

From: Terry Young [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=872FA3F6E61A48709B11458C0C3B6CA6-TERRY YOUNG]
Sent: 2017-12-13 4:15:22 PM
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Subject: FW: FINAL Response to IESO questions-- HAP Eligibility Slides

From: Giuliana.Rossini@HydroOne.com [mailto:Giuliana.Rossini@HydroOne.com]
Sent: December 08, 2017 2:03 PM
To: Terry Young; Kaili.Sermat-Harding@ontario.ca
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Subject: RE: FINAL Response to IESO questions-- HAP Eligibility Slides

Hello Terry,

Thank you for your questions; we are happy to respond and we take your inquiries as an invitation to continue discussing how both the Affordability Fund and Home Assistance Program can be delivered so that assistance is provided to customers in need, and in a manner that has a strong customer focus. I have discussed your questions and this response with the Board Trustees.

1. **ELIGIBILITY ASSUMPTIONS.** The AFT assumption that 500,000 households are more likely to meet the standard definition of low income has been validated by three independent external sources. First, the OEB used 500 000; second, poverty experts LIEN and ATCO used 570 000; and third, Environics Analytics who confirmed that 22% or 1.1M would not be the expectation for low income in Ontario.

The OEB number of around 500,000 relates to eligibility for OESP (Statistics Canada LIM) and can be found on the OEB website FAQs, #8. "https://www.oeb.ca/oeb/Documents/EB-2014-0227/OESP_FAQ_20150326.pdf". The OEB number is repeated again in the OESP & LEAP Program Manual https://www.oeb.ca/oeb/Documents/Documents/OESP_LEAP_Program_Manual.pdf.

We realize that OESP has been adjusted due to the Fair Hydro Plan. OESP is an electricity bill reduction program and AFT is an electricity bill reduction program; both are part of the Government's Fair Hydro Plan.

2. **AFT ENROLLMENTS.** AFT Forecast of 50 000 enrolments (homes) annually. We would expect about 33,000 enrollments in the first 6 months January to June; with the majority of those expected in March and April.

The \$100M can support a level of 50,000 deliveries and installations. We forecast 30,000 homes with Level 1 engagements with 10% requiring a home visit (e.g. seniors, disabled etc. who cannot do installations); 15,000 homes with Level 2 engagements (proportion similar to CDM 2016 experience); and 5,000 homes with Level 3 engagements limited to electrically heated homes. This means that we expect to visit 23,000 homes as part of the AFT each year.

3. **MARKET CAPABILITY.** We have assessed market capability. Over several weeks, we had consulted with several vendors before going live. Each has indicated that they would have the capacity to meet our delivery needs. Some vendors specifically stated they had more capacity than what was being utilized by HAP. We have made the necessary design adjustments that will allow existing service providers to address AFT forecasts, as well as allow them to serve HAP.

Thank you and we look forward to reaching a common understanding of the facts and potential implications of the IESO's plan to change the HAP eligibility threshold.

Giuliana

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From: Terry Young [<mailto:terry.young@ieso.ca>]
Sent: December-05-17 8:51 AM
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Subject: RE: HAP Eligibility Slides

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Thank you for inviting us to attend your Board of Trustees meeting last week and for sharing your concerns with us related to the eligibility criteria for our programs. I appreciate that changes made to the Home Assistance Program's eligibility criteria directly impact the eligibility criteria for Affordability Fund Trust (AFT) programming, based on the Fund's mandate.

The discussion was focused on the total eligible households for the Home Assistance Program (HAP) that would not be eligible to be served by the AFT program. Specifically, the concern raised was that the changes we are making to HAP have increased the number of eligible homes from 0.5 Million to 1.1 Million. There was also concern that serving 17,000 of these homes per year does not go far enough with the AFT program forecasting to serve 50,000 homes per year. The proposal was to remove OESP as an automatic qualifier for the Home Assistance Program and to use LICO without an adder as the eligibility threshold. As stated in my previous correspondence with Warren, and at the meeting, simplicity for customers and alignment with other low income programs including a potential partnering with GreenON was the rationale for our program's change. Notwithstanding these concerns, I do have some questions for the Board in consideration of its proposal.

1. Within the presentation materials, what is the basis of the assumption that there are 500,000 homes in the province under the standard definition of low income? Our information would lead us to believe there are approximately 750 thousand homes that would fall under that standard.
2. When looking at the 50,000 homes you intend to serve through the AFT program, is there a forecast of (a) how many homes would receive Level 1 vs Level 2 vs Level 3 equipment through the AFT program, and (b) the timeline associated with serving the 50,000 homes?
3. Our estimate of 17,000 homes a year being served is based on market capability as demonstrated through the previous conservation framework. Have you assessed the capability of the market to deliver the 50,000 homes through the AFT program and the homes that we would serve through the HAP?

I look forward to hearing from you.

Terry

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