



Ontario Energy Board Commission de l'énergie de l'Ontario



Developing a First Nations Rate for On-Reserve First Nations Electricity Customers

Engagement Sessions

Ontario Energy Board

Presentation Outline

- **The Minister of Energy's Request**
- **Overview of the Ontario Energy Board**
- **Developing a First Nations Rate**
 - Guiding Principles
 - Distributors Serving First Nations Communities
 - Discussion
- **Customer Service**
 - Discussion
- **Next Steps**



The Minister's Request to the OEB

We have been asked to examine and report back to the Minister with advice on options for an appropriate electricity rate (or rate assistance) for on-reserve First Nations electricity consumers, including:



Design and implementation of a First Nations Rate



Engage with First Nations communities, organizations and other parties



Consider impacts on existing consumers, as well as distribution and transmission utilities and other stakeholders

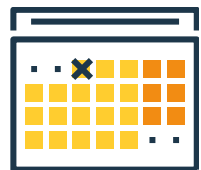
The Minister's Request to the OEB



Consider interactions with existing programs such as the Ontario Electricity Support Program (OESP)

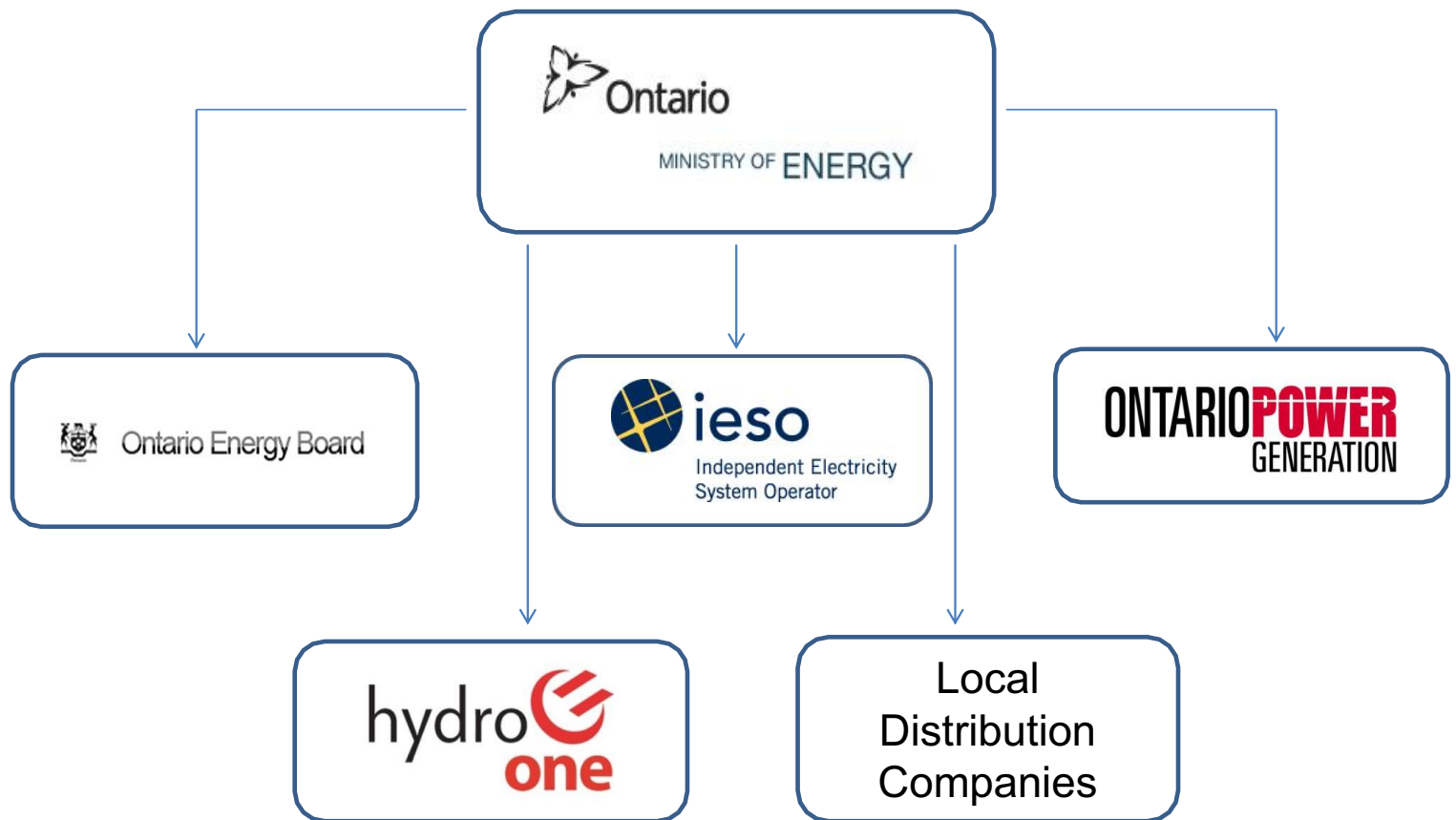


Identify eligible on-reserve First Nations consumers, including those living on reserves not connected to the IESO grid and those served by power systems not regulated by the OEB



