be the central service provider (CSP) responsible for the design, build and deployment of the OESP solution.
- Application intake opened on October 29, 2015 and the program took effect January 1, 2016.
- In March 2017, Ontario's Fair Hydro Plan was announced, which included increasing OESP credits by 50%, increasing eligibility to customers who do not currently qualify, tax-basing the program, and ~~increasing program uptake as much as possible exploring opportunities to automate program enrolment by aligning with other social assistance programs.~~

# OESP Program Details

- To mitigate the impact of rising electricity prices on low-income electricity consumers, the Ministry of Energy asked the OEB to develop and implement the Ontario Electricity Support Program (OESP) for January 1, 2016.
- The OESP provides an ongoing rate reduction directly on the bills of low-income electricity consumers who have applied and meet the eligibility requirements.
- The fixed monthly credit eligible electricity consumers receive is determined based on household after-tax income and household size. Initial Credit amounts range between \$35 and \$75 \$30 and \$50 per month. These amounts are to be updated under Ontario's Fair Hydro Plan (see slides 11-12).
- ~~These~~ Consumers who face unique challenges with respect to electricity affordability and outreach will receive higher credit amounts ranging from \$52 to \$113 per month. This includes such as Indigenous First Nation and Métis consumers, consumers who use electric heating as the primary source of heating, and households using certain electricity-intensive medical devices (oxygen concentrator and mechanical ventilator), will receive higher credit amounts.
  - Slide 15 includes the full credit scales Initial credit amounts range between \$45 and \$75 per month. These amounts are to be updated under Ontario's Fair Hydro Plan (see slides 11-12).
- OEB estimated that approximately 570,000 households could be eligible for the OESP.

# OESP Eligibility Criteria

- The two primary eligibility criteria for the OESP are the number of people living in the household and total household income.
- To be counted in the total number of people living in a home, a resident must reside in the home for six months or more per year.
- To be eligible, you must be a residential consumer who receives a bill directly from an electricity utility and live at that address.
  - Ontarians whose electricity is included in their rent are not eligible for the program.
- The OESP is an application-based program. As a result, low-income electricity consumers have to apply to the program to determine if they are eligible.
  - OESP recipients will have to reapply every two years for the program.
  - If the recipient is 65 years of age or older, or is receiving a disability benefit under [the Canadian Pension Plan](#) ~~CPP~~, they would only have to reapply every 5 years.
- Once an electricity customer applies for the OESP, it takes approximately 6-8 weeks to process the application. Credit amounts will be applied to qualified customers' bills as soon as possible after eligibility is confirmed.
- ~~For OESP recipients,~~ Credits are not applied retroactively ~~to January 1, 2016~~; however all eligible customers will receive on-bill credits for the entire two or five year eligibility period.

# Roles and Responsibilities

## OEB

- The OEB is responsible for overseeing the implementation of the OESP. It oversees the Central Service Provider (CSP), as well as IBM, which is the OESP project manager.
- The OEB also sets the OESP charge used to collect the money to fund the OESP, and will set any changes to the sliding scale credit amounts.
- As the regulator of the electricity sector in Ontario, the OEB oversees LDCs and Unit Sub-Meter Providers (USMP), including overseeing their role in the OESP.

## IBM

- ~~• IBM was procured by the OEB as the project manager for the OESP, responsible for the timely and effective implementation of the program.~~
- ~~• Its responsibilities included: developing the integrated project plan for OESP implementation, developing stakeholder management, communications and training strategies, facilitating working group meetings, and developing the high-level requirements for the overall OESP solution and system architecture for the CSP.~~
- ~~• IBM project management work is now complete.~~

## Central Service Provider

- ICF [Olson \(ICF\)](#) is the CSP, [and](#) is responsible for primary intake for the OESP by operating the OESP application website.
- In addition, ICF is responsible for the design and management of the OESP system, operating the OESP contact centre, and providing the settlement function for intake agencies [and ONWAA.](#)

