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June 22, 2016

Ontario Energy Board  
2300 Yonge Street  
Suite 2700  
Toronto, ON M4P 1E4

Attention: Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Submissions of the Low-Income Energy Network  
Board File No. EB-2015-0363 - Review of Board Staff Discussion Paper on a Cap and  
Trade Framework for Natural Gas Utilities**

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We are counsel for the Low-Income Energy Network (“LIEN”). LIEN appreciates the opportunity to comment on Board Staff’s Discussion Paper on the Cap and Trade Regulatory Framework for the Natural Gas Utilities dated May 25, 2016 (“Cap and Trade Paper”) and to assist the Board to understand the impact that the new Cap and Trade system will have on low-income Ontarians.

### **LIEN’S MANDATE**

LIEN is a network concerned with the intersection of low-income energy consumers and sustainability. LIEN represents approximately 60 member groups across Ontario. LIEN’s focus is on reducing the energy bills of all low-income consumers and providing low-income consumers with the opportunity to better manage their energy bills, while also minimizing the impact of the energy system on the local and global environment. In so doing LIEN addresses customer care matters, commodity prices and rates, and demand side management (“DSM”) and conservation and demand management (“CDM”) matters. LIEN helps to ensure that low-income consumers across Ontario have access to conservation programs, technologies and services as well as conservation education, and realize the environmental, energy and economic benefits associated with the more efficient use of energy.

### **PROFILE OF LOW-INCOME NATURAL GAS CONSUMERS IN ONTARIO**

Rising energy costs have an impact on all Ontarians; however, low-income consumers are hit hardest. Low-income consumers often pay a very high percentage of their income on energy costs. LIEN believes that low-income consumers should not be paying more than 6% of their total household income on energy. LIEN uses the term “energy poverty” to describe this disproportionate burden of electricity, natural gas and other utility costs on low-income households that reduce the funds

available for food, clothing, medicine and other basic necessities. Inability to pay utilities can lead to disconnection and homelessness.<sup>1</sup>

Communities that currently rely on, as well as those that will soon adopt<sup>2</sup>, natural gas as their sole or primary source of energy represent some of the most vulnerable ratepayers in Ontario. These communities are dispersed across Ontario. Many remote communities, including First Nations, rely or will soon rely on natural gas exclusively for residential energy services. Natural gas infrastructure is a useful transitional technology for remote and low-income communities because many of those communities currently rely on diesel and other environmentally detrimental technologies.

## **LIEN’S COMMENTS ON THE CAP AND TRADE PAPER**

### **GUIDING PRINCIPLES OF FRAMEWORK**

LIEN agrees in general with the guiding principles of the framework, particularly as they focus on rate predictability and transparency.<sup>3</sup>

LIEN recommends that the principle of rate predictability should be expanded to restrict the year-over-year increase in rates for low-income Ontarians. Low-income Ontarians are disproportionately impacted by volatile energy costs. The rate increases for low-income Ontarians should not exceed a pre-determined threshold, to be determined through further consultation with Enbridge, Union and NRG (the “Utilities”), the Board and interested intervenors.

LIEN also recommends that the Board include a further guiding principle to require natural gas distributors to prioritize assistance to low-income communities with the transition to a low-carbon economy. Measures that target low-income communities are often not as immediately cost-effective as other measures, but such measures provide long-term gains and appropriately address the disproportionate burden of carbon pricing on low-income communities.

### **GHG ABATEMENT MEASURES**

Reducing our energy consumption is a critical component of any climate change strategy. Low-income Ontarians want to conserve energy where possible. However, low-income consumers do not have funds to invest in energy conservation and efficiency. As such, targeted measures are required to ensure low-income consumers are able to gain access to effective conservation programs. Additionally, low-income families often live in private rental or social housing. This means that they cannot directly address their quality of housing and the energy consumption, and efforts must be targeted to landlords to improve the energy efficiency of their buildings.

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<sup>1</sup> LIEN’s article titled “Working to End Energy Poverty in Ontario” updated January 2013 and available at [http://www.lowincomeenergy.ca/assets/sitedocs/2013/02/LIEN-energy-poverty-manual\\_Jan-2013.pdf](http://www.lowincomeenergy.ca/assets/sitedocs/2013/02/LIEN-energy-poverty-manual_Jan-2013.pdf) at pages 8, 10, 13 and 18.