Report back by January 1, 2017

Ontario's Energy Sector



The Ontario Energy Board (OEB)

Who We Are

- The OEB is the independent regulator of Ontario's natural gas and electricity sectors
- Our objective is to promote a viable, sustainable and efficient energy sector that serves the public interest
- Our work is carried out through public hearings, working groups and consultations. Everyone is welcome to participate
- Our mandate and authority primarily come from the *Ontario Energy Board Act, 1998*, the *Electricity Act, 1998*



The OEB Cont'd

What We Do

1. We license and oversee energy companies, including utilities, generators, retailers and marketers
2. We create codes, rules and guidelines for energy companies to follow, such as the Customer Service Rules
3. We approve the rates that utilities can charge their customers for, including electricity delivery and transmission
4. We supply information and tools to help consumers make informed choices about energy matters





Developing a First Nations Rate



Scope for Developing a First Nations Rate

- As per the Minister's letter, there is a renewed spirit for the Province and First Nations to work together on issues of mutual interest as expressed in the First Nations-Ontario Political Accord and Canada's Truth and Reconciliation Commission's Calls to Action
- The OEB with the Chiefs Committee on Energy Grievances, have established an Advisory Committee that will provide advice on engagement plans, the identification of issues and discuss the options we are considering
- The Advisory Committee has identified delivery charges associated with transmission and distribution as being of particular concern to First Nations leaders



First Nations Rate Scope Cont'd

- First Nations leaders stated that the focus for this initiative should be recognizing First Nations' contribution to the electricity system in the province
- This initiative will be undertaken in the context of the Advisory Committee's views with the objective of:

Developing an appropriate electricity delivery charge for on-reserve First Nations electricity consumers

- Approx. 25,000 on-reserve First Nations electricity customers* will benefit from this initiative

*Based on the data we have received from distributors serving on-reserve First Nations customers



Guiding Principles

In collaboration with the Advisory Committee, the following principles were established to help guide us in developing our recommendations:



1. **Maximizing benefits for on-reserve First Nations customers at the lowest cost to other ratepayers**