# Roles and Responsibilities – Cont'd

## Electricity Providers (LDCs and USMPs)

- Utilities **Electricity providers** have a direct interface with the CSP, where it is responsible for verifying the account information of program applicants.
- When alerted by the CSP, **electricity providers begin delivering the credit to successful applicants by applying** ~~It is also the responsibility of utilities to put the credit amount to their bills. They also help to promote the program, including web links and bill inserts of eligible customers, promoting the program, and collecting the charge from the bills of all customers.~~

## Intake Agencies

- The OEB has contracted intake agencies across the province to help customers complete applications. There are over 130 different intake agencies (e.g. United Way) in over 170 different locations across the province.
- ~~There are~~ **These** agencies across the province who are responsible for application intake for households **help customers** who have not filed taxes in the last two years, whose **economic** situation has recently changed, or who generally need more assistance filling out their application.
- The OEB also has a separate agreement with the Ontario Native Welfare Administrators Association (ONWAA) to support intake for First Nation customers living on reserves.

## Ministry of Finance

- ~~The Canada Revenue Agency, through The Ministry of Finance (MoF)~~ **(MOF)** is responsible for verifying **verifies** the income of an applicant's household if **the** ~~all household members who have filed a tax return in the past two years. MoF~~ **MOF** then ~~combines the income of all household members to determines~~ the total household income and ~~also~~ the credit amount that eligible households receive.
- **To do this work, MOF has an agreement with the Canada Revenue Agency to verify income and directly interfaces** ~~MoF has a direct interface with the CSP to confirm who is eligible or not for the OESP~~ **eligibility.**

## Independent Electricity System Operator (IESO)

- The IESO is responsible for ~~collecting the OESP charge from market participants, and providing the settlement function for those delivering and administering the OESP,~~ **including the OEB, the CSP, electricity providers, and MOF.** (e.g. MoF, LDCs and USMPs, ICF, etc.).

# How to Apply for the OESP

## 1. Self-Serve Application

- An easy online application for the OESP is available at [OntarioElectricitySupport.ca](http://OntarioElectricitySupport.ca)
- Paper applications are also available for those who do not wish to submit an online application. These are available on the OESP website, or one can be requested by calling the contact centre.
- Applicants who have applied online or using a paper application must sign and mail a consent form to the central service provider, who will coordinate income verification with the Canada Revenue Agency.

## 2. Assisted Application

- There are intake agencies across the province that applicants can visit if they need assistance filling out the application, if their situation has recently changed, or if anyone in the household has not filed a tax return in the last two years.
- Intake agencies can manually verify the applicants' household income.
- To find an intake agency, applicants can either access a list on the OESP application website, or call the contact centre.

## 3. First Nation Application

- First Nations customers can ~~also~~ apply **using the same tools available as other customers.** However, additional support is available through the Ontario Native Welfare Administrators Association (ONWAA).
- ONWAA travels to First Nation communities across the province to help complete applications and present to communities about the OESP. ~~online with a paper application, or through an intake agency.~~
- ~~A number of intake agencies are available to assist, including Ontario Native Welfare Administrators Association (ONWAA). Six~~



# OESP Uptake

- Below are some key statistics collected on the progress of OESP uptake as of February 27, 2017:
  - Over 284,000 applications have been submitted. This includes almost 10,000 First Nations applications, over 100,000 Metis applications, and 11 Inuit applications;
  - Notifications have gone out to 182,000 applicants notifying them that they are eligible for the program;
  - About 41 percent of applicants who have applied for the program have self-identified as energy intensive, and as a result, qualifying for the second sliding scale; and
  - The OESP contact centre, operated by OEE, has received over 405,000 calls to date.
- The OEB is using a staged multimedia Communications Strategy to get the word out and increase program uptake.
- “Wave II” of the Communications Strategy launched in May 2016, with advertising on Tim’s TV, doctor’s offices, radio, and search engine marketing. Bill inserts are expected in May and June, and community newspaper ads in June (see Appendix).
- The OEB is planning a next wave of communications – dates and details are still being determined.

# OESP Metrics

- The Ministry receives data on OESP performance from both the OEB and the IESO on the monthly basis.

