November 10, 2014

Kirsten Walli

Board Secretary

Ontario Energy Board

2300 Yonge St.

P.O. Box 2319

Toronto, Ont.

M4P 1E4

Dear Ms. Walli:

**Re: EB – 2014 - 0227 – Stakeholder Forum – Electricity Bill Assistance Program**

On October 23, 2014, the Ontario Energy Board (“Board”) released a letter inviting stakeholders to a Stakeholder Forum regarding the design of a ratepayer-funded bill assistance program for low-income electricity consumers. This was initiated by a letter from the Minister of Energy dated April 23, 2014, asking the Board to develop options for such a program. On November 6, 2014, the Consumers Council of Canada (“Council”) participated in person at the Stakeholder Forum.

Many of the Council’s suggestions, recommendations and comments may be found in the transcribed notes from the Forum. Please find attached the Council’s written comments and recommendations.

Yours truly,

*Ruth Greey*

Ruth Greey

CC: Julie Girvan, Consumers Council of Canada

 Ken Whitehurst, Consumers Council of Canada

Attach:

**EB – 2014 - 0227 – Stakeholder Forum – Electricity Bill Assistance Program**

**Consumers Council of Canada’s Written Comments November 10, 2014**

Please find below the Consumers Council of Canada’s (Council) written comments on the three key questions regarding the design of a ratepayer-funded ongoing assistance program (“OESP”).

**Question #1**

Should the OESP provide support to the greatest number of low income customers, or provide support to those low income customers with the greatest need?

To answer this question, the objectives of the program must first be reviewed. As discussed at the Forum;

This is an ongoing program to be implemented in January 2016. It is to be accessible, it will be funded through electricity rates, with an appropriate balancing in the consideration of the options between the needs of low-income consumers, recognizing the challenges they are facing as well as ensuring the program is cost-effective. The program is to be delivered as a reduction on customers' bills, so it is clear that it is something that is going to be delivered through the distributor's bills to customers, ensuring the mechanism for the program delivery and intake options are considered in a way that will make all the customers who are eligible for the program have access to the program and be able to take advantage of the program.

With these objectives in mind the Council believes the Board should consider a “targeted” approach to eligibility, intake and delivery of the program . In order to determine who should be eligible, a clear definition of “low income customers with the greatest need” should be developed. The definition should include such criteria as those with electric heat, those in more remote locations and in under-employed areas, for example. The definition should complement the current definition of low income customers currently used in existing programs such as the low-income energy assistance program (LEAP), the conservation programs that are targeted to low-income consumers and the current Distribution System Code customer service rules for low income customers. The definition should also consider the unique needs of those that depend on medical equipment, and those in First Nation and Métis communities.

One proposal would be to implement a “pilot” program in January 2016 to help address the short program implementation timeframe and then once there is experience with this targeted group consideration could be given to rolling out the program more broadly.

**Question #2**

How could the OESP best meet its intended objective?

a. A percentage-based credit (i.e. 10%) applied to the customer’s total bill that is the same for all eligible low-income customers?

b. A fixed credit (i.e. a fixed dollar-amount rebated off each bill such as $50) that is the same for all eligible low-income customers?

c. A ‘customized’ fixed-credit that is tied to eligible low-income customers’ income level and electricity consumption? (The credit could either be determined individually for each customer, such that the customer only pays an amount equal to a specified percentage (i.e. 6%) of their household income; or by establishing credits for low income customers based on predetermined income and consumption brackets (i.e. a specific credit matched to a certain estimated annual usage.)

In terms of implementing the program, the options must be considered in terms of the program’s objectives, particularly cost-effectiveness.  An approach based on income and / or electricity use etc. may lead to the most comprehensive program but if that means very high implementation and ongoing administrative costs it may be more appropriate to implement a proposal that is based on a total bill percentage credit.

The options should also consider program longevity. Low-income circumstances can change fairly quickly. This program should consider how it can withstand a sufficient amount of time without rigorous administration. If the program design necessitates changes to individual circumstances being considered annually (or more frequently), program costs will increase, which in turn will decrease the cost effectiveness of the program. To make the program most cost effective it should be kept simple.

It is important to consider who is making the decision as to how this program is established and administered. The Council suggests that it be delegated to the Financial Assistance Working Group (FAWG) that can look at the LEAP experience and develop protocols that are in the best interests of the consumers that will benefit from this program as well as those that will be funding the program.

**Question #3**

How should the OESP be funded: through a provincial charge that is uniform for all ratepayers, collected centrally and then paid out to distributors based on their OESP requirements; or should each distributor collect the revenue required to fund the OESP needed for its service area through its distribution rate?

The Council is of the view that a low-income bill assistance program should be funded through general revenues and not funded solely by electricity ratepayers.  It is a form of social assistance and should be considered in the context of other social assistance programs and coordinated with those programs. If the Government and/or the Board decides to implement a ratepayer funded program it should be funded by all ratepayers and funded as a Provincial charge and not recovered on an individual utility basis. This program could mimic the framework used for “Direct Benefits” using the Global Adjustment uniform charge.