2. **Ease of program implementation for First Nations customers and utilities**

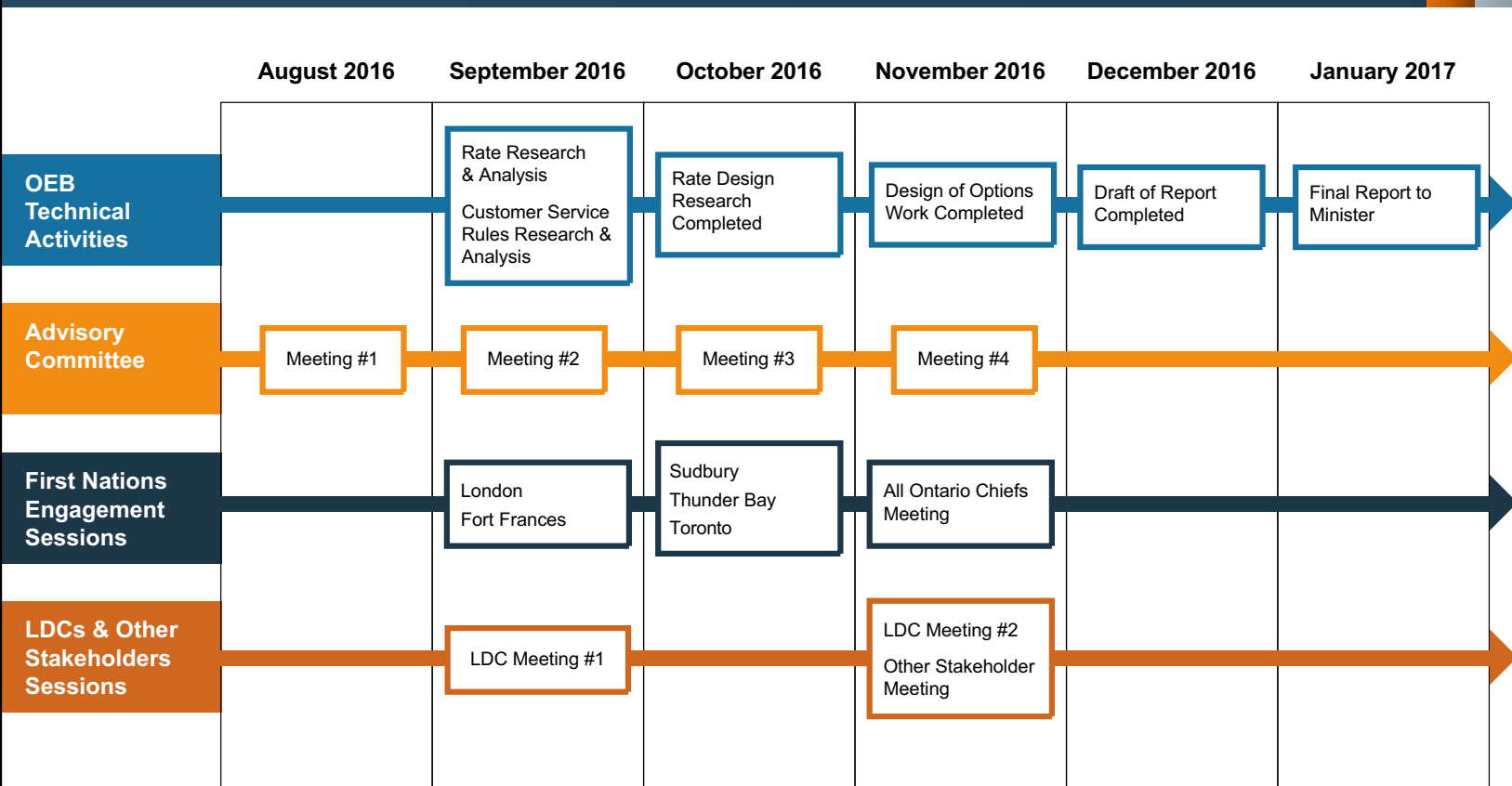


3. **Fairness for all customers**



4. **Accountability to First Nations customers by demonstrating how their views and perspectives have informed the OEB's Report**

Our Process to Develop a Report to the Minister



Distributors Serving First Nations Communities

- As per the Minister's letter, the scope of our report is to focus on First Nations electricity consumers who live on-reserve, including those served by power systems not regulated by the OEB
- The following Local Distribution Companies serve on-reserve First Nations communities:
 - Hydro One Networks (serve approx. 78% of First Nations communities)
 - Hydro One Remotes
 - Attawapiskat Power (Attawapiskat First Nation)
 - Algoma Power (Ojibways of Batchewana, Ojibways of Garden River, Michipicoten First Nation)
 - Bluewater Distribution (Aamjiwnaang First Nation)
 - Cat Lake Power (Cat Lake First Nation)
 - Cornwall Electric
 - Fort Albany Power (Fort Albany First Nation)
 - Kashechewan Power (Kashechewan First Nation)
 - Thunder Bay Hydro (Fort William First Nation)
- Independent Power Authorities (IPAs) are their own utilities that serve under completely distinct provisions and are not regulated by the OEB



The Residential Electricity Bill

MONTHLY BILL STATEMENT

Account Number:
000 000 000 000 0000 0

Meter Number:
0000000

Your Electricity Charges

ELECTRICITY	X.XX
135 kWh On-peak @ X.X ¢ /kWh	
127 kWh Mid-peak @ X.X ¢ /kWh	
488 kWh Off-peak @ X.X ¢ /kWh	

DELIVERY	X.XX
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REGULATORY	X.XX
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DEBT RETIREMENT CHARGE	0.00
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Debt Retirement Charge exemption saved you \$X.XX

Your Total Electricity Charges	X.XX
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Total Amount	\$X.XX
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The Debt Retirement Charge was removed for certain residential consumption after Dec. 31, 2015. Learn more at Ontario.ca/DRC.

Electricity – 51% of the Bill*

- Cost for the supply of electricity you used

Delivery – 46% of the Bill

- Cost of delivering electricity from generating stations to your home
- Consists of Distribution, Transmission and Line Losses
- Some charges are fixed at a set amount per month. Others are variable and change depending on how much electricity is used