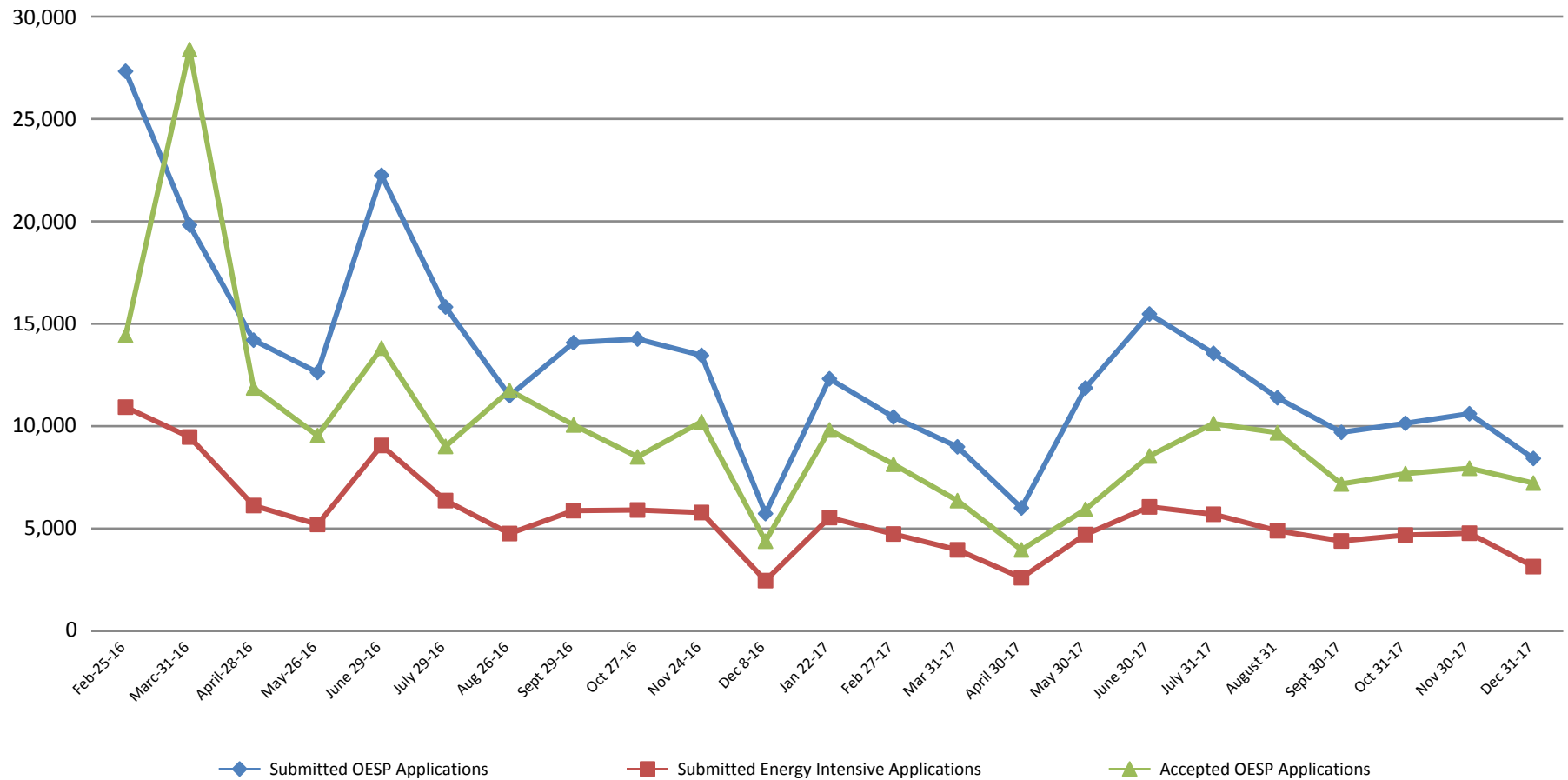
## OEB Metrics

- The OEB provides cumulative metrics on applications, including the total number of:
  - Applications submitted,
  - Enhanced credit applications:
    - First Nation
    - Inuit
    - Métis
    - Other energy intensive (primary heating + medical devices),
  - Declined applications, and
  - Accepted applications.

