

Briefing Note

Affordability Fund – Overview and MCSS Engagement with United Way Ottawa

ISSUE:

On March 2, 2017, the government announced the establishment of an Affordability Fund as part of its Fair Hydro Plan. The Affordability Fund, which is funded by \$100 million from the tax base, is being administered by an independent Trust. The Board of Trustees of includes representatives from two social agencies (United Way Ottawa and the Hamilton-based Neighbour-to-Neighbour Centre) and three electricity utilities (Thunder Bay Hydro, Hydro One and Alectra). The Ministry of Energy (ENERGY) is also represented on the Board of Trustees as a non-voting member.

ENERGY staff were advised that the Ministry of Community and Social Services' (MCSS) Minister's Office was contacted by leadership from the Affordability Fund to set up a meeting in the near future to discuss program coordination.

United Way Ottawa staff have reached out to MCSS' Minister's Office in recent weeks to discuss the use of 211 Ontario services for the Affordability Fund. The Trustees themselves, however, have not sought an opportunity to meet with MCSS' Minister's Office at this time.

The purpose of this note is to provide an overview of the Affordability Fund and summarize recent discussions between the Trustees and MCSS staff. The note also provides a recommendation regarding the above-noted request for a meeting.

AFFORDABILITY FUND OVERVIEW:

- Over 2015 and 2016, electricity distributors and other stakeholders indicated to the government that there was an immediate need to help customers in bill arrears and facing service disconnection.
 - Electricity distributors reported to the Ontario Energy Board (OEB) that approximately 60,000 customers were disconnected in 2015.
 - Electricity distributors also reported over 560,000 residential electricity accounts in arrears in 2015; of these, about 19,900 (~3.6%) accounts were eligible to participate in the Low-Income Energy Assistance Program, which provides emergency financial assistance to low-income customers.
- The Affordability Fund will provide energy efficiency measures to electricity customers who do not qualify for low-income conservation programs (i.e., the Save on Energy Home Assistance Program (HAP)), and who are unable to undertake energy efficiency improvements without assistance.

- Not all customers who are in need of assistance are eligible for HAP.
- The Affordability Fund is being administered by an independent Trust, which is providing oversight of funds and will facilitate efficient distribution of funds to electricity distributors.
- Over summer 2017, the Trust sought input from stakeholders, including electricity distributors and representatives of low income organizations, in establishing eligibility criteria and guidance on funding allocation methodology. Program details are currently being finalized by the Trust.
- It is expected that distributors will be able to start applying for funds in fall 2017.
- In its implementation of the Affordability Fund, the independent Trust will be guided by principles which have been outlined in the Transfer Payment Agreement (TPA) between ENERGY and the Trust.

MCSS ENGAGEMENT WITH UNITED WAY OTTAWA:

- United Way Ottawa staff have reached out to MCSS Minister's Office to discuss the use of Ontario 211 services for the Affordability Fund. United Way Ottawa staff have also reached out to several ADMs at MCSS.
- As a result of this outreach, ENERGY arranged for two ADMs from MCSS (Karen Glass and Rupert Gordon) to attend the September 7, 2017 meeting of the Board of Trustees to discuss potential use of Ontario 211 services to help raise awareness and uptake of the Affordability Fund.
 - MCSS staff indicated that Ontario 211 staff have a strong understanding of low-income households in Ontario. They are trained in asking clients difficult questions and guiding clients through different program offerings.
 - MCSS staff noted that a proposal for the use of Ontario 211 services could be submitted to MCSS. The proposal would scope the specific services required (e.g. providing information about the Affordability Fund to callers as appropriate, initial screening, application intake, etc.).
 - The Trustees will continue to consider the potential to leverage Ontario 211 as it works to finalize the Affordability Fund program.
- ENERGY advises that a meeting between MCSS Minister's Office and the Trustees may not be required at this time.