Regulatory – 3% of the Bill

- Cost to cover the operation of the market

*Based on a Hydro One low density customer using 1300 kWh per month



Delivery Rates Vary by Distributor

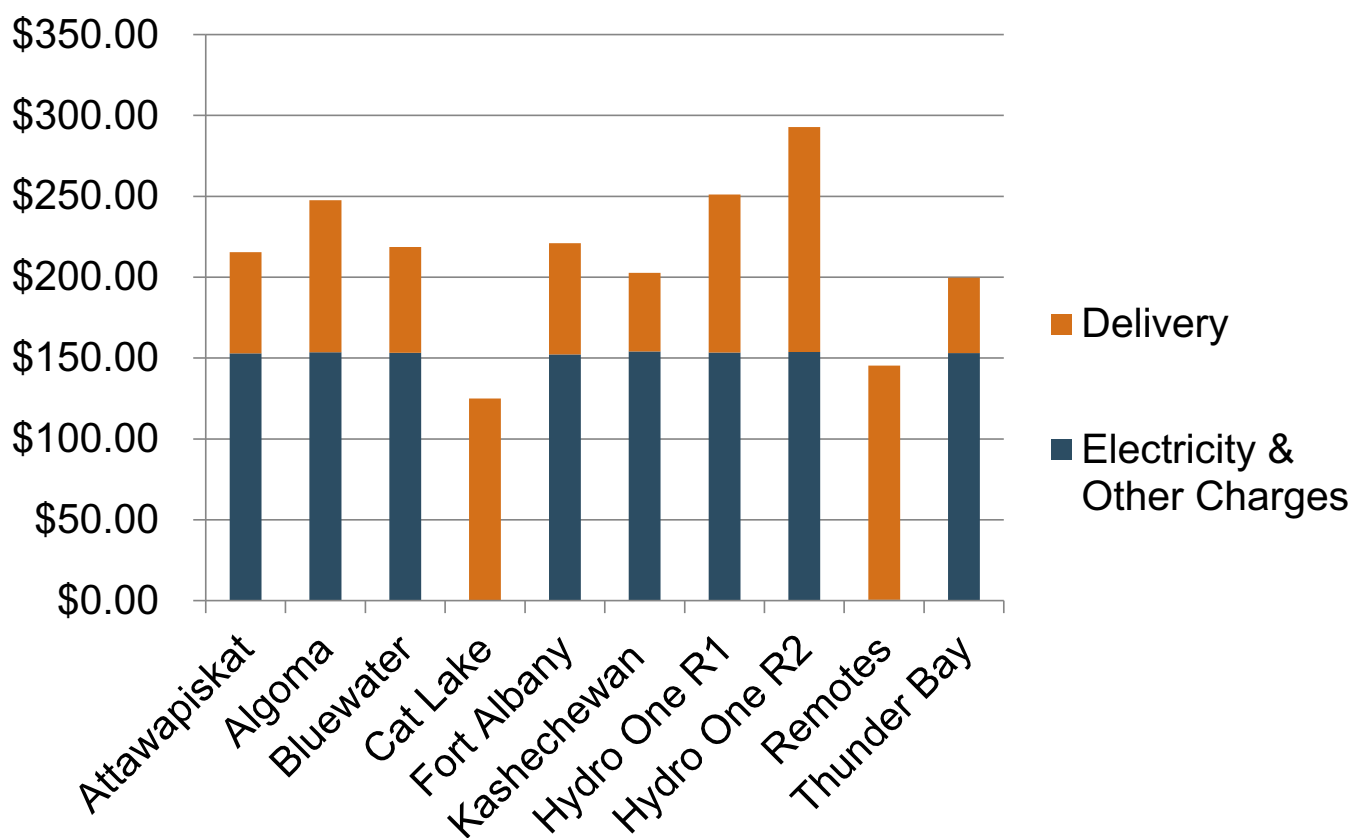
Distributor		RRRP Credit [#]	Delivery Rate				Pre-tax Total Bill
			Distribution	Transmission	Line Losses	Total	
Attawapiskat Power		Yes	\$62.59	Included ⁺	Excluded	\$62.59	\$215.50 ^t
Algoma Power		Yes	\$63.52	\$17.17	\$13.28	\$93.97	\$247.54
Bluewater Power			\$42.50	\$16.80	\$6.10	\$65.40	\$218.58
Cat Lake Power			\$125.00	Included	Included	\$125.00	\$125.00
Fort Albany Power		Yes	\$48.36	\$20.54	Excluded	\$68.90	\$221.09 ^t
Kashechewan Power		Yes	\$26.51	\$22.10	Excluded	\$48.61	\$202.70 ^t
Hydro One Networks	R1		\$70.41	\$16.23	\$11.01	\$97.65	\$251.09
	R2	Yes	\$108.07	\$15.95	\$15.20	\$139.22	\$292.90
Hydro One Remotes		Yes	\$144.83	Included	Included	\$144.83	\$146.26
Thunder Bay Hydro			\$27.21	\$14.39	\$4.95	\$46.55	\$199.67

- Delivery rates reflect the distributors' costs
- Rates are based on a First Nations customer using an average of 1,300 kWh per month
- Hydro One Remotes and Cat Lake charge a blended Delivery Rate which includes the cost of supplied electricity

+ - Distribution cost reflects net delivery charges after transmission and RRRP | # - Set by regulation | t - Assumes RPP tiered customer



