November 29, 2016 – E1

LOW-INCOME ENERGY CONSUMERS

ISSUE:

What measures are in place to help low-income energy consumers?

SUGGESTED RESPONSE:

1. **MEASURES TO HELP LOW-INCOME CONSUMERS WITH RISING ENERGY COSTS**

- **Ontario is taking action to reduce electricity bills for families. We're doing this because we know that families need help with the cost of everyday living.**

- **We have introduced new measures that will take effect January 1, 2017, including:**

  - **Rebating provincial portion of the HST to reduce eligible residential, small business and farm electricity bills by 8% ($130 annually); and**

  - **Providing eligible rural ratepayers with additional relief, decreasing total electricity bills by an average of $540 a year or $45 each month (combined with the 8% rebate included).**

- **The government recognizes that for low-income Ontarians, paying their electricity bills can be particularly challenging, which is why the government has additional measures in place to help those who need it most.**

- **The Ontario Energy Board (OEB) has developed the Ontario Electricity Support Program (OESP), which provides an ongoing rate reduction directly on the bills of low-income electricity consumers who have applied and meet the eligibility requirements.**

- **The OESP credit amount qualified customers receive is based on household income and household size.**

- **OESP monthly credits range from $30-$50.**

- **Customers with unique electricity needs, such as customers using electric heating, customers relying on certain electricity intensive medical devices, and First Nations or Métis customers, are eligible for an enhanced amount, which ranges from $45 to $75 per monthly bill.**

- **The government also removed the Debt Retirement Charge (DRC) from residential electricity bills after December 31, 2015. This will save a typical residential electricity ratepayer who consumes 750 kilowatt hours per month about $65 per year.**

- **A household receiving the lowest OESP credit would receive $360/ year off their bills, or $425/ year when combined with the removal of the DRC.**

- **The Low-Income Energy Assistance Program (LEAP), introduced by the OEB in January 2011, is a comprehensive province-wide strategy designed to help qualifying low-income consumers. The program includes:**

  - **Emergency financial assistance: A one-time grant towards your electricity or natural gas bill if you are temporarily unable to make ends meet in an emergency situation.**
  - **Special rules – Utilities have to follow special rules when dealing with customers with limited finances; for example, waiving security deposits,**

allowing longer payment times and more.

- **Other assistance for low-income energy consumers is provided through the Ontario Energy and Property Tax Credit (OEPTC) and Northern Ontario Energy Credit (NOEC).**

Residential disconnection:

- **Disconnection for non-payment of electricity bills is authorized under Section 31 of the *Electricity Act, 1998,* and may include a disconnection during the winter months. Similarly, the natural gas utilities may disconnect customers for non-payment of their bill.**

- **However, disconnections are used as a last resort, since local utilities are interested in maintaining all of their paying customers.**

- **The OEB has enhanced customer service codes which must be followed by the utility prior to taking any action to disconnect customers in default of payment.**

2. GENERAL PRICE MITIGATION FOR ELECTRICITY RATEPAYERS

- **Ontario is taking action to reduce electricity bills for families, farms and businesses.**

- **We're doing this because we know that families need help with the cost of everyday living. Despite consistent economic growth since the global recession, many families aren't feeling Ontario's resurgence in their everyday lives.**

- **We also recognize that rebuilding and cleaning up Ontario's electricity system has come at a cost. Over the last decade we've rebuilt our transmission and distribution grid, we've invested in clean generation and we've closed the last "dirty coal-fired" power plant. But we need to take the next step in ensuring that clean, reliable system is affordable.**

- **We're able to take action now because years of careful management is leading to a balanced budget in 2017-18; and we believe that Ontarians should be the first to benefit from the province's fiscal discipline.**

- **Recognizing this, we are introducing new measures that would take effect January 1, 2017, including:**

    - **Rebating provincial portion of the HST to reduce eligible residential, small business and farm electricity bills by 8% ($130 annually);**

    - **Providing eligible rural ratepayers with additional relief, decreasing total electricity bills by an average of $540 a year or $45 each month (combined with the 8% rebate included); and**

- **Taken together, this plan represents one of the single largest actions to reduce costs for electricity consumers in the province's history. It will provide needed assistance to consumers of all sizes, and it targets support to those that need it most.**

- **The proposed HST rebate and RRRP increase would be in addition to the existing programs that provide support to Ontario families in paying their bills:**

    - **The Ontario Energy and Property Tax Credit saves qualifying individuals up to $1,008 per year, with a maximum of $1,148 per year for qualifying seniors.**

    - **The Low-Income Energy Assistance Program provides emergency financial support of up to $600 for families and individuals having trouble paying their bills.**

- **The Northern Ontario Energy Credit helps families and individuals in Northern Ontario by providing tax credits for low- to middle-income families and individuals living in northern Ontario. The maximum annual credit for a single person is $146, and for a family (including single parents), is $224.**

