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BY E-MAIL AND WEB POSTING

May 11, 2009

**To: All Licensed Electricity Distributors
All Natural Gas Distributors
All Participants in Consultation Processes EB-2007-0722, EB-2008-0150
and EB-2008-0346
All Other Interested Parties**

**Re: Consultation on Energy Issues Relating to Low-Income Consumers
(EB-2008-0150)
Electricity Distributors: Customer Service, Rate Classification and
Nonpayment Risk (EB-2007-0722)
Demand Side Management Guidelines for Natural Gas Distributors (EB-
2008-0346)**

LEAP Implementation Working Groups

Background

The Board currently has under way several consultations that address policies and measures affecting low-income energy consumers:

1. EB-2008-0150: Consultation on Energy Issues Relating to Low-Income Consumers;
2. EB-2007-0722: Electricity Distributors: Customer Service, Rate Classification and Non-Payment Risk; and
3. EB-2008-0346: Demand Side Management Guidelines for Natural Gas Distributors.

The purpose of this letter is to advise parties of steps the Board intends to take in furtherance of each of these initiatives.

1. Consultation on Energy Issues Relating to Low-Income Consumers

On March 10, 2009 the Board issued a "Report of the Board: Low-income Energy Assistance Program" (the "Report"). The Report describes policies and measures that the Board expects electricity and natural gas distributors to put into place in

order to assist low-income energy consumers in relation to their use of natural gas and electricity.

The Low-Income Energy Assistance Program, or LEAP, is comprised of three components: (1) temporary financial assistance for low-income energy consumers in need; (2) the benefit of access to more flexible customer service rules on matters such as bill payment and disconnection notice periods; and, (3) targeted conservation and demand management programs.

LEAP relies heavily on the anticipated cooperation between distribution utilities and social service agencies, which the Board expects will enhance LEAP's effectiveness, timely implementation and efficient on-going administration.

2. *Electricity Distributors: Customer Service, Rate Classification and Non-Payment Risk*

On March 10, 2009, the Board issued a "Notice of Proposal to Amend Codes" (the "Notice") inviting comment on a number of proposed amendments to the Distribution System Code, the Retail Settlement Code and the Standard Supply Service Code. The proposed amendments would codify rules relating to a number of matters associated with service provided by electricity distributors to all customers, including: bill payment; the correction of billing errors; equal billing; security deposits; disconnection for non-payment; and the opening and closing of accounts. The proposed amendments also include measures that are more specifically tailored to the needs of low-income electricity consumers, including arrears management. These tailored amendments form part of the assistance provided through LEAP.

3. *Demand Side Management Guidelines for Natural Gas Distributors*

On April 14, 2009 the Board issued a letter regarding the multi-year framework for demand-side management ("DSM") activities by natural gas distributors. In the letter, the Board indicated that due to uncertainties relating to Bill 150, *The Green Energy Act and Green Economy Act, 2009* (the "Green Energy Act"), the Board would require Union Gas and Enbridge Gas Distribution to file one year DSM plans for 2010, and that DSM programs for low income consumers would be addressed separately.

This letter provides information as to the process the Board intends to use to develop a framework for DSM programs for low income consumers.

LEAP Implementation Working Groups

In their submissions on the Report and the Notice, a number of parties suggested that clarity is needed in many areas, and that guidelines or criteria would help to ensure that LEAP is delivered in a consistent manner across the province.

In the Report and the accompanying cover letter the Board indicated its intention to form a LEAP Implementation Working Group, led by Board staff, to complete the work necessary to implement LEAP.

Upon further consideration, the Board has determined it would be beneficial to form separate working groups for the Financial Assistance and Conservation components of LEAP. As a priority, the Conservation working group will focus only on DSM activities for natural gas distributors.

With respect to the Customer Service component of LEAP, the Board is still considering stakeholder comments made in response to the proposed amendments. As such, this letter focuses only on the formation of working groups to address the Financial Assistance and Conservation components of LEAP.

Participation on LEAP Implementation Working Groups

Comments on the LEAP Report and the Notice indicated significant interest from a variety of stakeholders in participating in the working groups. The Board appreciates the contribution of those groups that have participated in the process so far.

The members of the LEAP working groups should represent identifiable constituencies, including low-income and other ratepayers, environmental interests, social service providers, gas distributors, electricity distributors, and various levels of government.

Interested parties with relevant experience and qualifications, as set out in Appendix A, are invited to nominate themselves or a third party to participate on the Financial Assistance and/or Conservation Working Group(s). A short statement demonstrating relevant experience and qualifications should be provided as part of the nomination. Working group participants will be selected based on the guidelines outlined in Appendix A for each of the working groups.

Depending on the number of nominations received, it may not be possible to accommodate all interested participants on each of the working groups. Staff will, however, ensure that each relevant constituency is represented. **Groups representing the same interests or constituency are strongly encouraged to make every effort to co-ordinate their nomination for participation in the LEAP Implementation Working Groups.** It is important that the size of the working groups remain such that they can work effectively.

It is expected that meetings may begin by early-June, and continue until September or October 2009.

Appendix A contains information regarding the focus of each working group and guidelines for the composition of the working groups.

Filing Instructions and Cost Awards

Cost awards will be available to eligible persons under section 30 of the *Ontario Energy Board Act, 1998* for their participation on the Financial Assistance and/or Conservation Working Group(s), as applicable. The costs awarded will be recovered from all gas distributors and licensed electricity distributors based on their respective distribution revenues.

