MEETING NOTE

NAME OF ORGANIZATION: Kenora District Services Board

DATE/TIME OF MEETING: Monday, February 27, 2017

LOCATION OF MEETING: Ontario Good Roads Association Conference
Royal York Hotel, Toronto

ATTENDEES: **Minister of Energy**
Glenn Thibeault

Kenora District Services Board
Henry Wall

AGENDA:

1. High Residential Electricity Costs
2. High Cost of Energy/Home Heating in Kenora District
3. Conservation and Energy Efficiency Programs

NOTES ON AGENDA ITEMS:

1. High Electricity Costs

- Concerns regarding residential energy prices in northern Ontario
- Concerns that OESP does not appear to be enough. The District Services Board has had to provide financial assistance to residents in hydro arrears, out of their Community Homelessness Prevention Initiative.

<u>Suggested Response:</u>

- **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 introduced new measures that took effect January 1, 2017, including:**
  - **Rebating the amount equal to the 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) 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, and credits typically range from $30-$50.**

- **The Low-Income Energy Assistance Program (LEAP) 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.**
    - **Conservation programs: Administered through local distributors to help qualified Ontario homeowners, tenants and social housing providers improve energy efficiency.**

<u>Background:</u>

Residential Electricity Prices

- In general, the cost of electricity is higher in rural and remote locations due to higher distribution costs resulting from the infrastructure needed to serve a smaller number of customers over a large geographic area.

- Kenora notes that they are relying on the Community Homelessness Prevention Initiative to help families with hydro arrears, but they do not mention whether customers have sought assistance through the Low Income Energy Assistance Program (LEAP), which provides up to $500 in one-time annual emergency relief for electricity bills ($600 if home is electrically heated).

- The OESP was developed to provide an ongoing rate reduction directly on the bills of low-income electricity customers who have applied and meet the eligibility requirements. The program credits vary depending on household income and household size, thereby providing the greatest benefit to customers who are most in need of assistance. Customers who rely on electric heating, or use certain medical devices requiring significant amounts of electricity, and First Nations, Métis, and Inuit customers are eligible for a higher level of assistance.

- In addition to the OESP, there are other income-based programs available for Kenora residents who need support for paying their energy bills, including the Northern Ontario Energy Credit (NOEC), which provides qualifying individuals and families up to $148 and $227 annually, and the Ontario Energy and Property Tax Credit (OEPTC), which provides qualifying individuals/ families and seniors up to $1,023 and $1,165 annually.
    - The NOEC recognizes that low- to moderate- income individuals and families living in northern Ontario can be exposed to higher energy costs due to more severe winters and heavier reliance on more expensive home heating fuels.

- More information on existing rate mitigation programs for residential consumers here.

- More information on overall system costs reduction measures here.

2. High Cost of Energy/Home Heating in Kenora District

- High energy costs in northern Ontario negatively impacting ability of families to maintain stable housing; and
- Poor quality homes are energy inefficient – efficiency and conservation improvements are needed.

Suggested Response:

- **Ontario has a number of conservation and efficiency programs available for residents, such as saveOnenergy for Home.**

- **Financial incentives are also available for energy audits and energy efficient technologies like furnaces, water heaters, and insulation upgrades in the home – up to $2,100 through the Enbridge Home Energy Conservation Program and $5,000 through Union's Home Reno Rebate.**

- **The government recognizes that expanding natural gas access will provide rural and northern communities with more affordable energy options.**

Background:

- More information on existing conservation and efficiency programs for residents here.

- On January 30, 2017, the government announced that it was making available $100 million in funding for a new Natural Gas Grant Program, which will improve energy affordability and promote economic development for unserved communities in northern Ontario including First Nations and local service boards.

- The natural gas grant program will accept applications starting in the spring of 2017.

- More information on northern natural gas expansion here.

3. Conservation and Energy Efficiency Programs

- The cost of energy is having a significant impact on families in Northern Ontario and their ability to maintain stable housing, made worse by the poor state of housing and the lack of access to affordable energy.
- The Ontario Energy Support Program is not giving "working poor" families the support it should.
- Kenora District spent nearly 7% of its Community Homelessness Prevention Initiative budget to help families with the hydro arrears.

