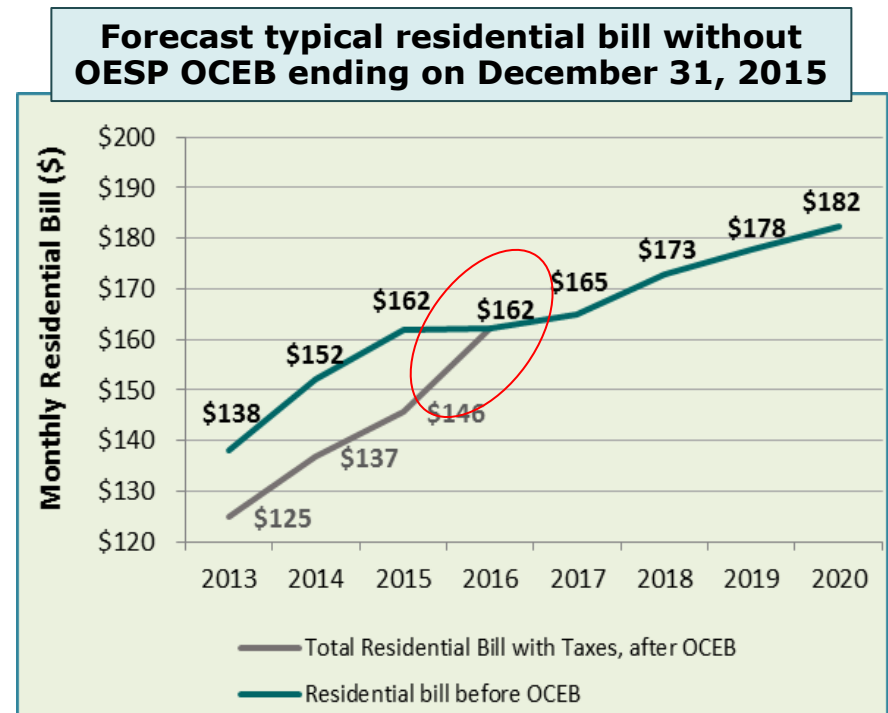

Ontario Electricity Support Program Foundation Deck

March 2017

Need for 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 Benefit (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.



Program History

- In March 2014, the Ministry of Energy went to Cabinet and received direction to report back on options for a rate-payer funded assistance program for low-income electricity consumers, after which the Minister of Energy wrote to the OEB requiring a report 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, 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 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 \$30 and \$50 per month. These amounts are to be updated under Ontario's Fair Hydro Plan (see slides 11-12).
- Those consumers who face unique challenges with respect to electricity affordability and outreach, such as First Nation and Métis consumers, consumers who use electric heating, and households using certain electricity-intensive medical devices (oxygen concentrator and mechanical ventilator), will receive higher credit amounts.
 - 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 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, the CSP, 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

LDCs and USMPs

- Utilities have a direct interface with the CSP, where it is responsible for verifying the account information of program applicants.
- It is also the responsibility of utilities to put the credit amount on the bills of eligible customers, promoting the program, and collecting the charge from the bills of all customers.

Intake Agencies

- There are agencies across the province who are responsible for application intake for households who have not filed taxes in the last two years, whose situation has recently changed, or who generally need more assistance filling out their application.

Ministry of Finance

- The Canada Revenue Agency, through the Ministry of Finance (MoF) is responsible for verifying the income of all household members who have filed a tax return in the past two years. MoF then combines the income of all household members to determine the total household income, and also the credit amount that eligible households receive.
 - MoF has a direct interface with the CSP to confirm who is eligible or not for the OESP.

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 (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
- 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.

