



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

**BY E-MAIL AND WEB POSTING**

**February 12, 2024**

**TO:** All Rate-regulated Electricity Distributors  
All Rate-regulated Natural Gas Distributors  
All Licensed Unit Sub-Meter Providers  
Financial Assistance Working Group  
All LEAP Lead and Intake Agencies  
All Other Interested Parties

**RE: Changes to the Low-income Energy Assistance Program Emergency  
Financial Assistance and Accounting Orders  
OEB File No. EB-2023-0135**

The Ontario Energy Board (OEB) is announcing changes to the Low-income Energy Assistance Program Emergency Financial Assistance (LEAP EFA). These changes will help ensure that LEAP EFA continues to provide an appropriate level of assistance to vulnerable consumers in a timely and effective manner.

The OEB is also issuing a Rate Order (Appendix A to this letter) that establishes two deferral accounts, allowing rate-regulated electricity and gas distributors to record prudently incurred LEAP EFA contributions that exceed the funding amounts embedded in rates.

**The changes to LEAP EFA and the deferral accounts will come into effect March 1, 2024.**

## **BACKGROUND**

On November 21, 2023, the OEB issued an [OEB Staff Report](#) (Report) for comment that outlined recommendations for enhancements to LEAP EFA. The recommendations related to the following program areas: income eligibility threshold, grant amounts, program funding, sustainability, program awareness, and program performance metrics.

Staff's recommendations were informed by input from members of the Financial Assistance Working Group (FAWG), which has been instrumental in the design and implementation of LEAP EFA since its inception, as well as by the results of consumer outreach, and an analysis of relevant program-related data collected under the Reporting and Record Keeping Requirements (RRR).

The OEB received nine [letters of comment](#) from various stakeholders including distributors, a representative for low-income consumers, and a social agency involved in the delivery of the program. All of the comments were generally supportive of the recommendations.

The OEB also conducted a survey to gather consumer input and identify opportunities to improve the program and ensure it is still meeting the needs of low-income energy customers in Ontario. Results of the research revealed that staff recommendations for LEAP EFA changes are generally consistent with consumer expectations. In addition, a majority of survey participants who were also recipients of LEAP EFA indicated that they had positive experiences and were satisfied with the help provided through the program.

The OEB thanks all stakeholders who participated in this review.

## **CHANGES TO LEAP EFA**

Following consideration of the Report, stakeholder feedback, results of the consumer research and RRR analysis, the OEB has decided to adopt the recommendations made in the Report effective March 1, 2024.

### **1. Income Eligibility Thresholds**

The Report recommended that LEAP EFA income eligibility thresholds be updated to align with the new expanded Ontario Electricity Support Program (OESP) income thresholds that will take effect March 1, 2024. Stakeholders were in support of this recommendation which will result in more households becoming eligible for LEAP EFA. The OEB accepts the Report recommendation.

### **2. Grant Amounts**

The Report recommended that current LEAP EFA grant amounts be adjusted to reflect inflationary changes since the start of the program in 2011. Specifically, the maximum

electricity and natural gas grants be increased from \$500 to \$650, while the maximum grant for those heating with electricity be increased from \$600 to \$780. The OEB accepts this recommendation.

While stakeholders were supportive of the increased grant amounts, a few went on to suggest the OEB allow distributors and agencies discretion in administering LEAP EFA grants, including providing larger amounts where appropriate, and in particular, where a distributor has surplus LEAP EFA funding. They also suggested that the grant amounts be reviewed on a more regular basis to determine when an inflationary adjustment is warranted.

LEAP EFA was designed and intended to offer emergency financial assistance and support to eligible low-income customers in Ontario in a consistent manner. Provision is already made for higher grants for customers who heat their homes with electricity. At this time, in light of the other changes to the program that will be implemented on March 1, 2024, the OEB does not believe it is appropriate to allow the discretion to offer larger grant amounts on a case-by-case basis. The OEB agrees that grant amounts should be reviewed periodically and will do so as needed.

### **3. Program Funding**

Under the generic funding mechanism, in place since 2011, each distributor provides the greater of 0.12% of their total OEB-approved distribution revenue requirement or \$2,000 each year for LEAP EFA. A distributor may propose that a higher LEAP EFA funding amount be included in rates if its demographics point to a greater need.<sup>1</sup>

In the Report, OEB staff recommended that no eligible LEAP EFA applicant should be denied the emergency grant due to lack of funding. Stakeholders supported this recommendation. They also did not object to leaving the generic LEAP EFA funding mechanism unchanged.

