2b. Ontario Electricity Support Program (OESP) Expansion

- The OESP is an income-tested, application based program that lowers the electricity costs of the most vulnerable consumers by providing a rebate directly on their electricity bills.
- The OESP provides basic benefits to most consumers and enhanced benefits to Indigenous customers and customers with electric heat and medical devices.
- OESP funding is collected from a charge levied on all electricity ratepayers. Based on current level of program up-take and funding collection, OESP program benefits could be increased across the board by 50%. This would mean:
  - Single low income consumers would see an increase from $30 to $45/ month ($540/year);
  - Families of four with electric heat could see an increase from $55 to $82.50/month ($990/year); and
  - Indigenous and Métis consumers would also see benefit increases at the same level as those with electric heat and medical devices. These benefits could range from $67 to $113/month.
    - The Ministry is also considering options to support a “Delivery” line credit for Indigenous consumers. This would cost ~$18 million/year and would save Indigenous consumers between $75 and $100/month.
- Greater focus and support can be placed on lower income Ontarians by funding OESP through the tax base. This would also reduce costs for all consumers as a result of eliminating the OESP charge.
  - Average residential customer savings: $0.83/month; and
  - Average industrial customer savings: $1.10/MWh.

2b. OESP Expansion – Fiscal Impacts

- 2017 program costs are based at current program sign-up rate – 30% of eligible consumers. Cost projections assume the program grows to 100% of eligible consumers by 2022 and remains at that level.
- At the time of program design, it was estimated that 40-50% participation would be high for an application-based program delivered through electricity bills. However OESP can be enhanced by working to ensure the program uptake is as close as possible to 100%:
  – Streamlining the application process to make it easier and quicker to get through;
  – Putting in place a more aggressive communications strategy to make sure people are aware of the program;
  – Increasing funding for key partner agencies to work directly with individuals who are applying; and
  – Exploring automatic OESP qualification for those who receive provincial programs (e.g., ODSP).
- OEB is currently exploring options for simplifying the OESP process, including exploring options with MCSS on auto-enrollment options, discussing options to eliminate wet signature consent forms with the federal government, and working with partners to do open houses to better reach vulnerable consumers.
- Table below shows estimate of program costs up to 2022:

Year	OESP Status Quo ($M)	+50% ($M)	TOTAL ($M)
2017	$108	$54	$162
2018	$150	$75	$225
2019	$186	$93	$279
2020	$215	$108	$323
2021	$243	$122	$365
2022	$272	$136	$408

2b. OESP Expansion – Considerations

Considerations

- **Framework:** New legislation would be required to establish and define the parameters of a tax-based OESP. This may reveal additional considerations, including possible assessment as a tax credit.
- **Implementation:** Financial flow-through mechanisms would need to be considered in consultation with IESO and LDCs. Likely to be modeled after processes used for the Ontario Rebate for Electricity Consumers (OREC).
- **Alternative Delivery:** If the OESP was funded by the tax-base, it could also be explored whether the OESP could be better delivered as a provincial program via the tax system. This may help ensure that the program's participation rate is as high as possible, and could expand coverage to the ~142,000 low-income households that do not receive an electricity bill.
- **Transition to Social Assistance:** Moving OESP to the taxbase can be a transitional step in folding this program into a reform of social and disability assistance programs and enhancement of MCSS' Social Assistance Management System moving forward.
- **Additional Enhancements:** The enhanced credit could be expanded to include additional eligibility categories of customers. For example, a new "Low Density Consumer" category could be introduced that provides Hydro One R2 and/or R1 customers (highest distribution rates) who are already OESP eligible with the enhanced credit.
- **Variance Account:** The OEB has been collecting program funding in excess of program costs and has accrued a positive balance. This balance must be addressed when moving to the tax base.