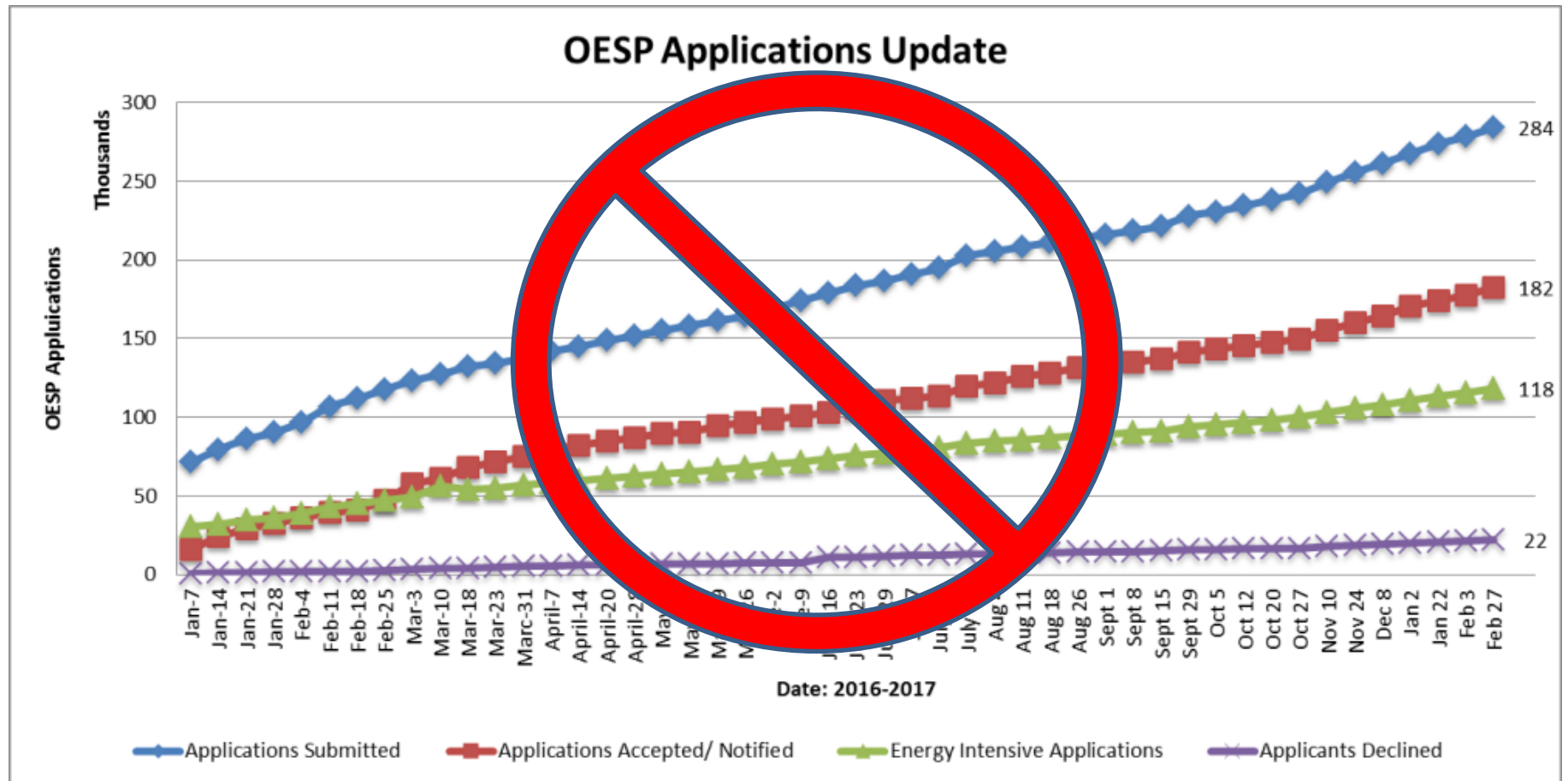
## IESO Metrics

- The IESO provides metrics that are based on data submitted by electricity providers and program administrators seeking compensation. This includes:
  - Total number / value of credits provided by credit class and by LDC / USMP, and
  - Total value of administrative costs by the OEB, the CSP, and the MOF.
    - NOTE: the CSP collects costs for ONWAA and the intake agencies.