<sup>2</sup> See the Board’s Expansion of Natural Gas Distribution (EB-2015-0156) proceeding and <https://www.uniongas.com/about-us/our-projects/community-expansion> about increased funding for natural gas distribution to remote communities in Ontario.

<sup>3</sup> Cap and Trade Paper at page 8.

Low-income Ontarians should not be unfairly penalized through any emissions reduction program. Where higher-income Ontarians are better positioned to access emissions-reducing technologies, low-income Ontarians should not be left bearing an increasingly greater proportion of the administrative costs of the cap and trade program. If higher-income Ontarians are able to substantially reduce their emissions (or even go off-grid), low-income Ontarians may see an increase in their share of energy costs that are unrelated to their consumption of natural gas.

LIEN generally supports the GHG abatement measures proposed in the Cap and Trade Paper.<sup>4</sup>

LIEN recommends that the framework include measures to particularly target GHG abatement measures and programming for low-income Ontarians. These measures should be required for all Compliance Plans. The Compliance Plans should contain targets for GHG abatement activities that will improve access to services, retrofits and other funding programs for low-income communities and information for low-income Ontarians. LIEN agrees with Board Staff that any Compliance Plan Abatement Activities should be incremental to and dovetail with the Utilities’ DSM programs (including Union and Enbridge’s approved 2015 – 2020 DSM programs), where possible.<sup>5</sup>

## **PERFORMANCE METRICS**

Board Staff recommends that the Board use the following performance metrics to assess the Utilities’ Compliance Plans:

- ◆ Costs per tonne (\$/tonne) of each compliance instrument or activity
- ◆ A comparison of costs of investing in GHG abatement activities versus procuring emission units over the short-term and long-term, and
- ◆ Cost per customer.

LIEN submits that when considering cost per customer of each of the compliance instruments or activities, the Board should also consider the *change* in cost to the customer. Low-income Ontarians use a high proportion of their income for shelter, and changes to their energy budgets can have significant impacts on all aspects of their lives.

LIEN recommends that the Utilities include specific “cost per customer” metrics for each consumer type (industrial, commercial, residential, low-income).

As above, LIEN also recommends that Utilities prioritize measures to assist low-income communities in the transition to a low-carbon economy in their Compliance Plans.

## **LIEN’S RECOMMENDATIONS**

LIEN recommends that

- 1 the Board include interrogatories as part of the cap and trade framework process. This will allow intervenors and Board Staff to obtain information (even if estimated / prospective, given this

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<sup>4</sup> *Ibid* at page 11.

<sup>5</sup> *Ibid* at page 21.



regime is brand new in Ontario) from the Utilities that will assist the intervenors to refine their inputs into the cap and trade framework and assist the Board in creating the cap and trade framework. For example, LIEN will request information from the Utilities about projected administrative costs to be borne by residential consumers and the Utilities' views about issues relating to cost recovery and bill presentation.<sup>6</sup>

- 2 the Utilities convene stakeholder meetings specific to residential and low-income consumers, in addition to targeted meetings with commercial and industrial consumers.<sup>7</sup>
- 3 the Board's communication plan include a sector-by-sector approach and include specific measures to communicate with low-income and remote natural gas consumers.<sup>8</sup>
- 4 when the Board posts public information, the information should include specific information about residential and low-income consumers, including administrative costs and cost of abatement activities borne by residential and low-income consumers.<sup>9</sup>
- 5 the Guiding Principle of rate predictability should be expanded to restrict the year-over-year increase in rates for low-income Ontarians. Low-income Ontarians are disproportionately impacted by volatile energy costs. The rate increases for low-income Ontarians should not exceed a pre-determined threshold, to be determined through further consultation with the Utilities, the Board and interested intervenors.
- 6 the Utilities include specific "cost per customer" metrics for each consumer type (industrial, commercial, residential, low-income).
- 7 the framework include measures to target GHG Abatement Measures for low-income Ontarians, incremental to and building upon Union and Enbridge's DSM programs, and that these measures become a mandatory part of the Utilities' Compliance Plans.

Yours truly,

Matt Gardner

cc: Client

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<sup>6</sup> *Ibid* at page 30-31.

<sup>7</sup> *Ibid* at page 39.

<sup>8</sup> *Ibid* at page 39.

<sup>9</sup> *Ibid* at page 47.