Residential Bills Vary by Distributor

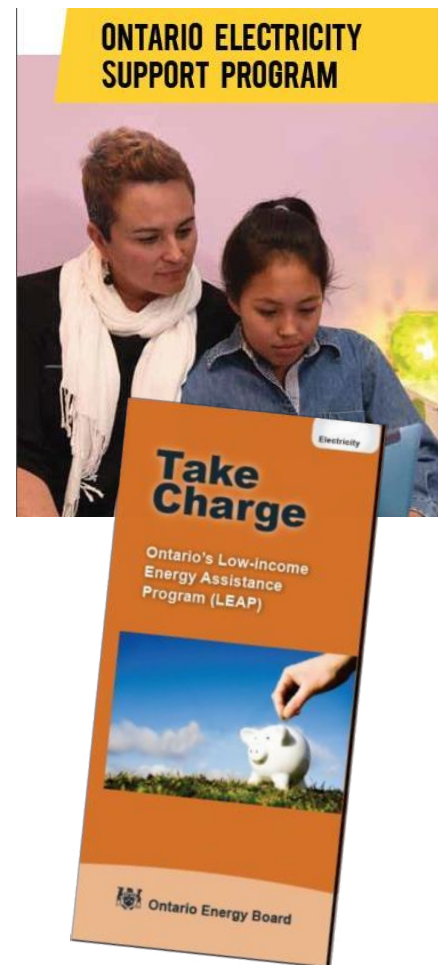


Current Electricity Bill Assistance Programs

In his letter, the Minister asked us to consider interactions with other assistance programs

Three assistance programs already in place are:

1. Rural and Remote Rate Protection (RRRP)
2. Ontario Electricity Support Program (OESP)
3. Low-Income Energy Assistance Program (LEAP)



Discussion

- What type of rate assistance is required to help First Nations customers?
 - A credit, similar to the OESP, that appears on your bill?
 - A rate reduction, similar to the RRRP, which is removed from the delivery charge and does not appear on your bill?
- What should we consider in determining an appropriate level of assistance?
 - The elimination of a charge, such as the delivery rate, or a portion of it?
 - A fixed credit or a percentage-based reduction?
 - A sliding scale approach, similar to the OESP, that varies based on income level and household size?



Discussion

- Should the amount of assistance provided be uniform or targeted?
 - All on-reserve First Nations customers receive the same amount?
 - Targeted to on-reserve First Nations customers based on greatest need (i.e. income based, community, heating fuel source, etc.)?
- How should the assistance be administered?
 - An application process with criteria? If so, what criteria?
 - To all First Nations residential customers who live on-reserve?
 - To all customers who have an on-reserve address?





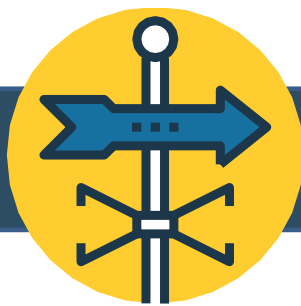
Customer Service



Discussion

- What has been your experience with your utility's customer service representatives?
- What are your biggest customer service concerns?
 - Disconnections
 - Arrears Management
 - Managing Bills
 - Receiving Assistance
 - Cultural Insensitivity
 - Other?
- What customer service improvements do you feel could be made to better assist First Nations customers?





Next Steps



Next Steps

- Engagement Sessions will be completed by October 31st
- The Chiefs of Ontario will be drafting a report summarizing the comments heard from all engagement sessions
- This summary report will assist us in developing our recommendations for the Minister
- A draft of our recommendations will be presented at the All Ontario Chiefs Meeting in November
- Feedback from the All Ontario Chiefs Meeting will be presented to us at our Advisory Committee meeting in November
- Our report will be sent to the Minister by January 1st



Where to Send Your Submissions

Ontario Energy Board

P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Attn: Ms. Kirsten Walli, *Board Secretary*

Email: BoardSec@ontarioenergyboard.ca

Telephone: 1-888-632-6273 (toll free)