- **Existing electricity conservation programs also help consumers manager their elecitricity bills.**
  - **The saveONenergy Home Assistance Program was specifically developed to help income-eligible homeowners and tenants manage their energy use and costs by offering detailed in-home energy assessments and installing energy-saving measures at no cost. Social and assisted housing providers also qualify for assistance in making their buildings more energy efficient.**

BACKGROUND:

Summary of Support Programs

Initiative	Key Information	Notes
Rate Mitigation Legislation + Regulation	• $130 – annual savings for average household ($11 per month) via 8% bill reduction • $540 – annual savings for eligible rural customers ($45 per month) via Rural and Remote Rate Protection	Takes effect on January 1, 2017.
OESP	• $30 to $50 – monthly on-bill rebate for eligible customers • $45 to $75 – monthly on-bill rebate for those with unique electricity needs	Program took effect on January 1, 2016.
DRC	• $65 – average annual savings for removing DRC from residential bills • April 1, 2018 – date DRC will be removed from all other bills	DRC removed from residential and small commercial bills on January 1, 2016.
LEAP	• $500 – one-time annual emergency relief for electricity bills o $600 – if home is electrically heated • $500 – one-time annual emergency relief for gas bills	Also provides flexible customer service rules re: utility treatment of LEAP customers.

NOEC	• For 2016 benefit year:
	  o $146 – annual credit for eligible individual
	  o $224 – annual credit for eligible family
		Part of Ontario Trillium Benefit.

OEPTC	• For 2016 benefit year:
	  o $1,008 – maximum amount for individuals / families
	  o $1,148 – maximum amount for qualifying seniors
		Part of Ontario Trillium Benefit.

i. Ontario Electricity Support Program (OESP) – Started January 1, 2016

- The Ministry of Energy asked the OEB to develop and implement the OESP.

- Application intake for the OESP opened on October 29, 2015. The OESP provides an ongoing rate reduction directly on the bills of low-income electricity consumers who have applied and meet the eligibility requirements.
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    - The OESP started on January 1, 2016, coinciding with the end of the OCEB on December 31, 2015, helping to mitigate rate increases for low-income electricity consumers who have applied and meet the eligibility requirements.

- The OESP provides a fixed monthly credit directly on qualified consumers' bills. The credit amount eligible consumers receive is based on household income and household size. This allows the program to provide a greater benefit to low-income consumers who are more in need of assistance.

- Monthly credits range from $30 to $50. Customers with unique electricity needs are eligible for a higher level of assistance, ranging from $45 to $75 per monthly bill. This includes:

    - First Nation and Métis customers,
    - Customers using electric heating, and
    - Customers using certain electricity intensive medical devices, which currently includes:
        - Oxygen concentrators, and
        - Mechanical ventilators.

- On January 1, 2017, the OEB will add the following customers / medical devices to the eligibility list for the higher level of assistance:
    - Inuit customers, and
    - In-home dialysis machines.

- The OEB set the rate of the OESP charge that is applied to all customer electricity bills, effective January 1, 2016 at $0.0011/kWh. For a typical residential customer who consumes 750 kWh/ month, the OESP costs less than $1 per month.

- Applicants can visit OntarioElectricitySupport.ca to apply for the program, or call the contact centre at 1-855-831-8151 for questions or to receive a paper application.

- While LEAP offers emergency assistance to consumers in need, the OESP is designed as a preventative, long-term measure.

ii. Removal of the Debt Retirement Charge (DRC) from residential bills – after December 31, 2015

- To help ease pressure on residential ratepayers, the government removed the cost of the Debt Retirement Charge from residential electricity bills after December 31, 2015.

- It is estimated that the removal of the DRC saves a typical residential electricity ratepayer $5.25 per month, before tax, or about $65 per year.

- The removal of the DRC from residential ratepayers' electricity bills was implemented through regulations, which exempt residential electricity ratepayers from the DRC. These regulations were informed by consultations with the OEB and local distribution companies on implementation considerations.

iii. Low-Income Energy Assistance Program (LEAP)

- The LEAP strategy consists of three components:

    1. Emergency financial assistance in the form of grants, applied directly to qualified consumers' electricity and/or natural gas bills since 2011.
    2. Special, more flexible customer service rules implemented by electricity and gas utilities to help qualified low-income consumers through difficult situations.
    3. Energy conservation programs to help qualified Ontario homeowners, tenants and social housing providers improve energy efficiency.

- In order to access financial assistance, special rules and conservation programs offered through the Low-Income Energy Assistance Program (LEAP) strategy, consumers must go through a social service or government agency. The agency will determine whether or not applicants qualify as low-income.

- To determine eligibility for LEAP's emergency financial assistance and customer service components, the OEB takes the Statistics Canada determination of low-income levels, which is called the Low Income Measure.

