Fw: Affordability Fund - TB note and TBS Q

From: "Katona, Keley (ENERGY)" <keley.katona@ontario.ca>
To: "Imbrogno, Serge (ENERGY)" <serge.imbrogno@ontario.ca>
Date: Sat, 04 Mar 2017 21:08:39 -0500
Attachments: 2017-03-04 BN ENERGY Affordability Fund v2 OPCD COE_v7.doc (332.8 kB)

Response and note have been updated per your comment. Ok to share?

Revised response

Question

Would Energy have more information in terms of the eligibility criteria for the Affordability Fund - specifically, she would like to know what is considered to be in “frequent arrears” and how can the program ensure that the efficiency measures will go those most in need (and not those who “choose” to not pay their bills).

Response

As outlined in the TB Submission, ENERGY has developed high-level principles by which the Affordability Fund will operate and will continue to refine these principles through discussion with all LDCs. LDCs are best positioned to provide further guidance on principles as they are closest to the customer and will be responsible for identifying the customers in need and delivering assistance to them. All LDCs will be able to apply to access to the Affordability Fund so they may address the needs of their customer base. The principles outlined in the TB Submission include (with additional explanation below):

- Customers do not qualify for low-income conservation programs (i.e. are above Statistics Canada’s Low-Income Measure).
- LDC has reasonable evidence to indicate that the customer requires financial assistance to pay for energy efficiency measures.
    - The Trust will be expected to consider the appropriate indicators for determining whether customers are reasonably in need. The Ministry does not expect that a new income threshold would be established, due to the administrative costs and timelines required to implement income-eligibility tests. The Ministry believes that other indicators available to LDCs would be sufficient.
- Customers may have triggered action by an LDC collection department (e.g., customers are in arrears, have been placed on one or more payment plans, are due to be disconnected, etc.).

- o Arrears are defined by the OEB as accounts that are 30 or more days past the 16-day minimum payment period.

- o LDCs have communicated that their customer care departments keep track of their customers who are in “frequent arrears” or “chronic arrears.”

- o These terms are qualitative (i.e. do not refer to a set length of time or number of times customers are in arrears); however, generally ENERGY understands the bounds of these terms to be, on one end, customers who are in arrears for more than one billing period, and on the upper end, customers that have several thousand dollars in payments owing, accumulated from a number of missed or partially missed billing periods.

- o While arrears are an important indicator of need to LDCs, LDCs have also indicated that there may be customers who are keeping up with their bills, but at the expense of paying for food or other basic needs. LDCs have asked for discretion to also offer energy efficiency measures to these customers.

- Priority could be given to eligible customers in electrically-heated homes, or other unique circumstances.

- Other factors as agreed by the Trustees.

Hydro One is expected to use the principles developed by ENERGY (with input from LDCs) to establish the Trust Deed. It is critical that there be fair and appropriate eligibility criteria for LDCs to consistently apply across the province to ensure that support is provided to those customers in need and to prevent any potential gaming. The Trustees must be given some flexibility to determine this criteria. Flexibility is also desirable as it is expected that the Trustees will have knowledge of the LDC sector, customer needs and/or low-income and conservation programs to further refine appropriate customer eligibility criteria. It is also expected that Trustees will engage with other LDCs and industry experts as needed to inform eligibility criteria.

From: Imbrogno, Serge (ENERGY) <Serge.Imbrogno@ontario.ca>
Sent: Saturday, March 4, 2017 1:47 PM
To: Katona, Keley (ENERGY)
Subject: Re: TB note: Affordability Fund

Hi. Not keen on the accounting discussion to begin the response our how we respond in the TB submission. Let's start with our working principles, including all LDCs would be able to access the Fund to benefit their customers, then go on to describe the type of customers etc. We could finish with some discretion would be given to the Trustees etc but less from an accounting perspective and more from a flexibility perspective etc.

Sent from my iPad

On Mar 4, 2017, at 1:37 PM, Katona, Keley (ENERGY) <Keley.Katona@ontario.ca> wrote:

Deputy, we received the TB assessment note for review. Comments are tracked in attached. Also below is a response to a question from TBS. Ok to share with MO?

From: Schwab-Pflug, Emma (ENERGY) <Emma.Schwab-Pflug@ontario.ca>
Sent: Saturday, March 4, 2017 1:05 PM
To: Katona, Keley (ENERGY)
Cc: An, Tai (ENERGY); Gounden, Pratima (ENERGY); Sermat-Harding, Kaili (ENERGY); Syed, Usman (ENERGY); Thompson, Erin (ENERGY)
Subject: FW: TB note: Affordability Fund

Hi Keley,

Please find attached CRED ADM-approved comments on the TB assessment note. Also find directly below the CRED ADM-approved response to the question posed by TBS' Associate DM.