Suggested Response:

- **Ontario has a suite of conservation and energy efficiency programs in place that help homes and business consumers (including municipal, commercial and industrial customers) manage rising electricity prices through energy management services and financial incentives for the installation of electricity savings measures.**

- **Energy efficiency programs are available through the Independent Electricity System Operator (IESO), local distribution companies (LDCs) and Ontario's two largest natural gas utilities, Enbridge and Union Gas.**

Background:

- As we plan for Ontario's energy needs for the next 20 years, conservation will be the first resource considered, wherever cost-effective.

- Conservation is the cleanest and most cost-effective energy resource, offers consumers a way to reduce their energy bills and reduces the need to build new generation, transmission and distribution infrastructure.

- On January 1, 2015, Ontario launched the six-year Conservation First Framework to support province-wide and local electricity conservation and demand management (CDM) programs.
- The Conservation First Framework is aligned with the natural gas Demand Side Management (DSM) Framework to enable greater collaboration of conservation efforts among electricity and natural gas utilities.
- In order to improve the availability of programs for customers, on December 16, 2016, the Minister of Energy directed the IESO to, among other items, require that province-wide CDM programs be delivered in each distributor service area (if LDCs choose not to deliver, IESO will deliver on their behalf).
- See the Appendix for a illustrative list of conservation and energy efficiency programs.

Municipal Energy Plan Program

- The Government of Ontario is committed to supporting governments who wish to create community energy plans. In 2013 the Ministry of Energy launched the Municipal Energy Plan (MEP) program in order to support municipalities' efforts to better understand their local energy needs, identify opportunities for energy efficiency and clean energy, and develop plans to meet their goals.

Suggested Response:

- A MEP looks at energy use across the entire municipality and includes a municipality's residential, commercial, industrial, transportation and public-sector energy use, including municipal operations and energy and water infrastructure. The plan identifies energy conservation and green energy opportunities for all sectors within the broader contact of the built environment, land use planning, growth planning and generation and transmission.
- The City of Kenora was recently approved for funding to complete a Municipal Energy Plan. This plan will help Kenora:
    - Assess the community's energy use and greenhouse gas (GHG) emissions
    - Identify opportunities to conserve, improve energy efficiency and reduce GHG emissions
    - Consider impact of future growth and options for local clean energy generation
    - Support their local economic development

Background:

- The MEP program has two streams for funding. Stream 1 provides successful applicants with funding for 50% of costs, up to a maximum of $90,000 to develop a municipal energy plan. Stream 2 provides successful applicants with funding for 50% of costs, up to a maximum of $25,000 to update or enhance an existing energy plan.

- The MEP program currently has 20 successful applicants, representing 33 municipalities across Ontario. Successful applicants to Stream 1 of the program include: City of Kingston, City of Temiskaming Shores, Municipality of Chatham Kent, City of Woodstock, Municipality of Wawa, City of Vaughan, Town of Newmarket, City of Markham, City of Windsor, Municipality of Middlesex Centre, Durham Region, City of Toronto, City of Kenora, Municipality of Sioux Lookout, Municipality of Bayham and the Region of Waterloo. The Region of Waterloo represents seven lower-tier municipalities; the City of Kitchener, City of Cambridge, City of Waterloo, Township of Woolwich, Township of Wilmot, Township of Wellesley, and the Township of North Dumfries. Durham Region represents eight lower-tier municipalities; Town of Ajax, Township of Brock, Municipality of Clarington, City of Oshawa, City of Pickering, Township of Scugog, Township of Uxbridge, and the Town of Whitby. Successful applicants to Stream 2 of the program include: Sault Ste. Marie, Town of Caledon, City of Guelph and City of London

KEY FACTS:

- The Kenora District Services Board provides services to a catchment area of some 400,000 km2. The vast geography includes nine municipalities and four unincorporated territories with small villages and vast rural, remote areas. The Kenora District encompasses some 40 First Nation communities; some bordering municipalities, others situated in the far north.

- According to the Kenora District Services Board, much of the social housing stock built in the District of Kenora was built 20, 30 and 40 years ago and is energy inefficient.