Fax: 416-440-7656

Please include File Number: **EB-2016-0274**





Appendices

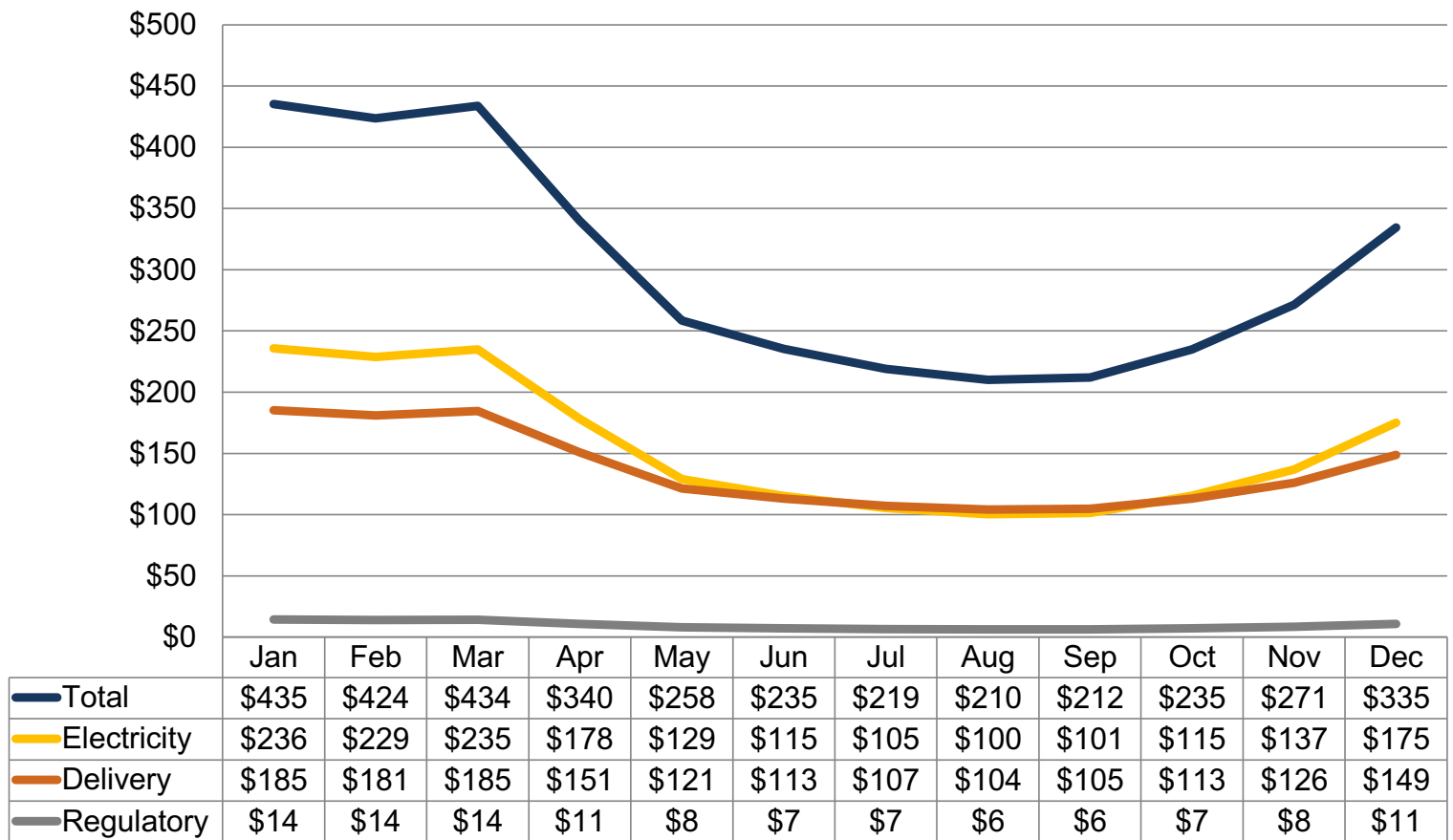


Typical First Nations' Residential Electricity Bills

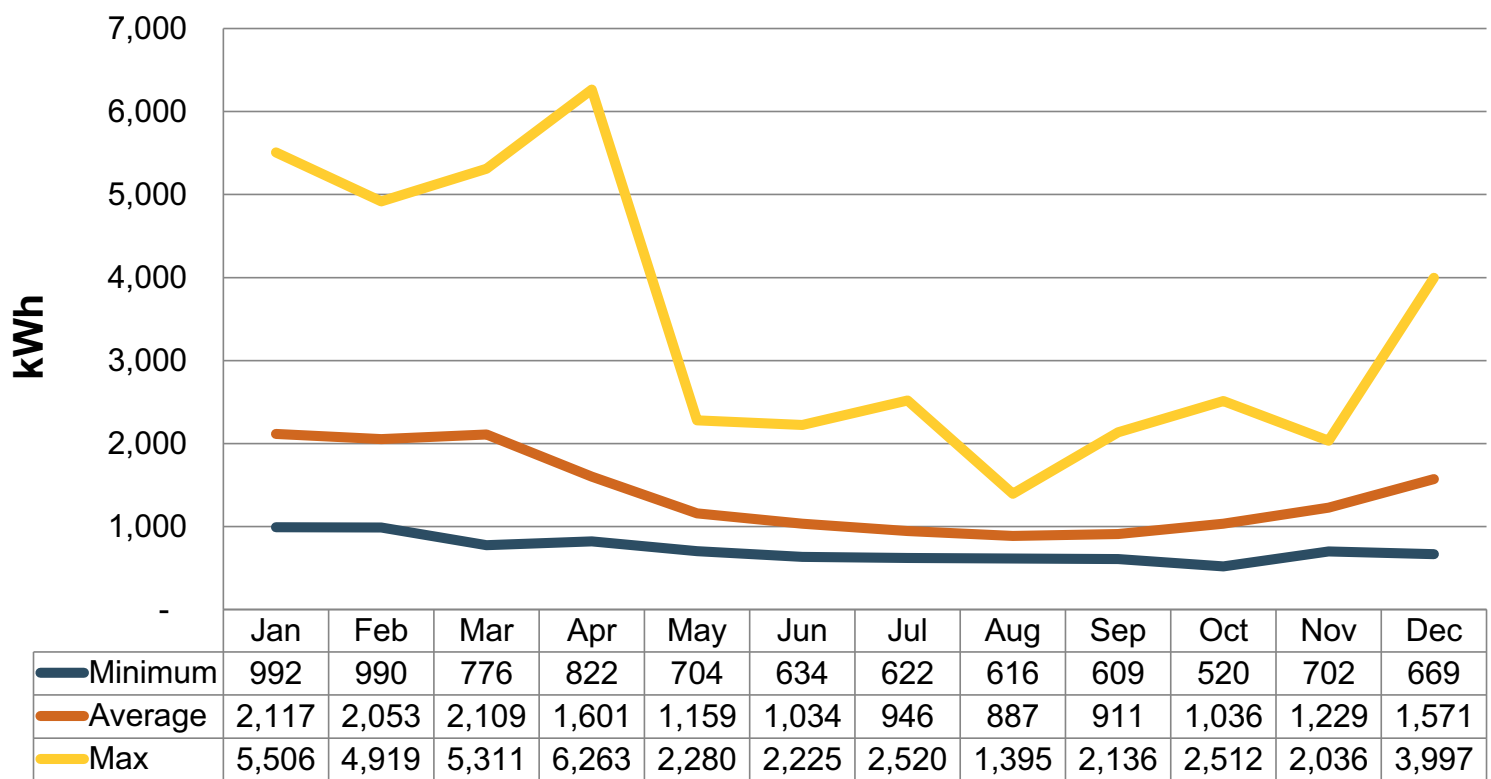
Medium Density - R1 Rates								
Min Monthly Bill @ 600kWh			Average Monthly Bill @ 1,300kWh			Max Monthly Bill @ 6,200kWh		
		% of Total			% of Total			% of Total
Commodity	\$68	51%	Commodity	\$155	58%	Commodity	\$698	64%
Distribution	\$56	41%	Distribution	\$86	32%	Distribution	\$277	25%
Transmission	\$7	5%	Transmission	\$16	6%	Transmission	\$73	7%
Regulatory	\$4	3%	Regulatory	\$9	3%	Regulatory	\$41	4%
Total	\$135		Total	\$266		Total	\$1,088	
Low Density - R2 Rates								
Min Monthly Bill @ 600kWh			Average Monthly Bill @ 1,300kWh			Max Monthly Bill @ 6,200kWh		
		% of Total			% of Total			% of Total
Commodity	\$68	43%	Commodity	\$155	52%	Commodity	\$698	58%
Distribution	\$78	50%	Distribution	\$121	40%	Distribution	\$392	33%
Transmission	\$7	4%	Transmission	\$15	5%	Transmission	\$70	6%
Regulatory	\$4	3%	Regulatory	\$9	3%	Regulatory	\$42	3%
Total	\$157		Total	\$301		Total	\$1,201	



Average Low Density Residential Bill Broken Down by Charge*



Average Residential Consumption Broken Down By Month*



*Based on Hydro One's low density rate class



Rural or Remote Electricity Rate Protection (RRRP)

The RRRP Program

- Provides financial assistance to customers located in rural or remote areas, where the cost of providing electricity greatly exceeds the costs to customers elsewhere in Ontario



— OR —



Remotes Customers

(receive electricity from Hydro One Remote Communities Inc.)

A fixed amount aimed at reducing overall bills

Receive a monthly credit of approx. \$780 per customer

Rural customers

(grid-connected)

Used to reduce the delivery portion of the bill to better align with the cost of distribution in the rest of the province

Hydro One customers receive a monthly credit of approx. \$31.50 per customer



Ontario Electricity Support Program

- The OESP provides low-income consumers with a monthly on-bill credit to reduce their electricity bill
 - The amount of the credit depends on two factors:
 1. How many people live in the home
 2. Your combined household income
- *You must *apply* to the program
- Lower-income First Nations households receive an enhanced credit of \$45 to \$75 per month, to help address the unique challenges that may lead to higher electricity use and costs
 - Currently, over 7,000 First Nations consumers have applied for OESP



Low-Income Energy Assistance Program (LEAP)

