



# Low-Income Energy Network

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January 12, 2015

Attention: Kirsten Walli, Board Secretary

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

Dear Ms Walli:

**Re: Supplementary Written Comments – Consultation on the Effectiveness of Part II of the Energy Consumer Protection Act, 2010**  
**Board File No.: EB-2014-0158**

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LIEN welcomes the opportunity to provide supplementary written comments on the Consultation on the Effectiveness of Part II of the *Energy Consumer Protection Act, 2010* (ECPA). All of the comments below pertain specifically to residential consumers and electricity retailers.

## **Develop a definition of “vulnerable consumer”**

Under section 28.7 of the *Ontario Energy Board Act, 1998* (OEB Act) – an amendment made under the ECPA - the Energy Minister has the authority to send a directive to the OEB to amend conditions in electricity retail licenses with respect to standards for contracting with certain specified vulnerable consumers.

There is currently no definition of “vulnerable consumers”. LIEN recommends that this term should be clearly defined in the OEB Act and that the definition should encompass low-income households, including single-parent led families, the disabled, seniors, and those in receipt of social assistance.

LIEN also recommends that such a Ministerial directive be sent to the OEB to implement license conditions that will restrict energy retailers from enrolling low-income consumers in contracts unless they can provide proof of guaranteed savings over what would be charged by the electricity distributor. Low-income consumers generally need the lowest price commodity service. It is contradictory for the OEB to offer emergency

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LIEN is a project funded by Legal Aid Ontario and supported by ACTO & CELA

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financial assistance (LEAP EFA) and special rates (under the proposed Ontario Electricity Support Program) for low-income customer classes, but then permit retailers to charge higher rates that result in unaffordable or higher bills, thus contributing to the higher collection costs to all customers and adverse health and safety impacts on the low-income households. An assurance that low-income customers would not pay more if they switch to a retailer would help ensure that the intended benefits of LEAP and/or OESP actually have the intended effect of keeping service connected and electricity bills affordable.

### **Termination of energy retail contracts with no penalty fee for low-income consumers**

Currently, some energy retailers do allow low-income consumers (i.e. in receipt of social assistance or paying rent-geared-to-income in social housing) to terminate contracts without a penalty fee, but they do it at their discretion (it is not mandatory) and mostly after a great deal of advocacy on behalf of these consumers who have ill-advisedly, and without fully understanding the financial implications, signed the contracts and ended up paying more for the electricity commodity than if they stayed with the standard supply delivered by their local electricity distribution company.

LIEN recommends that there should be a mandatory penalty fee exemption for these low-income consumers.

### **Prohibit the use of gift cards/cheques by energy retailers**

Many low-income clients are enticed into retail contracts through various bonus incentives, such as a gift cards or cheques. This type of marketing practice will lure a low-income consumer to sign a contract that may be financially disadvantageous to them. LIEN recommends that the use of bonus incentives be prohibited.

### **Require electricity retailers to offer equal billing option for consumers**

Currently, customers who have contracted with a natural gas marketer for the commodity are able to access equal billing from their natural gas distributor. That is not the case for customers who contract with an electricity retailer as not all LDCs are offering the equal billing option.

### **Implement consumer education programs and initiatives that target specific vulnerable consumer groups**

While low-income consumers are more likely than others to experience hardship and adverse consequences if they contract with an energy retailer that results in higher bills, all customers deserve access to information and education about how to use information about price comparisons between retailers and utility companies.

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What is important to remember, however, is that a targeted consumer education program is most effective. For example, one might focus on recent immigrants, recognizing that they may have difficulty interacting in the marketplace due to unfamiliarity, language barriers and a lack of access to mainstream information resources.

Much of the confusion about energy is rooted in pricing. Ontarians are confronted with bills that are difficult to understand, weeks after the electricity has been consumed. Energy literacy would rise significantly if consumers benefited from more detailed and frequent information about their bills.

### **Prohibit door-to-door marketing of electricity contracts**

Door-to-door marketers often target lower income, elderly, non-English speaking, or disabled individuals as a result of the neighbourhoods that are targeted for this type of marketing and/or the fact that these are the people who are home during the hours typical for door-to-door marketing activities. These people may not, in fact, even be aware of having signed a contract. The data by Innovative Research Group (IRG) would have greatly benefited from an analysis of how many of the “unaware contract holders” were low-income.

Door-to-door selling creates a ‘situational monopoly’: an environment in which the consumer is reliant on the information provided by only one supplier and cannot ‘shop around’ to find the best deal. Where the product or service offered involves complex terms and conditions, optimal decision-making may be even less likely. Information provided to consumers will not necessarily be taken notice of and understood, particularly where information is dense or complex, and by consumers who have poor literacy skills, language barriers or learning disabilities. Consumers need simple, reliable and non-coercive ways of engaging effectively and making decisions that are in their own interests.

### **Restrictions on landlords signing electricity retail contracts in apartment buildings that are suite metered**

In its July 2012 report *Apartment living is Green*, the Federation of Rental-Housing Providers of Ontario (FRPO) estimated that rental suites in about 85% of high-rise rental buildings in the province were not individually metered for electricity consumption and direct billings to the tenant households. Instead, these buildings are bulk metered, with the landlord receiving the electricity bill and the tenants in the buildings paying for their in-suite electricity service in their monthly rent.

As of January 1, 2011, the Ontario government’s new legislative and regulatory framework for the incremental installation of smart meters in the multi-residential rental sector came into effect. The Ontario government’s updated 2013 Long-Term Energy Plan projects typical residential bills will increase on average by 2.8 per cent per year over the next 20 years. This is a strong financial incentive for landlords to move forward with suite metering

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of electricity service in their buildings – and for suite metering providers to step up their marketing to the sector - as they will decrease their direct exposure to an ever increasing cost in their annual operating budget.

Tenants are not a party to a landlord's energy retail contract, yet the landlord can pass on the contracted commodity price to the tenants even if it is higher than if the landlord had remained a customer of the regulated electricity distributor. LIEN recommends that a Ministerial directive be sent to the OEB to implement license conditions that will restrict energy retailers from signing contracts with landlords unless they can provide proof of guaranteed commodity savings for suite-metered tenants over what would be charged by the electricity distributor.

Thank you for the opportunity to provide input into this consultation.

Sincerely,  
Low-Income Energy Network  
Per:



Zee Bhanji  
LIEN Coordinator