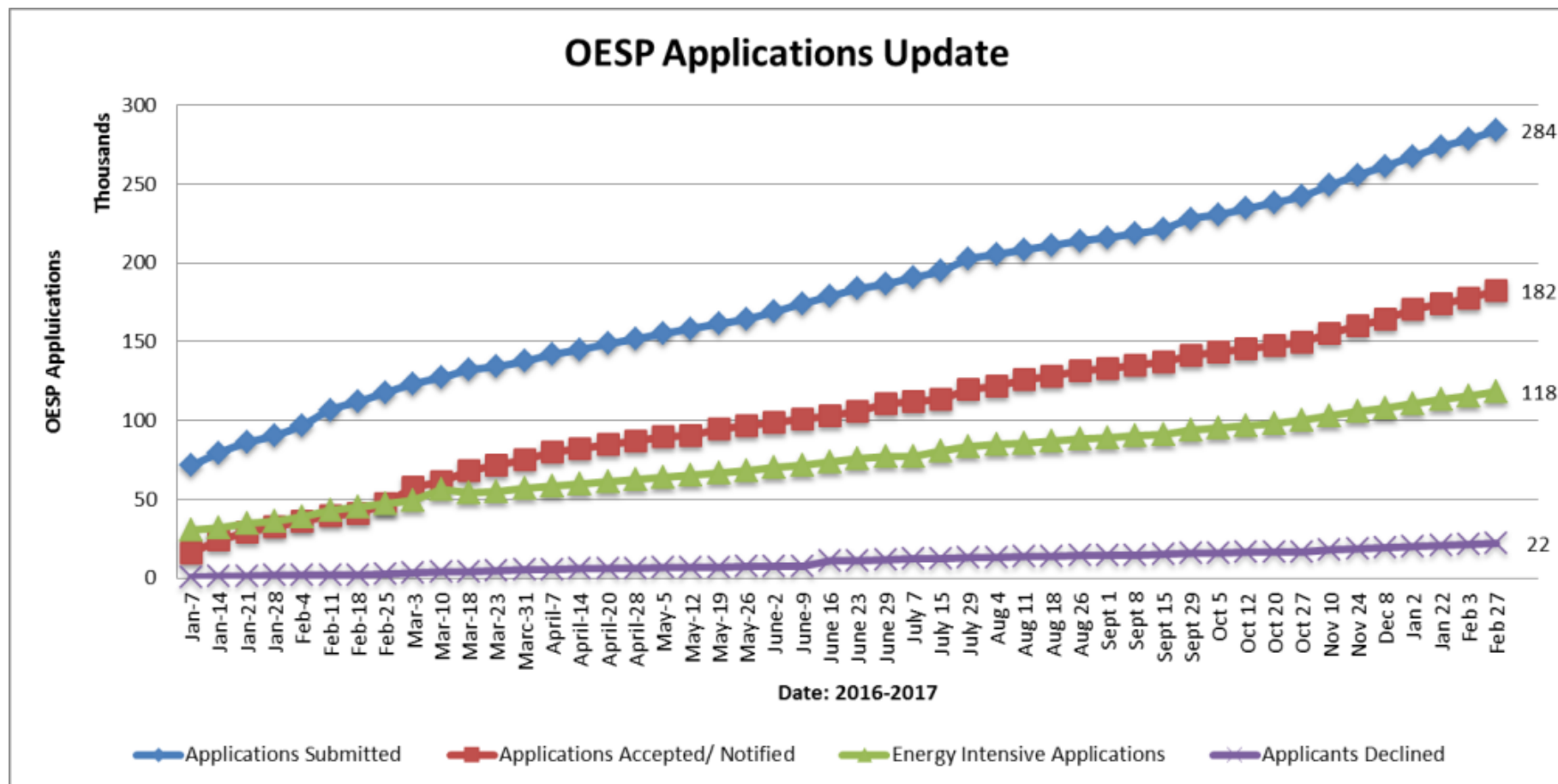
3. First Nation Application

- First Nations can also apply online, with a paper application, or through an intake agency.
- A number of intake agencies are available to assist, including Ontario Native Welfare Administrator's Association (ONWAA), Six Nations of the Grand River, and Can Am Urban Natives Homes – Windsor.

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 3,000 Metis applications, and 11 Inuit application;
 - 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 ICF, 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 advertisements in June (see Appendix).
- The OEB is planning a next wave of communications – dates and details are still being determined.

OESP Uptake (cumulative)



Ontario's Fair Hydro Plan: OESP Program Changes

- 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.

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	\$51	\$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 have 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/yr 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 Bill 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.