# OESP Monthly Uptake



# OESP Uptake (cumulative)



# Ontario's Fair Hydro Plan: OESP Program Changes

- In March 2017, Cabinet approved Ontario's Fair Hydro Plan, a suite of initiatives to reduce electricity costs for customers. This included several changes and enhancements to the OESP:
  - 1) increase funding to existing OESP-eligible consumers by 50%,
  - 2) provide for a number of new classes of rate-assisted consumers,
  - 3) increase enrolment into the OESP by aligning eligibility criteria with other social assistance programs, and
  - 4) shift funding for the program to the tax base by eliminating the OESP charge for electricity customers.
- The 50% increase and eligibility expansion came into effect on May 1, 2017, as a result of a regulatory amendment to O. Reg. 314/15 by the Ministry of Energy.
- MCSS has aligned programs but further work is underway (see slide 14).
- Regulatory changes to transition costs to the tax base are being developed. These are the final legal steps to implement OESP changes under the Fair Hydro Plan, and will ensure that the appropriate rules are in place for ongoing OESP administration. This includes financial oversight of program spending.
- ~~• On March 1, 2017, Treasury Board approved the Cabinet Submission on Rate Mitigation which proposes to help vulnerable electricity consumers by expanding every benefit level of the OESP by 50%, moving the program from a ratepayer funded program to a government funded program and pursuing additional measures to substantially increase take-up.~~
- ~~• In addition, new household income and size categories will be added to the list of potentially eligible customers. The result is that more Ontarians will be eligible to receive the OESP.~~
  - ~~– The increased credit amounts, increased eligibility, and removal of the \$0.0011/ kWh OESP charge on the rate base is expected to become effective May 1, 2017.~~
- ~~• The updated credit amounts and enhanced eligibility are reflected on the next slide.~~
- ~~• The OEB has been collecting program funding in excess of program costs and has accrued a positive balance in a variance account of almost \$100M (at the end of 2016). This balance must be addressed when moving to the tax base. Once the variance account is depleted, as approved by Cabinet the OESP will move to the taxbase.~~

# Aligning OESP with Social Assistance

- As part of the Fair Hydro Plan commitment to increase OESP uptake, the Ministry of Energy and the Ministry of Community and Social Services (MCSS) have been working on streamlining OESP qualification for Ontario Works and Ontario's Disability Support Program recipients who pay electricity bills.
  - These programs are collectively known as social assistance (SA) for the purposes of program alignment.
  - Similar to OESP, these programs determine financial eligibility by looking at total household income and total number of household members. Since they use similar low income measures, there was already significant alignment between eligibility requirements.
  - The main difference is that MCSS treats the household as a "benefit unit". Only family members are part of a benefit unit. Under OESP, the "household" is anyone at that account address.
- The Ministry made regulatory and legislative changes to enable program alignment:
  - First, it amended the OESP regulation to ensure that anyone deemed financially eligible for SA would automatically be eligible for OESP (see slide 15).
  - Second, the OEBA was amended to allow MCSS to collect new information needed to complete OESP applications on behalf of customers. The amendments also allowed a data exchange between the OEB and MCSS to identify which SA clients were eligible for but currently not receiving OESP.
- With that data, MCSS found that about 90,000 of the 113,000 SA clients eligible for OESP were not enrolled in the program.
- To target these clients for OESP enrolment, MCSS received TB/MBC approval additional resources to establish a Dedicated Contact Centre, and to create training material for client case workers. It also began work with the OEB to electronically automate enrolment of new SA clients, which is expected to complete in summer 2018.