LEAP Emergency Financial Assistance

- Customers can receive up to \$500 per year or \$600 if their home is electrically heated
- The assistance is only available if a customer is behind on their bill – or in *arrears* – and may face having their service disconnected
- It is for emergency situations only and is not meant to provide ongoing help to pay bills
- In order to access LEAP, a customer must go through the social service agency who has partnered with their utility

LEAP EFA Income Eligibility Criteria

HOUSEHOLD AFTER TAX INCOME (\$)	NUMBER OF PEOPLE LIVING IN HOME						
	1	2	3	4	5	6	7 or more
Less than 28,000	Eligible	Eligible	Eligible	Eligible	Eligible	Eligible	Eligible
28,001 - 39,000			Eligible	Eligible	Eligible	Eligible	Eligible
39,001 - 48,000					Eligible	Eligible	Eligible
48,001 - 52,000							Eligible



Residential Customer Service Rules

We developed a list of rules to ensure all consumers across the province are treated fairly

Security Deposits

- Distributors often ask new customers, who have no payment history with another utility, or poor payment history, for a security deposit
- Customers can ask to pay a deposit in as many as 6 equal monthly instalments
- Customers with one year of good payment history will have their deposits returned

Equal Payment Plans

- The utility will add up bills for the last 12 months and divide the total by 12 to get the average. That is the amount a customer will be billed each month
- Customers are given at least two dates in a month to have automatic payments withdrawn from their bank account



Customer Service Rules Cont'd

Late Payment Charges

- Late payment charges begin 16 days after a bill is issued
- All utilities charge a late payment interest charge of approx. 1.5% per month or 19.56% annually

Overdue / Arrears Payment Plan

- Before disconnection, a customer must be given the chance to go on an arrears payment plan*
- May ask for a down payment of up to 10%
- The payment amount and schedule is calculated as follows:



* If a customer has defaulted or has previously refused to enter an arrears plan, the utility does not have to offer them one again

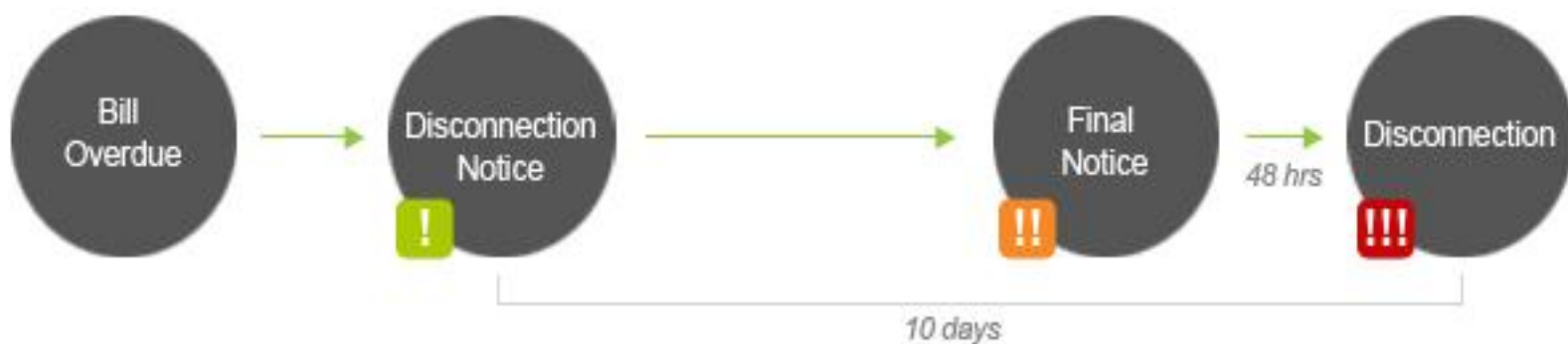
If you owe:	Then your payment plan timeline will be:
Less than twice your average monthly bill	At least 5 months
More than twice your average monthly bill	At least 10 months



Customer Service Rules Cont'd

Disconnection

- The utility must provide at least 10 days' notice before disconnection
- A customer may be able to pay off their outstanding balance when a utility worker arrives to cut off their power. The utility must have staff available to accept payment, including credit cards



Low-Income Customer Service Rules

To assist low-income consumers, we have tailored the customer service rules to better meet their needs

You can take advantage of these rules if:

1. Your local social agency determines you meet the requirements
2. You've received emergency financial assistance within the past 2 years
3. You are receiving OESP

These special rules include:

- Security deposit waivers and refunds
- Access to enhanced equal billing and equal payment plans
- Extended repayment periods for under-billing adjustments
- Extended disconnection grace period when you are being reviewed for eligibility
- Longer arrears payment periods, including waiving of outstanding service charges and removal of late payment charges going forward