APPENDIX:

1. *Figure 1: Typical Residential Bill*

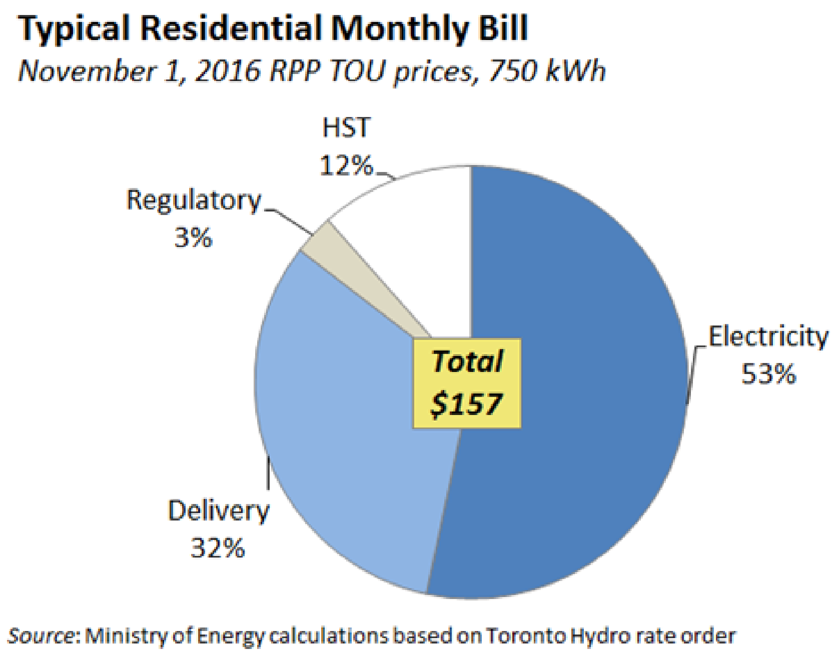

Figure 2: 2016 Residential Pricing Comparison

2016 Residential Electricity Prices (Canadian ¢/kWh)							
Jurisdiction	Cost	Jurisdiction	Cost	Jurisdiction	Cost	Jurisdiction	Cost
1 Quebec	7.34	17 Nebraska	13.63	33 Nevada	15.22	49 Maine	18.36
2 Manitoba	8.68	18 Utah	13.71	34 Saskatchewan	15.32	50 Maryland	18.39
3 British Columbia	9.92	19 Oklahoma	13.99	35 Virginia	15.36	51 Wisconsin	18.50
4 Alberta	11.11	20 Wyoming	14.07	36 Arizona	15.82	52 Ontario	18.98
5 Louisiana	11.74	21 Mississippi	14.09	37 California	15.87	53 Michigan	19.14
6 Washington	11.94	22 Montana	14.12	38 Alabama	15.90	54 New Jersey	19.87
7 Newfoundland	12.48	23 Florida	14.17	**39 U.S. Average**	**15.91**	55 New York	22.26
8 Idaho	12.63	24 Georgia	14.28	40 Minnesota	16.15	56 Vermont	22.43
9 Canadian Average	**12.84**	25 Texas	14.44	41 Nova Scotia	16.24	57 New Hampshire	23.90
10 Arkansas	12.85	26 West Virginia	14.45	42 Ohio	16.33	58 Rhode Island	24.87
11 Tennessee	13.08	27 New Mexico	14.52	43 South Carolina	16.35	59 Massachusetts	26.42
12 New Brunswick	13.19	28 South Dakota	14.58	44 Illinois	16.37	60 Alaska	26.52
13 Missouri	13.26	29 Iowa	14.99	45 PEI	16.84	61 Connecticut	27.07
14 Kentucky	13.26	30 North Carolina	15.00	46 Kansas	17.22	62 Hawaii	34.47
15 Oregon	13.44	31 Colorado	15.08	47 Delaware	17.79		
16 North Dakota	13.47	32 Indiana	15.16	48 Pennsylvania	18.27		

Note: Estimates may differ from actual costs to a consumer based on location, connection, and operational characteristics. Prices exclude taxes and participation in any applicable jurisdictional benefit programs.

The Ontario residential price is based on the residential bill in the Q2 2016 Ontario Energy Report.

All other Canadian prices are from the Hydro Quebec Rate Comparison for rates effective April 1, 2016 for select local distribution companies servicing specific cities. Where Hydro Quebec reports prices for two cities in a province (e.g. Calgary and Edmonton), an average of the two is used, in provinces where only one city is reported (e.g. Vancouver in BC, Montreal in QC), that one price is used to represent the province for indicative comparison purposes.