- At a September 15, 2017 meeting, the Board of Trustees indicated to ENERGY that a meeting with MCSS Minister's Office is not needed given that staff level discussions have been initiated.
- A meeting with MCSS Minister's Office could be scheduled at a future date, as may be appropriate, in the event that a proposal for the use of Ontario 211 services is developed.

BACKGROUND:

The sections below provide additional details on program details relating to the Affordability Fund. Program details are currently being finalized by the Trust and, subject to the independent decision-making process of the Trustees, there may be changes to the details outlined below.

Participant Eligibility

- It is expected that individuals receiving funding will have demonstrated a need for financial support, and that their electricity bills represent a financial burden relative to their financial resources.
- Electricity distributors are best positioned to identify their customers who are in need of support, such as those in bill arrears, on repayment plans, facing service disconnection, or who are otherwise in frequent contact with a distributor's customer care centre regarding difficulty keeping up with their electricity bills.
- It is expected that social service agencies will be partners in helping to market the program and identify eligible participants.
- Eligible customers must own, rent or lease a home in Ontario, and be an electricity account holder.
- Priority is expected to be given to homes primarily heated by electricity.
- The estimated reach of the Affordability Fund is expected to be 15,000 to 65,000 households, depending on energy efficiency measures and uptake.

Measure Eligibility

- Eligible electricity customers could receive measures ranging on average from \$3,000 to \$5,000 per customer, at no or minimal cost.
- Measures are expected to be similar to those available in the Home Assistance Program, including energy-saving light bulbs (LEDs), power bars, energy efficient window ACs, refrigerators and insulation.

- Cold climate air source heat pumps, which can cost from \$7,000 to \$13,000, could also be an eligible measure under the Affordability Fund for homes that are electrically-heated.
- The final measure eligibility list will be determined by the Trust. The Trust is expected to consult with distributors, the Independent Electricity System Operator, OEB and low-income program experts to refine participant and measure eligibility rules, and develop an application process for Distributors.

Administration

- The Affordability Fund Trust was established on March 23, 2017, when the Original Trustee signed a Declaration of Trust (prepared by ENERGY, in collaboration with Hydro One).
 - The Original Trustee was Computershare, a professional Trustee company and a trusted partner in some of the largest public and private organizations in Canada and globally.
 - On March 24, 2017, ENERGY entered into a TPA with the Original Trustee to flow \$100 million from the tax base to the Affordability Fund Trust.
- On June 19, 2017, the Original Trustee was replaced with a Board of Trustees which includes representation from two social agencies (United Way Ottawa and the Hamilton-based Neighbour-to-Neighbour Centre) and three electricity distributors (Thunder Bay Hydro, Hydro One and Alectra). ENERGY is also represented on the Board of Trustees as a non-voting member.

Table 1: Board of Trustees for the Affordability Fund Trust

Organization	Representative
United Way Ottawa	Michael Allen (President and CEO) <i>Chair of the Board of Trustees</i>
Neighbour-to-Neighbour Centre	Denise Arkell (Executive Director)
Thunder Bay Hydro	Tim Wilson (VP, Customer and Information Services)
Hydro One	Warren Lister (VP, Customer Service) <i>Co-Chair of the Board of Trustees</i>

Alectra	Regan Bond (VP, Conservation and Demand Management)
Ministry of Energy	Kaili Sermat-Harding (Assistant Deputy Minister, Conservation and Renewable Energy)

- Hydro One has played an important role in facilitating the establishment of the Trust, and will continue to play an administrative support role to the Board of Trustees in the design, launch and ongoing administration of the Affordability Fund.
- The current TPA between ENERGY and the Affordability Fund Trust, and the Affordability Fund Declaration of Trust, convey the expectation that Trustees and electricity distributors will acknowledge the financial support of the province in connection with this new funding program, including in any external communications or marketing to electricity customers.

AFFORDABILITY FUND: TRANSACTION DIAGRAM

