

Coordination of Home Assistance Program (HAP) and Affordability Fund Trust (AFT)

For discussion with Ministry of Energy

July 5, 2018



Overview

- Background
- Overview of programs
- Issues identified and potential solutions
- Next steps

Background

- Through the Conservation First Framework (CFF), IESO received Direction by the Minister of Energy (August 2017) to design, fund, and deliver conservation programming targeted to low income electricity customers province-wide, beginning in January 2018.
 - A significant decrease in customer enrollments to HAP and inequitable access to the low-income program was observed under the existing delivery model through CFF
 - The IESO indicated in Q4, 2017 its intent to update the HAP eligibility rules to align with other low-income support programs (natural gas low income DSM program, Ontario Electricity Support Plan or OESP)
- The Affordability Fund Trust (AFT) was announced in October 2017 as part of the Fair Hydro Plan to support customers with reducing electricity bills and their carbon footprints
 - The AFT's Declaration of Trust states they are unable to serve customers who are eligible for the Home Assistance Program (HAP) which is delivered through the CFF

Background (Cont'd)

- Discussions were held between the IESO and the AFT Board of Directors throughout Q4 2017 to clarify participant eligibility criteria prior to program launch
 - The IESO and AFT continue to have regular discussions while ramping up program delivery efforts, focusing on information sharing, best practices and issues management
- Current discussions are focused on developing a coordinated approach for customer referrals between HAP and AFT with an agreement to optimize customer experience.

Overview of Programs

	Affordability Fund Trust	Home Assistance Program
Program Objectives	To reduce participants' electricity bills	To improve participant's energy efficiency and heating and cooling comfort while providing measurable benefits to Ontario's electricity system.
Delivery Model	LDC-led delivery with customer support facilitated, in part, by central services (administered by Hydro One)	A central service provider responsible for province-wide delivery; centrally-managed marketing by IESO supported by LDC community engagement and outreach
Program Offering	Three tiers of support depending on customer's level of need: ▪ <i>Level 1</i> – Energy Saving Kit (“Basic Measures”) mailed to customers ▪ <i>Level 2</i> – in-home Energy Audit & assessment of appliances (e.g. fridge, freezer, AC, washers, dryers, stoves) ▪ <i>Level 3</i> – insulation, heat pumps	In-home Energy Audit & Assessment for all participants: <i>“Basic Measures”</i> installed during the audit including lighting measures, water-saving measures, and clothes drying racks The need for <i>“Extended Measures”</i> is assessed during the audit with the option to replace inefficient fridges, freezers, window AC & dehumidifiers; an assessment for the need for insulation and draft proofing <i>“Weatherization Measures”</i>
Program Forecasts	Forecasted Budget: \$100M (until 2019) Forecasted Participation: 50,000 (until 2019) Evaluation & Reporting: TBD by AFT Board	Forecasted Budget: \$30M/yr (2018-2020) Forecasted Participation: 17,000/yr (2018-2020) Evaluation / Reporting: Annual 3rd party eval., with public reporting

Issues Identified – Customer Eligibility

- The onus is placed on service providers who deliver HAP and AFT to determine customer eligibility
 - For AFT - customers must be disqualified from HAP to be eligible to participate
- If a customer's eligibility is either incorrectly determined (or determined at a late stage of the enrollment process), it may result in a home visit from the incorrect program
 - For LDC service territories where the service provider is delivering both programs (most LDCs), incorrect eligibility less a concern since service provider can deliver the appropriate program stream during the home visit
 - For LDC service territories where different service providers are delivering both programs, incorrect eligibility could result in a late customer transfer and/or multiple visits to the home

Potential Solutions – Customer Eligibility

1. Continue to coordinate on enrolment processes to identify customer eligibility and transfer customers early in the enrollment process
 - Requires continued coordination between IESO, AFT and service providers
 - Does not address issue of multiple home visits if customer eligibility not properly determined
2. AFT and HAP service providers to develop sub-contracting relationships
 - Allow AFT services provider to deliver HAP as a sub-contractor thereby avoiding multiple home visits, reducing customer confusion/frustration
 - There is no obligation for existing service providers to enter into sub-contracting agreements to facilitate this strategy

Issues Identified – Measure Disparity

- Disparity in the available measures offered by both programs whereby higher income customers have access to more expansive no-cost measures than low-income qualified customers
 - E.g., AFT offers Air Source Heat Pumps; one LDC is promoting Ground Source Heat Pumps through AFT; some LDCs are offering additional appliances (stoves, washers and dryers) through the AFT
- Disparity in measures leads to customer confusion and frustration, specifically if customer is not eligible to receive measures promoted through other program
- For the IESO to include additional measures in HAP, further engagement with key stakeholders would be required, alongside additional cost/benefit analyses
 - Some AFT measures would significantly increase HAP delivery costs with only marginal benefits to the electricity system

Potential Solutions – Measure Disparity

1. Amend the AFT Declaration of Trust to allow the AFT to service HAP customers for incremental measures (e.g. heat pumps) after delivery of HAP
 - Reduces customer confusion/frustration
 - Simplifies promotion of programs
 - Cost and benefits of measures to be attributed to AFT, not HAP
 - Increase in cost to AFT may reduce ability to meet participation goals
2. Include AFT-equivalent measures through HAP as a pilot while larger HAP redesign is underway
 - Reduces customer confusion/frustration
 - Simplifies promotion of programs
 - Enables IESO to further analyse cost/benefits of measures
 - Expected to reduce cost effectiveness of HAP and CFF portfolio
 - Increase in cost to HAP may reduce ability to meet participation goals

Potential Solutions – Measure Disparity

3. Amend AFT Declaration of Trust to include only HAP-equivalent measures

- Simplifies promotion of programs
- Reduces customer confusion; however AFT-eligible customers may be frustrated should they no longer be eligible for heat pumps and certain appliances
- Reduces cost of delivering AFT with no additional cost to delivering HAP

Next Steps

- Develop further analysis of potential solutions that all parties are amenable to further explore
- Provide opportunity for all parties to provide additional comments and details on potential solutions
- Once a solution is agreed upon, proceed with development of implementation roadmap