American jurisdictions reflect April 2016 data from the US Energy Information Administration's survey of approximately 500 of the largest electric utilities. The price reflects the average revenue reported by the electric utility from electricity sold to the residential sector. The value represents an estimated average retail price, but does not necessarily reflect the price charged to an individual consumer. Prices are converted at an exchange rate of 1 USD = 1.28 CAD.

2. Rate Mitigation for Residential Consumers – Background:

Existing Programs

Initiative	Key Information	Notes
Rate Mitigation	• $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	Program took effect on January 1, 2017.
OESP	• $30 to $50 – monthly on-bill rebate for eligible customers. Amounts to be increased to $45 to $75. • $45 to $75 – monthly on-bill rebate for those with unique electricity needs. Amounts to be increased to $68 to $113.	Program took effect on January 1, 2016. Credit amounts to be increased in 2017 on a date to be announced.
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 ○ $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 2017 benefit year:
	  ○ $148 – annual credit for eligible individual
	  ○ $227 – annual credit for eligible family
		Part of Ontario Trillium Benefit.

OEPTC	• For 2017 benefit year:
	  ○ $1,023 – maximum amount for individuals / families, of which $227 is to help with the sales tax on energy
	  ○ $1,165 – maximum amount for
		Part of Ontario Trillium Benefit.

	qualifying seniors, of which $227 is to help with the sales tax on energy	

- 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.

Further examples of residential energy conservation programs include:

- The saveONenergy Heating and Cooling Initiative provides rebates to help offset the cost of purchasing and installing new heating and cooling equipment in the home, such as a high efficiency furnace with an electronically commutated motor (ECM), or an ENERGY STAR certified central air conditioner.

- saveONenergy Coupons are available in-store for one month in the spring and fall and can be downloaded year-round to use at participating retailers to help Ontarians save on a wide range of energy-efficient products including LED bulbs, power bars with integrated timers or auto-shutoff and more.

- The saveONenergy Home Assistance Program was 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. Enbridge Gas and Union Gas also offer eligible low-income households a home energy assessment and insulation and draft proofing measures at no cost.

- New pilot programs for the residential sector are also being rolled-out to support innovative electricity conservation projects. For example, in October 2015, Hydro One launched Heat Pump Advantage pilot program to help customers with electric space or water heating to take advantage of new heat pump technologies. Hydro One paid 50% of costs for an industry-leading air source heat pump and up to $800 towards costs of a heat pump water heater.

- Financial incentives are also available for energy audits and energy efficient technologies like furnaces, water heaters, and insulation upgrades in the home – up to $2,100 through the Enbridge Home Energy Conservation Program and $5,000 through Union's Home Reno Rebate. Enbridge also provides a rebate to customers who have purchased a new adaptive (smart) thermostat. The Province is investing $100 million from the Green Investment Fund to make this program available across the province to homes that heat with natural gas, oil, propane and wood.

- Union Gas also offers financial incentives to homeowners who upgrade to a 95% or greater efficiency rating furnace when the existing furnace reaches end of life.

3. Cost Reduction Measures – Background

The government has also taken a number of actions to reduce costs to the system and electricity ratepayers, including:

- Renegotiating the Green Energy Investment Agreement (GEIA), to reduce contract costs by $3.7 billion.

- Reducing Feed-In Tariff (FIT) prices through annual price reviews, saving ratepayers at least $1.9 billion.

- Transforming our procurement strategy for large renewable projects by introducing a competitive Large Renewable Procurement (LRP) process to drive down prices. As a result of lower prices and revised procurement schedules, LRP I costs were approximately $1.5 billion lower than the 2013 LTEP forecast.

- Suspending the second round of the LRP process (LRP II) and the Energy-from-Waste Standard Offer Program, which is expected to save up to $3.8 billion in costs relative to the LTEP 2013 forecast. This would save the typical residential electricity consumer an average of approximately $2.45 per month on their electricity bill, relative to previous forecasts.

- Deferring the construction of two new nuclear reactors at Darlington, avoiding an estimated $15 billion in new construction costs.

- Maximizing the value of our existing nuclear fleet by starting Bruce refurbishments in 2020 instead of 2016, thus helping to achieve $1.7 billion in savings relative to the 2013 LTEP forecast, and by continuing to operate Pickering up to 2024, pending regulatory approvals, which could save ratepayers as much as $600 million.