Consumer research also showed strong support for providing funding to allow for all eligible low-income customers facing disconnection to receive one-time emergency funding. Most participants felt a monthly contribution of \$2 or less was reasonable for the average residential consumer to pay to support the program.

Distributors recommended that a generic deferral account be established to enable the recovery of LEAP EFA grants that are provided to eligible customers above the

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<sup>1</sup> [See section 2.4.3.6 of the OEB's Filing Requirements for Electricity Distribution Rate Applications](#)

amounts that are funded through rates based on the generic funding mechanism. They suggested that the account be effective from March 1, 2024 until the distributor's next cost-based rate order. Distributors stressed that without an interim mechanism to address the incremental funding issue, they would have no way to recover any incremental contribution amounts and would have to wait until their next cost-based rate proceeding to adjust their annual funding amount.

The OEB agrees that no eligible LEAP EFA applicant should be denied assistance due to lack of funding. Based on historical data, the OEB believes that the impact of adopting this recommendation will likely not be material for most distributors. However, the OEB also recognizes the challenge in forecasting the impact of this change given uncertainties regarding future program uptake, as well as the increases in the grant amounts and the changes in the income eligibility thresholds that will take effect on March 1, 2024. For regulatory efficiency, the OEB is establishing generic deferral accounts to allow rate-regulated electricity and natural gas distributors to record incremental LEAP EFA contributions that are beyond the amounts embedded in distribution rates. The OEB expects that only prudently incurred and material costs recorded in the accounts will be sought for disposition. The details for these deferral accounts are set out in the attached Accounting Orders.

The OEB notes that in the past, many distributors have donated supplementary amounts to LEAP EFA from sources other than rates. The OEB commends those distributors for supporting their low-income customers and encourages them to continue to do so.

## **Sustainability**

As part of the assessment of an applicant's eligibility for LEAP EFA, intake agencies will undertake a sustainability review to assess whether the applicant will be able to pay their energy bills in the future after the grant has been provided. As part of this assessment, the intake agency will review several documents including lease or mortgage documents, which agencies have informed the OEB are sometimes difficult for applicants to provide.

Stakeholders supported and the OEB accepts the Report recommendation that intake agencies should have flexibility to accept documents in lieu of a lease or mortgage document (e.g., letter from MPP, attestation from a legal clinic or letter from a landlord). This approach strikes an appropriate balance between maintaining the effectiveness of the program and facilitating the production of documents to support program sustainability.

#### 4. Program Awareness

Consumer research suggests that one-third of Ontario residents have heard of LEAP EFA and that among survey participants who had not applied to LEAP EFA, the majority are interested in receiving more information about the program.

The OEB agrees with the Report recommendation that distributors and unit sub-meter providers should regularly communicate with consumers about LEAP EFA and work with the FAWG and OEB staff on suitable approaches as necessary.

The OEB will continue to support the communication efforts of all relevant parties by providing guidance and clarification regarding LEAP EFA as needed.

#### **PROGRAM PERFORMANCE METRICS**

The OEB agrees that there is a need for appropriate metrics to evaluate the effectiveness of LEAP EFA having regard to the overall scope and dollars involved in the program. The OEB notes that stakeholders were generally supportive of the performance metrics recommended by OEB staff and accepts them as measures to assess the stated outcome of LEAP EFA effectively reaching eligible low-income customers in a timely manner; namely:

- No eligible LEAP EFA application is denied due to lack of funding.
- LEAP EFA applications are processed within 21 days.

Distributors currently provide the OEB information relating to LEAP EFA as part of their annual RRR reporting, including data relating to declined LEAP EFA applications. Starting with their April 2026 RRR filings, distributors will also be required to annually provide a statement that no eligible applicant was denied due to lack of funds. For clarity, the first statement is to be provided for the 2025 calendar year as part of the 2026 RRR submission.

At this time, the OEB will not impose reporting requirements in relation to the processing of LEAP EFA applications within 21 days. However, the OEB will monitor complaints and concerns brought to the OEB's attention from relevant parties relating to agencies taking longer than 21 days to assess LEAP EFA applicants. This information will be used to measure performance against the new metrics and assess whether there is a need for a reporting requirement to support this performance measure.

**IMPLEMENTATION**

The above changes to LEAP EFA will take effect March 1, 2024. The [OESP & LEAP Program Manual](#) (Manual) will be revised to reflect these changes.