Appendix B contains information regarding cost awards for this consultation, including in relation to eligibility requests and objections. In order to facilitate a timely decision on cost eligibility, the deadlines for filing cost eligibility requests and objections will be strictly enforced.

Those interested in nominating themselves or a third party to participate on one or both of the stakeholder working groups identified above should submit a letter addressed to the Board Secretary at the Board's mailing address set out above by **May 20, 2009**. That letter must quote file number **EB-2008-0150**, and include the following:

- The name of the nominee and the interest or constituency it represents;
- A short statement identifying the nominee's relevant experience and qualifications; and,
- A statement as to whether the nominee wishes to request cost eligibility for participation on one or more of the working groups. All requests for cost eligibility must be accompanied by the information identified in Appendix B under the heading "Cost Award Eligibility".

Three (3) paper copies of each filing must be provided, and should be sent to:

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
Suite 2700
Toronto, Ontario
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The Board requests that interested parties make every effort to provide electronic copies of their filings in searchable/unrestricted Adobe Acrobat (PDF) format, and to submit their filings through the Board's web portal at www.errr.oeb.gov.on.ca. A user ID is required to submit documents through the Board's web portal. If you do not have a user ID, please visit the "e-filings services" webpage on the Board's website at www.oeb.gov.on.ca, and fill out a user ID password request. Additionally, interested parties are requested to follow the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is

not available, electronic copies of filings may be filed by e-mail at boardsec@oeb.gov.on.ca.

Those that do not have internet access should provide a CD or diskette containing their filing in PDF format.

Filings to the Board must be received by the Board Secretary by **4:45 p.m.** on the required date. They must quote file number **EB-2008-0150** and include your name, address, telephone number and, where available, your e-mail address and fax number.

The Board's toll-free number is 1-888-632-6273, and the Market Operations Hotline is 416-440-7604.

Yours truly,

Original signed by

Kirsten Walli
Board Secretary

Appendix A

Focus and Composition of LEAP Implementation Working Groups

LEAP Financial Assistance Working Group

The LEAP Financial Assistance Working Group will be responsible for developing guidelines relating to the delivery of emergency funding to low-income energy consumers, specifically addressing the following issues:

- What are appropriate eligibility criteria to ensure consistent treatment of low income energy consumers?
- Distributor partnerships with social agencies:
 - What is the appropriate type(s) of social agency that distributors should partner with?
 - Should there be a standard agreement/contract between social agencies and distributors? What might be included in such an agreement/contract?
 - What is the appropriate level of financial compensation that should be provided to social agency partners for program and administration costs?
 - How and when should funds be dispersed to social agency partners?
- Customer application process.
- Reporting requirements for both social agencies and distributors.
- Communications and education of consumers regarding LEAP.
- Overall coordination and administration of LEAP.

Guideline for Composition of the Financial Assistance Working Group

Members of the LEAP Financial Assistance Working Group should represent identifiable constituencies, including low-income and other ratepayers, environmental interests, social service providers, gas distributors, small and large electricity distributors, and various levels of government, and have the following experience and qualifications:

- Experience with the design and delivery of assistance programs to low-income energy consumers;
- Knowledge of the structure and operation of agencies in Ontario that deliver services to low income consumers; and
- Knowledge of the role of the Ontario Energy Board in the regulation of electricity and natural gas utilities.

LEAP Conservation Working Group

The role of the LEAP Conservation Working Group will be to develop both a short-term (2010) and long-term framework for DSM by natural gas distributors, as it relates to low-income energy consumers. It is important that a short-term framework for 2010 is established by the end of June 2009, so that the natural gas distributors can prepare and submit DSM plans for low-income targeted programs for 2010.

Issues to be reviewed by the working group include:

- Appropriate DSM programs for low-income consumers;
- Budgets and targets;
- Program screening methods; and
- Shareholder incentive structures.

Guideline for Composition of the Conservation Working Group

Members of the LEAP Conservation Working Group should represent identifiable constituencies, including low-income and other ratepayers, environmental interests, social service providers, gas distributors, small and large electricity distributors, and various levels of government, and have the following experience and qualifications:

- Knowledge of energy conservation program design (theory and practice), including evaluation methods;
- Experience with the delivery of conservation programs to low-income energy consumers;
- Knowledge of the legal and regulatory framework for natural gas DSM in Ontario; and
- Knowledge of the role of the Ontario Energy Board in the regulation of electricity and natural gas utilities.

Appendix B

Cost Awards

Participation on LEAP Implementation Working Groups

Cost Award Eligibility

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*. Any person intending to request an award of costs must file with the Board a written submission to that effect by **May 20, 2009**, identifying the grounds on which the person believes that it is eligible for an award of costs (addressing the Board's cost eligibility criteria as set out in section 3 of the Board's *Practice Direction on Cost Awards*). An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the Board's website.

If a gas distributor or electricity distributor has any objections to any of the requests for cost eligibility, such objections must be filed with the Board by **June 3, 2009**. Any objections will be posted on the Board's website. The Board will then make a final determination on the cost eligibility of the requesting participants.

Eligible Activities

Cost awards will be available in relation to participation on the LEAP Implementation Working Groups. Cost awards will cover preparation, attendance and reporting time in relation to each working group meeting. The maximum allowable hours per participant has not yet been determined.

Cost Awards

When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied. The Board expects that groups representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process.

The Board will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process. For more information on this process, please see the Board's *Practice Direction on Cost Awards* and the October 27, 2005 letter regarding the rationale for the Board acting as a clearing house for the cost award payments. These documents can be found on the Board's website at www.oeb.gov.on.ca on the "Rules, Guidelines and Forms" webpage.