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.**
- **Ontario's Fair Hydro Plan has lowered electricity bills by 25 per cent on average for residential consumers, and will hold increases to the rate of inflation for four years.**
- **As part of the OFHP, the Province is also moving forward in having the Ontario Electricity Support Program (OESP) and the majority of the costs associated with Rural or Remote Rate Protection (RRRP) funded by provincial revenues rather than by Ontario ratepayers, reducing regulatory charges for all Ontario ratepayers.**
- **The OESP has also been enhanced. Effective May 1, 2017, OESP credit amounts increased by 50% and eligibility criteria were expanded. The result is that more Ontarians are now eligible to receive the OESP.**
- **The Province is also aligning the OESP with other social assistance to help get more vulnerable consumers into the program so they can receive the support they need on electricity bills.**
- **These changes will also ensure that those deemed financially eligible for Ontario Works and the Ontario Disability Support Program will automatically be eligible for OESP.**

ONTARIO ELECTRICITY SUPPORT PROGRAM:

- **The government recognizes that that the price of electricity represents a challenge for those that pay a higher share of their income towards the bill – particularly low-income families and seniors on a fixed income.**
- **That is why the OEB 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.**
- **Starting May 1, 2017, the OEB increased OESP support for low-income consumers by 50 per cent and expanded eligibility for the program.**
- **OESP monthly credits now range from $35 to $75. Customers with unique electricity needs, such as customers using electric heating, customers relying on certain electricity intensive medical devices, and indigenous customers are eligible for an enhanced amount, which range from $52 to $113 per monthly bill.**
- **Credits arrive monthly on bills and are dependent on household size and income. For example:**
    - **A one-person household earning $28,000 or less could now receive $45 per month.**
    - **A four-person household earning under $48,000 could now qualify for $40 per month.**

- **Households with seven people earning a total of $39,000 or less could receive $75 per month**

- **Consumers already in the program will automatically receive a credit adjustment. Others can check to see if they are eligible for assistance under the enhanced program at OntarioElectricitySupport.ca**

- **Since it was launched by the OEB on January 1, 2016, the OESP program has provided monthly on-bill credits to more than 200,000 lower-income households.**

- **The Province is also aligning the OESP with other social assistance to help get more vulnerable consumers into the program so they can receive the support they need on electricity bills.**

- **These changes will also ensure that those deemed financially eligible for Ontario Works and the Ontario Disability Support Program will automatically be eligible for OESP**

- **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 Low-Income Energy Assistance Program (LEAP) is also available to those in need of emergency assistance on electricity or natural gas bills. It includes one-time grants up to $600, special rules for how utilities work with LEAP clients, and conservation programs to improve energy efficiency.**

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

- **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 electricity and natural gas customers. 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.**

- **On November 2, 2017, the Ontario Energy Board (OEB) issued a Decision and Order on banning licenced electricity distributors from disconnecting homes for non-payment during the winter. November 15 to April 30 every year and requires that homes that are currently disconnected due to non-payment be reconnected without charge as soon as possible and by November 15.**

- **The OEB also 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.**

- **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 helps low- to moderate-income individuals with property taxes and the sales tax on energy. For the 2018 benefit year, qualifying individuals can receive up to $1,043, with a maximum of $1,187 per year for qualifying seniors ($232 to help with sales tax on energy).**

  - **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. for the 2018 benefit year, single people can receive up to $151, and families (including single parents) can receive up to $232.**

- **Existing conservation programs also help consumers manages their energy bills.**
  - **The Save on Energy 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.**

  - **To improve the availability of conservation programs that help low-income customers, the Ministry directed the Independent Electricity System Operator (IESO) in August 2017 to centrally design, fund and deliver a Province-Wide CDM Program targeted to the low-income sector (the Save on Energy Home Assistance Program) across all LDC service territories, beginning January 2018. LDCs may continue to deliver their own program if they demonstrate a commitment to serve the sector, as determined by the IESO.**

  - **Enbridge Gas and Union Gas also offer eligible low-income households a home energy assessment and insulation and draft proofing measures at no cost through the Home Winterproofing and Weatherization programs, respectively.**

- **We recognize that there are other electricity customers who are in need but do not meet the Save on Energy Home Assistance Program eligibility criteria.**

  - **As part of the Ontario Fair Hydro Plan, the government launched an Affordability Fund that will provide energy efficiency measures to those**

Ontarians who are not eligible for the Save on Energy Home Assistance Program, and who are otherwise unable to make energy efficiency improvements without support.