- Emergency financial assistance is only available once annually to low-income consumers who are behind on their bills and/or in arrears and facing disconnection. This funding is for emergency situations only and is not meant to provide ongoing assistance to pay bills. These amounts are:

    - Up to $500 for electricity bills ($600 if the customer has electric heating), and
    - Up to $500 for gas bills.

iv. Other Initiatives

- Ontario Energy and Property Tax Credit (OEPTC) – provides low- to moderate-income individuals and families with relief on the sales tax they pay on energy and with their property taxes. Since July 2012, the OEPTC is paid monthly as part of the Ontario Trillium Benefit delivered through the income tax system. For the 2016 benefit year, qualifying individuals and families could receive a maximum benefit of $1,008 per year, and qualifying seniors could receive a maximum benefit of up to $1,148.

- Northern Ontario Energy Credit (NOEC) – provides targeted assistance to low- to moderate- income individuals and families living in northern Ontario who can be exposed to higher energy costs due to more severe winters and heavier reliance on more expensive home heating fuels. NOEC is paid monthly as part of the Ontario Trillium Benefit and is delivered through the income tax system. For the 2016 benefit year, qualifying individuals received up to $146 annually and families (including single parents), received up to $224 annually. Individuals can apply for the NOEC and/ or OEPTC by completing the Ontario Benefits Application for the Ontario Trillium Benefit and the Ontario Senior Homeowners' Property Tax Grant, which is part of the personal income tax and benefit return.

- Rural or Remote Rate Protection (RRRP) – Rate subsidy provided to rural and remote residential customers because the cost of distributing power to rural and remote areas is much higher than for urban areas. The majority of recipients of RRRP receive a subsidy of approximately $380 annually. Effective January 1, 2017, the province is reducing costs for eligible rural ratepayers by providing additional funding to the RRRP program. When combined with the 8 per cent Ontario Rebate for Electricity Consumers, eligible rural ratepayers will receive additional relief, decreasing total electricity bills by an average of $540 annually or $45 each month.

- Community Homelessness Prevention Initiative (CHPI) – This initiative is administered by the Ministry of Municipal Affairs and Housing. It aims to address local priorities related to housing needs, which can include assistance with paying energy bills. For 2016-07, Ontario has invested $294M in funding for the program.

v. Customer Service Requirements Regarding Disconnects:

- The OEB implemented code amendments to the Customer Service Rules that provide all electricity and natural gas consumers with a clear and uniform set of rules for dealing with their local electricity distribution company or gas utility.

    - On March 30, 2011 the OEB posted amendments to the Customer Service Rules specifically aimed at further enhancing protections for eligible low-income electricity customers.

- These amendments include protection in the area of security deposits, extension of bill payment due dates, flexibility with under billing adjustment, the right to request equalized billing, assistance information before disconnection, a special arrears management program and the installation of load limiters.

Electricity

- Disconnection for non-payments is authorized under Section 31 of the *Electricity Act, 1998*. This section states: “A distributor shall provide reasonable notice of the proposed shut-off to the person who is responsible for the overdue amount by personal service or prepaid mail or by posting the notice on the property in a conspicuous place.”

- Local distribution companies have the right to disconnect for non-payment at any time of year, and have always had this right.

  - In practice, utilities have always been very reluctant to disconnect residential customers during the winter, and try to work out compromises such as the installation of a load limiter or timed service interrupter.

  - These devices limit the power available to the customer, and hence the utility’s liability, but allow the customer to use a small amount of power.

Natural Gas

- Section 50 of the *Public Utilities Act*, administered by the Ministry of Municipal Affairs and Housing (MMAH), allows gas utilities to disconnect, after giving a minimum of 48 hours’ notice, if a bill is not paid. The OEB does not have jurisdiction in this area.

  - MMAH does not have a formal adjudication role in disputed disconnections and does not have guidelines for disconnection.

  - As with local electricity distribution companies, the gas utilities are reluctant to disconnect residential customers during winter and encourage customers having difficulty paying their gas bills to contact them to set up alternative payment arrangements.

Disconnections due to landlord non-payment

- Landlord tenant issues fall under the jurisdiction of MMAH.

  - In addition to the protections afforded by the Ontario Energy Board, consumers are further protected from disconnection by the Residential Tenancies Act (RTA).

  - Under the RTA it is an offence for a landlord to cut off heat and hydro. Tenants can contact the investigation and enforcement unit of MMAH if services have been cut off or have been threatened to be cut off due to the landlord’s neglect. A landlord who intentionally refuses to pay hydro bills may be subject to prosecution.

  - Tenants may also contact their municipal maintenance standards department. If the municipality has adopted a vital service by-law (as authorized by the RTA), then it can restore the service and place a lien on the property’s title to recover the cost.

For background information on Ontario’s price mitigation measures for residential electricity customers, please see Housebook Note A1b – Residential Electricity Prices.