

April 17, 2009

Kirsten Walli
Board Secretary,
Ontario Energy Board,
27th Floor, 2300 Yonge Street,
Toronto, ON, M4P 1E4

Dear Ms. Walli

Re: Consultation on energy issues related to low-income consumers, EB-2008-0150

Direct Energy (DE) welcomes the Ontario Energy Board's (OEB) decision to implement a Low-income Energy Assistance Program (LEAP). DE has been very engaged in this proceeding and believes that the OEB's proposed program represents an effective contribution to addressing Ontario's low-income energy issues. As noted by the OEB there are however some implementation processes that need to be addressed.

DE, and its UK parent, Centrica, have a long history of successfully developing and implementing programs targeted at assisting low-income consumers. In Texas, where retailers bill their customers directly, DE has implemented a program called 'Neighbor-to-Neighbor'. This is an energy bill-payment assistance program designed to help customers experiencing financial difficulties. Each year, DE donates funds to local community action agencies and customers can also help support their neighbours by making a contribution to the program on their monthly bill. Since 2003, DE has donated more than \$2.5 million to the program and has helped more than 10,000 Texans with their home energy expenses.

DE also has experience in implementing energy efficiency programs targeted at low-income consumers. Direct Energy has been working with the City of Houston since 2007, providing weatherisation services to Houston's oldest and most vulnerable neighborhoods as part of the City's Residential Energy Efficiency Program (REEP). As a lead service provider and marketing partner, Direct Energy has weatherized more than 3,000 homes, helping reduce average energy usage by 19% per household. Weatherization measures included as part of REEP, and delivered by DE, include an initial home energy audit, replacement of incandescent lights with compact fluorescent light bulbs (CFLs), replacement/installation of ceiling fans, sealing of the building envelope, including duct work, windows, and doors, and insulation top-ups, to name a few.

These programs highlight a number of issues that need to be considered for the purposes of implementing LEAP. Each of these is discussed below in more detail.

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1. Inclusion of all market participants: DE holds a relationship with in excess of a million Ontarians through the provision of energy and energy-related services. We communicate with our customers regularly and understand their needs. In addition, DE has direct experience in the development and implementation of bill payment programs and energy efficiency improvements. Any Working Group established to consider LEAP and its implementation therefore needs to include input from marketers and retailers. The OEB's current Working Group proposal does not mention the inclusion of marketers and retailers. Many marketers, like DE, are already active in this area and bring a large and varied knowledge base to discussions on workable, cost-effective solutions.
2. 'In-kind' contributions: It is important to recognise that while a financial contribution to a bill-payment program can be effective, it is not the only way for companies to help address low-income energy issues. Energy efficiency programs targeted at low-income households should be considered as an 'in-kind' contribution to any required and/or recognised financial target. As the OEB recognises, there are limitations on the funding available from market participants to assist low-income consumers. Flexibility in how contributions can be made to these programs should be a key component of any implementation plan to encourage contributions from marketers and retailers but also a range of other organisations.
3. Direct engagement with social agencies: As outlined, DE has substantial experience working directly with social agencies to implement low-income programs. While partnership with utilities have been beneficial and will be sought, marketers and retailers should be allowed to work independently with social agencies to meet the needs of their customers. This may involve a program like 'Neighbor-to-Neighbor' being tailored to the needs of the Ontario market.
4. Private sector delivery of energy efficiency programs: DE has a substantial home services business with over a million customers. DE's business has the scale and scope to deliver energy efficiency programs in the most cost-effective manner possible. Our existing business infrastructure and skilled technicians mean that large scale programs could be rolled out quickly and without the sort of set-up costs utilities would require, thereby avoiding unnecessary costs being included in rate base or any risk being borne by consumers.

DE's experience from the different programs in North America, as well as Centrica's significant involvement in the UK, highlights the effective contribution that marketers and retailers can make to assisting low-income consumers. DE looks forward to working with the OEB and other market participants on this important issue.

Please do not hesitate to contact me if you have any questions.

Yours faithfully

<< *Original signed* >>

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