Thank you,
Emma

Question: Would Energy have more information in terms of the eligibility criteria for the Affordability Fund - specifically, she would like to know what is considered to be in "frequent arrears" and how can the program ensure that the efficiency measures will go those most in need (and not those who "choose" to not pay their bills).

ENERGY has developed eligibility principles, and will be soliciting input on these to inform establishment of the Trust through engagement with LDCs, the OEB and IESO. However, there is a need to leave discretion to the Trust as to specific customer eligibility criteria. This is desirable as it is expected that the Trustees will have knowledge of the LDC sector, customer needs and/or low-income and conservation programs. It is also expected that Trustees will engage with other LDCs and industry experts as needed to inform eligibility criteria. ENERGY understands that leaving discretion on this matter is also required to align with PSAB accounting principles. ENERGY may be seen as exerting undue influence or control over the Trust if it "establishes or amends the mission or mandate of the organization," and provides prescriptive criteria for its operation.

ENERGY agrees that it is critical that the Trust establish fair and appropriate eligibility criteria for LDCs to consistently apply across the province, to ensure that support is provided to those customers in need and prevent any potential gaming. ENERGY will work to ensure this through the principles it provides to Hydro One to inform the Trust Deed.

Working principles are outlined in the TB submission and include:

- * Customers do not qualify for low-income conservation programs (i.e. are above Statistics Canada's Low-Income Measure).
- * LDC has reasonable evidence to indicate that the customer requires financial assistance to pay for energy efficiency measures.

- o The Trust will be expected to consider the appropriate indicators for determining whether customers are reasonably in need. The Ministry does not expect that a new income threshold would be established, due to the administrative costs and timelines required to implement income-eligibility tests. The Ministry believes that other indicators available to LDCs would be sufficient.

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  o Arrears are defined by the OEB as accounts that are 30 or more days past the 16-day minimum payment period.

  o LDCs have communicated that their customer care departments keep track of their customers who are in "frequent arrears" or "chronic arrears."

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  o While arrears are an important indicator of need to LDCs, LDCs have also indicated that there may be customers who are keeping up with their bills, but at the expense of paying for food or other basic needs. LDCs have asked for discretion to also offer energy efficiency measures to these customers.

- * Priority could be given to eligible customers in electrically-heated homes, or other unique circumstances.
- * Other factors as agreed by the Trustees.

From: Thompson, Erin (ENERGY)
Sent: Saturday, March 04, 2017 9:30 AM
To: Syed, Usman (ENERGY); Schwab-Pflug, Emma (ENERGY)
Cc: Sermat-Harding, Kaili (ENERGY)
Subject: TB note: Affordability Fund

Hi Usman, Emma - see attached TB assessment note, which includes the draft minute, for review asap. The minute has been revised: $100K this FY and TB report back in 2017-18.

Thanks,
Erin

From: Katona, Keley (ENERGY) <Keley.Katona@ontario.ca>
Sent: Saturday, March 4, 2017 8:32 AM
To: Thompson, Erin (ENERGY)
Subject: Fw: Affordability Fund - Eligibility

Also, please provide comments on the attached.

From: Strang, James (TBS) <James.Strang@ontario.ca>
Sent: Saturday, March 4, 2017 8:06 AM
To: Katona, Keley (ENERGY); Gounden, Pratima (ENERGY); An, Tai (ENERGY)
Cc: Morgenstern, Madeleine (TBS); Fung, Felix (TBS)
Subject: RE: Affordability Fund - Eligibility

Hi everyone, attached is the draft TB note, it reflects input from OPCD, COE and Karen H.

James

From: Fung, Felix (TBS)
Sent: March 3, 2017 11:57 PM
To: Katona, Keley (ENERGY); Gounden, Pratima (ENERGY); An, Tai (ENERGY)
Cc: Strang, James (TBS); Morgenstern, Madeleine (TBS)
Subject: Affordability Fund - Eligibility

Hi Keley,

We briefed our Associate DM tonight on the Affordability Fund, and she asked if Energy has more information in terms of the eligibility criteria for the Affordability Fund - specifically, she would like to know what is considered to be in "frequent arrears" and how can the program ensure that the efficiency measures will go those most in need (and not those who "choose" to not pay their bills). I understand there may be some further principles on who would be eligible under the program - so whatever information that you can share with us would be very much appreciated.

Thanks
Felix

<2017-03-04 BN ENERGY Affordability Fund v2 OPCD COE_v5.doc>

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