4. Natural Gas Expansion – Background

- **The Government is launching a natural gas grant program to address its commitment to aid in the expansion of natural gas service to rural, northern and Indigenous communities. The Ministry of Infrastructure is responsible for establishing the program and the Ministry of Energy is providing support.**

- **Natural gas expansion in Ontario is overseen by the Ontario Energy Board (OEB) and managed by the private sector natural gas distribution companies.**

- **On November 17, 2016, the OEB issued its Decision that ensures the regulatory environment is ready to help underserved communities connect to natural gas.**

- **We are interested in hearing about the challenges faced by your community in trying to get access to natural gas and suggestions you may have to help facilitate access in your community.**

Background:

- The natural gas grant program will accept applications starting in the spring of 2017. The grants program will improve energy affordability and promote economic development for unserved communities in northern Ontario including First Nations and local service boards.

- The $200 million natural gas loans program announced last year will not proceed. It was cancelled and replaced with a strengthened natural gas grant program. Originally the grant program was to be for $30 million. It is now $100 million.

- Municipalities/regions wishing to acquire natural gas service should work with natural gas distributors to assess costs and opportunities to bring natural gas to the area.

- When evaluating opportunities for natural gas expansion, distributors need to address the cost of building the necessary infrastructure to connect a municipality. The distributors also need to determine if it is commercially viable to service the specific community.

- Major natural gas expansion projects need to be reviewed and approved by the OEB before construction can begin. However, smaller projects below specified thresholds can proceed without a formal OEB approval to construct.

- In recent budgets, the 2013 LTEP, and announcements, the Ontario government has committed to pursue options to expand natural gas infrastructure to service more communities in rural and northern communities.

- The announcement can be found here: https://news.ontario.ca/moi/en/2017/01/expanding-natural-gas-to-more-communities-across-ontario.html.

6. Conservation and Energy Efficiency Programs - Background

- (Click here to return to the main content)

For residential customers, electricity and natural gas energy efficiency programs include:

- Save on Energy rebates help offset the cost of purchasing and installing new heating and cooling equipment in the home, and coupons are available to help Ontarians save on a wide range of energy-efficient products, including LED bulbs, power bars with integrated timers or auto-shutoff, and more.
- For low-income electricity customers, the Save on Energy Home Assistance Program offers detailed in-home energy assessments and installation of energy-saving measures at no cost. Enbridge Gas and Union Gas have similar programs for their natural gas low-income customers.
- Financial incentives are available for home energy audits and energy retrofits through Enbridge Gas' Home Energy Conservation Program and Union Gas' Home Reno Rebate. These programs have been extended across the province to homes that heat with natural gas, oil, propane and wood through a $100 million provincial investment from the Green Investment Fund.

For business customers, programs include:

- The Save on Energy Retrofit Program provides various incentives for as much as 50 per cent of project costs, and advanced funding for assisted and social housing buildings, for updating old or inefficient equipment. Up to $2,000 in incentives are available for new energy efficient lighting.
- Enbridge and Union provide financial incentives for a list of natural gas reducing measures (e.g. furnaces, water heaters, ovens etc.), and for custom natural gas reduction projects. The RunSmart and RunItRight programs help to enhance and optimize existing building systems and operations to fine energy efficiencies.
- The Industrial Accelerator Program (IAP) assists eligible industrial, commercial and institutional customers that are connected to the IESO transmission grid to fast-track capital investment in major energy-efficiency projects. Transmission-connected customers with distribution-connected sites can also elect to have these administered through the IAP.

For the industrial sector, programs include:

- The Industrial Accelerator Program (IAP) assists eligible transmission-connected companies to fast track capital investment in major energy conservation projects. The program will provide financial incentives to encourage investment in innovative process changes and equipment retrofits to reduce electricity consumption on the provincial system and to help companies become more competitive by positively impacting their bottom line.

- The Process and Systems Upgrade Initiative (PSUI) is an industrial conservation program available to *distribution-connected* industrial and commercial. The program helps organizations with complex systems and processes identify, implement, and validate energy efficiency projects from start to finish.

- The IESO holds annual demand response auctions which provide availability and utilization payments to successful participants that commit to reducing their consumption when called upon to do so.