Given the effective date of the changes, the OEB is providing the following guidance relating to the administration of the program in 2024:

- Between January 1 and February 29, 2024, to be eligible for LEAP EFA, the applicant still needs to be in arrears but does not need to be in threat of disconnection or have been disconnected.
- An eligible customer who receives a LEAP EFA grant between January 1 and February 29, 2024 will be able to apply for and receive additional funding (up to the new maximum annual grant amount) after March 1, 2024.

Any questions relating to this correspondence should be directed to [IndustryRelations@oeb.ca](mailto:IndustryRelations@oeb.ca).

**DATED** at Toronto, **February 12, 2024**

**ONTARIO ENERGY BOARD**

Nancy Marconi  
Registrar

Appendix: Final Rate Order

APPENDIX A  
**FINAL RATE ORDER**  
**ONTARIO ENERGY BOARD**  
**EB-2023-0135**  
**FEBRUARY 12, 2024**



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# **FINAL RATE ORDER**

**EB-2023-0135**

## **ONTARIO ENERGY BOARD**

**Low-income Energy Assistance Program  
Emergency Financial Assistance**

**Funding Deferral Accounts**

**BEFORE: Lynne Anderson  
Chief Commissioner**

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**February 12, 2024**



## 1 RATE ORDER

The Ontario Energy Board (OEB) is establishing, on its own motion, generic deferral accounts, each entitled Low-income Energy Assistance Emergency Financial Assistance (LEAP EFA) Funding Deferral Account, to allow rate-regulated electricity and natural gas distributors to record prudently incurred incremental LEAP EFA contributions that exceed the funding amounts currently embedded in their rates.

This Rate Order is being issued without a hearing under section 19(4) of the *Ontario Energy Board Act, 1998*, to establish accounting orders.

On February 12, 2024, the OEB issued a letter indicating that it had approved the recommended changes to the LEAP EFA set out in the OEB Staff Report to be effective March 1, 2024. This Rate Order is being issued coincident with that letter, which includes all of the background information related to the LEAP EFA consultation.

The OEB is establishing generic deferral accounts to allow rate-regulated electricity and natural gas distributors to record incremental LEAP EFA contributions that are beyond the amounts currently embedded in distribution rates. The OEB recognizes the uncertainty of the impact of the enhancements to the LEAP EFA program and concludes the most efficient approach is to grant the generic accounts. However, it is still expected that the impact will not be material for most distributors, therefore only material balances should be brought forward for disposition.

## 2 IMPLEMENTATION

The deferral accounts are effective March 1, 2024.

The OEB expects each distributor to bring forward amounts recorded in the new deferral account for review and disposition as part of its next cost-based rate application, if the balance exceeds the distributor's materiality threshold.

The OEB also expects that any distributor that has a material balance in the new deferral account will, as part of its next cost-based rate application, apply for a higher LEAP EFA funding amount going forward if the need for additional funding is forecast to be sustained. As such, the OEB does not anticipate that distributors will need the new deferral accounts beyond their next cost-based rate applications.

### **3 ORDER**

#### **THE ONTARIO ENERGY BOARD ORDERS THAT:**

1. The attached accounting orders are approved.

**DATED** at Toronto February 12, 2024

**ONTARIO ENERGY BOARD**

Nancy Marconi  
Registrar

**SCHEDULE A**  
**ELECTRICITY ACCOUNTING ORDER**  
**ONTARIO ENERGY BOARD**  
**EB-2023-0135**  
**FEBRUARY 12, 2024**

**ELECTRICITY DISTRIBUTOR ACCOUNTING ORDER  
ACCOUNT 1508 – OTHER REGULATORY ASSETS, SUB-ACCOUNT  
LEAP EFA FUNDING DEFERRAL ACCOUNT**

For the purpose of recording incremental Low-income Energy Assistance Emergency Financial Assistance (LEAP EFA) contributions that are beyond amounts currently embedded in distribution rates, rate-regulated electricity distributors may establish the following two new accounts, effective March 1, 2024:

1. Account 1508 - Other Regulatory Assets, Sub-account LEAP EFA Funding Deferral
2. Account 1508 - Other Regulatory Assets, Sub-account LEAP EFA Funding Deferral, Carrying Charges

In the LEAP EFA Funding Deferral sub-account, distributors may record prudently incurred incremental LEAP EFA contributions made on and after March 1, 2024 that are beyond the amounts currently embedded in distribution rates.