# OESP Credit Amounts

## OESP Credit Scales

| Household Income (After Tax) | Household Size (Number of people living in household) |      |      |      |      |      |      |
|------------------------------|-------------------------------------------------------|------|------|------|------|------|------|
|                              | 1                                                     | 2    | 3    | 4    | 5    | 6    | 7+   |
| < \$28,000                   | \$45                                                  | \$45 | \$51 | \$57 | \$63 | \$75 | \$75 |
| \$28,001 - \$39,000          | \$40                                                  | \$40 | \$45 | \$51 | \$57 | \$63 | \$75 |
| \$39,001 - \$48,000          | \$35                                                  | \$35 | \$35 | \$40 | \$45 | \$51 | \$57 |
| \$48,001 - \$52,000          | \$35                                                  | \$35 | \$35 | \$35 | \$35 | \$40 | \$45 |
| Over \$52,001                | \$35                                                  | \$35 | \$35 | \$35 | \$35 | \$35 | \$35 |

| Household Income (After Tax) | Household Size (Number of people living in household) |      |      |      |      |       |       |
|------------------------------|-------------------------------------------------------|------|------|------|------|-------|-------|
|                              | Energy Intensive                                      |      |      |      |      |       |       |
|                              | 1                                                     | 2    | 3    | 4    | 5    | 6     | 7+    |
| < \$28,000                   | \$68                                                  | \$68 | \$75 | \$83 | \$90 | \$113 | \$113 |
| \$28,001 - \$39,000          | \$60                                                  | \$60 | \$68 | \$75 | \$83 | \$90  | \$113 |
| \$39,001 - \$48,000          | \$52                                                  | \$52 | \$52 | \$60 | \$68 | \$75  | \$83  |
| \$48,001 - \$52,000          | \$52                                                  | \$52 | \$52 | \$52 | \$52 | \$60  | \$68  |
| Over \$52, 001               | \$52                                                  | \$52 | \$52 | \$52 | \$52 | \$52  | \$52  |

**Red cells:** new eligibility categories under the FHP that came into effect on May 1, 2017.

**Orange cells:** new eligibility categories to ensure that OESP is available to those deemed financially eligible for social assistance but were previously ineligible for OESP.

**Purple cells:** new eligibility categories to ensure that, if financial eligibility categories for social assistance change in the future, clients will remain eligible for OESP.

## Ongoing Delivery of OESP

- After moving to the tax base, the OEB will continue to administer the program, and recipients will not notice any change to delivery. However, to ensure that Fair Hydro Plan objectives are met and outcomes are improved, several steps are underway:

### Wet Signatures

- The Canada Revenue Agency (CRA) requires MOF to receive signed consent forms from applicants before income tax information is released to determine eligibility.
- OEB worked with ICF to develop an electronic signature option. The CRA accepted this approach, and ICF is working on implementation for Q1 2018.
- This should make it easier to apply, particularly for those without easy access to printers.

### Communications

- The OEB is responsible for marketing and advertising the OESP. It has materials for distribution, and had launched successive waves of multimedia communications, including print, transit ads, radio, social media, and even Tim Horton's TV. These 'waves' have seen a noticeable spike in applications.
- Now that the program will be tax-based, Ministry Communications plans to become more closely involved in marketing and advertising activities to help increase uptake as much as possible.

### Behavioural Insights

- The Behavioural Insights team in the Treasury Board Secretariat will continue to be engaged for expert advice on ways to improve performance and better reach target audiences.



# OESP Credit Amounts

**Table 1: Sliding Scale Fixed Credits**

| Sliding Scale #1 |                     | Household Size |           |           |           |           |           |                   |
|------------------|---------------------|----------------|-----------|-----------|-----------|-----------|-----------|-------------------|
|                  |                     | 1 Person       | 2 Persons | 3 Persons | 4 Persons | 5 Persons | 6 Persons | 7 or More Persons |
| Income Bracket   | < \$28,000          | \$45           | \$45      | \$45      | \$57      | \$63      | \$75      | \$75              |
|                  | \$28,001 - \$39,000 |                | \$40      | \$45      | \$51      | \$57      | \$63      | \$75              |
|                  | \$39,001 - \$48,000 |                |           | \$35      | \$40      | \$45      | \$51      | \$57              |
|                  | \$48,000 - \$52,000 |                |           |           |           | \$35      | \$40      | \$45              |