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	• $35-$75 – monthly on-bill rebate for eligible customers • $52-$113 – 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 2018 benefit year: o $151 – annual credit for eligible individual o $232 – annual credit for eligible family	Part of Ontario Trillium Benefit.
OEPTC	• For 2018 benefit year: o $1,043 – maximum amount for individuals / families o $1,187 – 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.

  - 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.

- Under the Fair Hydro Plan, the OESP was enhanced by increasing all monthly credits by 50% and increasing the number of eligibility categories so more Ontarians could get access to this rate assistance. Further, the program was shifted to the tax base, ending the volumetric charge that was used to finance OESP program costs. These changes were implemented on May 1, 2017 through a series of regulatory and legislative changes.

- o Originally the OESP was financed through a volumetric rate. The OEB set the rate of the OESP charge that is applied to all customer electricity bills, which started on 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.

- These changes also included providing authority to the Ministry of Community and Social Services (MCSS) to align the OESP with its social assistance programs. Specifically, MCSS has built internal resources to directly contact their social assistance clients who are currently not enrolled in OESP and completing applications on their behalf. The Ministry of Energy supported this effort through further regulatory changes to ensure that anyone deemed financially eligible for social assistance would automatically be eligible for the OESP. MCSS continues its work to enrol clients and align software systems with the OEB so OESP enrolment becomes electronically automated.

- Monthly credits range from $35 to $75. Customers with unique electricity needs are eligible for a higher level of assistance, ranging from $52 to $113 per monthly bill. This includes:
  - o Indigenous customers,
  - o Customers using electric heating, and
  - o Customers using certain electricity intensive medical devices, which currently includes:
    - ▪ Oxygen concentrators,
    - ▪ Mechanical ventilators, and
    - ▪ Kidney Dialysis machines.

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.							

- A final round of regulatory changes and the proclamation of legislative provisions finalized the transfer of OESP to the tax base. The OEB will continue administering the program, so provisions were introduced to ensure effective government oversight of program spending.

ii. 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.

iii. Affordability Fund

- In April 2017, as part of the Ontario Fair Hydro Plan, the government launched an Affordability Fund. It is funded through the tax base and is being managed by an independent Trust.

    - The Fund is intended for electricity customers who do not qualify for the Home Assistance Program, and who are unable to undertake energy efficiency improvements without financial assistance.

    - The Fund will support direct installation of energy efficiency measures in homes to eligible electricity customers to help reduce their future electricity bills.

    - The Affordability Fund is an extra tool for electricity distributors to assist customers who are in need.

    - It is expected that distributors will be able to begin applying to the Fund starting in Fall 2017.

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 2018 benefit year, qualifying individuals and families could receive a maximum benefit of $1,043 per year, and qualifying seniors could receive a maximum benefit of up to $1,187. As part of these benefits, $232 is to help with the sales tax on energy.

- 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 2018 benefit year, qualifying individuals received up to $151 annually and families (including single parents), received up to $232 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.

- 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 2016-17, 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.

- 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."

- On November 2, 2017, the Ontario Energy Board (OEB) issued a Decision and Order on banning licenced electricity distributors from disconnecting homes for non-payment during the winter. November 15 to April 30 every year and requires that homes that are currently disconnected due to non-payment be reconnected without charge as soon as possible and by November 15.

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.

For background information on Ontario’s conservation programs for the residential sector, please see Housebook Note D2a – Residential Conservation Programs.

For background information on Ontario’s Fair Hydro Plan please see Housebook Note E2 – Ontario’s Fair Hydro Plan

For background information on Disconnections please see Housebook Note E3 – Disconnections