OESP: Other Issues

Funding

- ~~Starting January 1, 2016, the IESO was required to charge all market participants a volumetric charge to collect funds for the OESP~~
- ~~The OESP is funded by all electricity rate payers through a per-kilowatt-hour charge of \$0.0011~~
 - ~~As a result, the program will have no fiscal impact~~
- ~~The charge is included as part of the regulatory charge on customers bills~~
- ~~The monthly impact for a typical residential consumer is less than \$1.~~

Appendix

OESP Monitoring and Updates

- The OEB continues to closely monitor the administration of the OESP, tracking uptake on a weekly basis and sharing with ENERGY.
- The Board maintains communications with intake agencies and utilities to ensure that any issues related to the program are identified quickly, and then addressed.
 - Since implementation, OEB has fine-tuned the application process based on this feedback, making it easier for applicants to complete the process.
 - Based on feedback OEB received, the OEB Chair approved the addition of in-home dialysis machines to qualify as one of the medical devices that will qualify for the sliding scale that provides a higher level of assistance. The Chair also approved the inclusion of Inuit along with First Nations and Metis customers who qualify for a higher level of assistance.
 - These proposed changes have not yet been shared publicly, pending system changes, and a communications plan.
- ENERGY staff are also in regular contact with OEB staff to share information on the program. Further, the OEB periodically provides briefings to executive and Minister's Office staff on OESP implementation.

Legal Framework ~~Legislative and Regulatory Support~~

- 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 also created under the OEBA to support OESP implementation. The regulation requires the OEB to calculate the volumetric charge used to fund OESP costs, as well as prescribes 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 Fair Hydro Plan will require the following:
 - Legislative amendments to the OEBA to shift 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.

OESP Communications

- The OEB developed an extensive Wave I communications plan, which included many tactics for promoting the program and undertaking stakeholder management:
 - Included inserts on Ontario Works (OW) and Ontario Disability Support Program (ODSP) cheques in September/October;
 - Launched a paid media campaign after application intake opened, which included two rounds of ads in community newspapers, bus shelter and on transit ads, and radio ads;
 - The OEB posted a video on its youtube channel about the program and how to apply;
 - Social media was initiated;
 - LDCs and USMPs are required to include a link to the OESP website on their website, and are required to include at least one bill insert into its customers bills between November 2015 and January 2016;
 - Posters and brochures were provided to Service Ontario to be displayed in their offices;
 - A general mail out of marketing collateral was provided to over 3,000 organizations and agencies across the province; and
 - Digital toolkits were provided to LDCs and USMPs, as well as to key Ministry partners
 - Search engine marketing as well as social media ads on Facebook on top of the already existing marketing tactics.
- The OEB implemented a Wave II communications plan with advertising on Tim's TV, doctor's offices, radio, and search engine marketing beginning in May 2016. Bill inserts are expected in May and June, and community newspaper advertisements in June.

Stakeholder Activities

- ~~A key component of OESP implementation was developing and implementing a comprehensive stakeholder management strategy.~~
- ~~During the implementation of the OESP, the OEB held regional roadshows in five cities across the province to increase awareness of the program, and to offer further consultation on its implementation.~~
- ~~The OEB also held information sessions for a number of organizations, such as the Electricity Distributors Association, 211 Ontario, United Way agencies, and low-income advocacy groups.~~
- ~~Working group meetings and webinars were offered to key players in the implementation and delivery of the program, including LDCs, USMPs and intake agencies.~~
- ~~Training was also offered to various stakeholders, including:~~
 - ~~– LDCs and USMPs;~~
 - ~~– Intake agencies;~~
 - ~~– OW / ODSP field office staff;~~
 - ~~– MPP office staff; and~~
 - ~~– Those from any of the 3,000 organizations that received OESP marketing materials.~~

OESP Application Process

- ~~A few steps take place between applications being submitted and notifications going out to applicants regarding their eligibility for the program, including:~~
 - ~~– Confirming with their utility that an applicant is an account holder;~~
 - ~~– Corresponding with the applicant if there are any errors with their application;~~
 - ~~– MoF verifying household income for applicants who have filed a tax return in the past two years; and~~
 - ~~– Receiving final confirmation from utilities that an applicant's situation has not recently changed and they can apply the credit to the applicant's bill.~~