**Table 2: Second Sliding Scale Fixed Credits**

| Sliding Scale #2 |                     | Household Size |           |           |           |           |           |                   |
|------------------|---------------------|----------------|-----------|-----------|-----------|-----------|-----------|-------------------|
|                  |                     | 1 Person       | 2 Persons | 3 Persons | 4 Persons | 5 Persons | 6 Persons | 7 or More Persons |
| Income Bracket   | < \$28,000          | \$68           | \$68      | \$75      | \$83      | \$90      | \$113     | \$113             |
|                  | \$28,001 - \$39,000 |                | \$60      | \$68      | \$75      | \$83      | \$90      | \$113             |
|                  | \$39,001 - \$48,000 |                |           | \$52      | \$60      | \$68      | \$75      | \$83              |
|                  | \$48,000 - \$52,000 |                |           |           |           | \$52      | \$60      | \$68              |

- Credit amounts in red reflect the expanded eligibility.

# OESP: Other Issues

## Streamlining Application Process for MCSS Social Programs

- ENERGY and the Ministry of Community and Social Services (MCSS) have been working on streamlining OESP qualification for Ontario Works (OW) and Ontario's Disability Support Program (ODSP) recipients who pay electricity bills. MCSS estimates some 110,000 OW and ODSP recipients pay electricity bills.
  - Options are still under development.

## CRA Wet Signature Requirement

- OESP applicants applying using automatic income verification through CRA are required to print a separate consent form, have all household members sign and mail in to the OESP contact centre. This requirement adds to processing time and sometimes confuses applicants, leading to further delays.
  - Staff from ENERGY, OEB and CRA are engaged in discussions to identify potential electronic solutions to the consent form, and OEB is designing/ developing a proposal for the CRA. If approved by CRA, system build and testing will follow.

# OESP: Other Issues

## OESP as “Income”

- In Summer 2015, the OEB received a legal opinion that the OESP may be considered income under the Income Tax Act.
  - An interpretation from the Canada Revenue Agency (CRA) was sought, and their non-binding technical interpretation was that it would be considered income.
- As a result, recipients who receive other income-tested benefits/ tax credits and then receive OESP amounts exceeding CRA’s \$500/y threshold would see a significant reduction in these other benefits.
- In response, the Ministry of Energy and Ministry of Finance engaged the Federal Government and urged them to exempt the OESP from income.
  - As part of its recent Federal Budget, they proposed to exempt from income amounts received under the OESP. Budget received Royal Assent on June 22.
- The Ministry of Energy worked successfully with the Ministry of Community and Social Services (MCSS) to address a similar issue with its income support programs.
  - Following consultation with ENERGY, MCSS changed their policy so that Ontario Works and Ontario Disability Support Program recipients would not have their funding for shelter costs reduced as a result of receiving the OESP.

# Appendix



# Legal Framework

- Legislative amendments were made to the *Ontario Energy Board Act, 1998* (OEBA) to support the implementation of the OESP.
- A regulation (O. Reg. 314/05) was created under the OEBA to support OESP implementation. The regulation requires the OEB to regulate the volumetric charge used to fund OESP costs, as well as describes the sliding scale credit amounts for 2016.
- An amendment was also made to an already existing regulation, Ontario Regulation 275/04, laying out requirements for local distribution companies (LDCs) and unit sub-metering providers (USMPs) regarding the appearance of the OESP on consumers' bills.
  - This amendment was followed up by a Minister's letter to LDCs and USMPs providing further detail on the presentation of the OESP line item on the bills for OESP recipients, as well as the information message appearing on those bills.
- Implementation of changes to OESP under Ontario's Green Hydro Plan will require the following:
  - Legislative amendments to the OEBA to move the funding of the OESP from the rate base to the tax base.
  - Regulatory amendments to O. Reg. 314/05 increase the credit amounts by 50%, increasing eligibility, prescribing the process for shifting program costs to the tax base, and introducing and necessary regulatory provisions to enable alignment with other social programs.