Carrying charges will apply at the OEB's prescribed rates for deferral and variance accounts that are published on the OEB's website on a quarterly basis.<sup>1</sup>

A distributor may bring forward amounts recorded in the LEAP EFA Funding Deferral sub-accounts for review and disposition as part of its next cost-based rate application if they exceed the distributor's materiality threshold. The OEB will also allow distributors that are in an extended incentive rate-setting period (e.g. under a deferred rebasing period arising from utility consolidations or under Annual Incentive Rate-setting Index) to request material account balances for disposition in a non-rate rebasing year to address potential intergenerational inequity concerns.

The incremental LEAP EFA funding contributions shall be tracked at a sufficiently detailed level to assist in a prudence review of the costs incurred.

The OEB also expects that any distributor that has a material balance in the LEAP EFA Funding Deferral sub-accounts will, as part of its next cost-based rate application, apply for a higher LEAP EFA funding amount going forward if the need for additional funding is forecast to be sustained. As such, the OEB does not anticipate that distributors will need the LEAP EFA Funding Deferral sub-accounts beyond their next cost-based rate application.

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<sup>1</sup> Per the OEB's [Prescribed Interest Rates](#) webpage

**Sample Journal Entries:**

**To record incremental LEAP EFA contributions:**

Dr. 1508 Other Regulatory Assets, Sub-account LEAP EFA Funding Deferral  
    Cr. XXXX Account(s) associated with LEAP costs, as applicable

*To record incremental LEAP EFA contributions, if applicable.*

Dr. 1508 Other Regulatory Assets, Sub-account LEAP EFA Funding, Carrying Charges  
    Cr. 6035 Other Interest Expense

*To record the carrying charges on the monthly opening balance in Account 1508 Other Regulatory Assets, Sub-account LEAP EFA Funding Deferral*

**SCHEDULE B**  
**GAS ACCOUNTING ORDER**  
**ONTARIO ENERGY BOARD**  
**EB-2023-0135**  
**FEBRUARY 12, 2024**

## **GAS DISTRIBUTOR ACCOUNTING ORDER ACCOUNT 179 – LEAP EFA FUNDING DEFERRAL ACCOUNT**

For the purpose of recording incremental Low-income Energy Assistance Emergency Financial Assistance (LEAP EFA) contributions that are beyond the amounts currently embedded in distribution rates, rate-regulated natural gas distributors may establish the following two new accounts effective March 1, 2024:

1. Account 179 - LEAP EFA Funding Deferral
2. Account 179 - LEAP EFA Funding Deferral, Carrying Charges

In the LEAP EFA Funding Deferral sub-account, distributors may record prudently incurred incremental LEAP EFA contributions made on and after March 1, 2024 that are beyond the amounts currently embedded in distribution rates.

Carrying charges will apply at the OEB's prescribed rates for deferral and variance accounts that are published on the OEB's website on a quarterly basis.<sup>2</sup>

A distributor may bring forward amounts recorded in the LEAP EFA Funding Deferral sub-accounts for review and disposition as part of its next cost-based (rebased) rate application if they exceed the distributor's materiality threshold. The OEB will also allow distributors that are in an extended incentive rate-setting period (e.g. under a deferred rebasing period arising from utility consolidations) to request material account balances for disposition in a non-rate rebasing year to address potential intergenerational inequity concerns.

The incremental LEAP EFA funding contributions shall be tracked at a sufficiently detailed level to assist in a prudence review of the costs incurred.

The OEB also expects that any distributor that has a material balance in the LEAP EFA Funding Deferral sub-accounts will, as part of its next cost-based rate application, apply for a higher LEAP EFA funding amount going forward if the need for additional funding is forecast to be sustained. As such, the OEB does not anticipate that distributors will need the LEAP EFA Funding Deferral sub-accounts beyond their next cost-based rate application.

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<sup>2</sup> Per the OEB's [Prescribed Interest Rates](#) webpage



**Sample Journal Entries:**

**To record incremental LEAP EFA contributions:**

Dr. 179 LEAP EFA Funding Deferral

    Cr. XXXX Account(s) associated with LEAP costs, as applicable

*To record incremental LEAP EFA contributions, if applicable.*

Dr. 179 LEAP EFA Funding, Carrying Charges

    Cr. 323 Other Interest Expense

*To record the carrying charges on the monthly opening balance in Account 179 LEAP EFA Funding Deferral*