



PRESENTATION TO THE ONTARIO ENERGY BOARD

**CONSULTATION ON ENERGY ISSUES RELATING TO
LOW-INCOME CONSUMERS**

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The Consumers Council of Canada is:

- an independent,
 - non-profit organization,
 - working with
 - consumers,
 - corporations and
 - governments to promote consumers' rights and responsibilities for a more effective marketplace.
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Overview

- ❑ The Council acknowledges that rising energy prices are a concern for consumers in Ontario and a particular challenge for low-income consumers.
 - ❑ The Council supports the continuation and potential expansion of current programs that assist low-income consumers. This includes demand side management (DSM) and energy efficiency programs and programs provided by social agencies across the province.
 - ❑ Any new social welfare programs should be mandated by the provincial and federal governments who are both accountable to their respective legislatures. Social welfare is not within the mandate of the Ontario Energy Board.
 - ❑ Any new programs should be funded through general revenue and delivered by existing social assistance agencies. They should also be coordinated with existing programs.
 - ❑ The Council supports the need for broad based programs to assist consumers in Ontario with their energy bill regardless of the energy source – natural gas, electricity, propane, heating oil, etc. and would be pleased to participate in the development of those programs.
 - ❑ The Council does not support an OEB mandated program that would provide rate relief to low-income customers, funded by other energy consumers and delivered by the 80 or more utilities in the province.
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Why Not The Ontario Energy Board?

- ❑ There are social agencies in place that have experience with determining eligibility and delivering broad based social assistance programs in Ontario. There are also agencies that deliver programs aimed specifically at addressing the needs of low-income energy consumers.
 - ❑ Given there are more than 80 utilities regulated by the Board the cost of each utility implementing and administering programs, on an ongoing basis, could be significant. These costs will ultimately be borne by other customers.
 - ❑ The administrative costs of a social welfare program should be borne by the residents of the province and not by gas and electricity ratepayers.
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Why Not The Ontario Energy Board?Continued

- ❑ The Board only regulates two forms of energy – gas and electricity. An OEB mandated program would not provide relief to customers that rely on other energy sources like propane and heating oil.
 - ❑ Funding a rate relief program through rates may impose a significant burden on those customers that do not qualify in jurisdictions where many customers would.
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Implementation Issues

- ❑ How is “low-income” defined and monitored? Is it based on income or wealth? Is “low-income” to be defined the same across the province for all utilities?
 - ❑ How would the utilities determine eligibility in light of privacy concerns? How would they monitor qualification?
 - ❑ Is “low-income” restricted to residential consumers?
 - ❑ Is the low-income rate relief to be funded by only residential consumers or all consumers of the utility?
 - ❑ How do you ensure that rate relief gets to low-income renters?
 - ❑ How do you determine an appropriate level of subsidy? Is it reassessed if energy prices rise?
 - ❑ What are the incremental costs for each utility to launch and deliver such a program? How are those costs allocated among customer rate classes?
 - ❑ How do you ensure that there is no double counting or program overlap – in effect – providing relief to consumers that are being assisted through other programs?
 - ❑ Should a rate relief program include all elements of the bill –including commodity costs?
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Other Issues

- ❑ How does the Board balance the needs of low-income energy consumers and its statutory mandate to set just and reasonable rates?
 - ❑ What are all of the current programs in place and to what extent are they working to assist low-income consumers? (broad based social assistance programs and programs related to energy only)
 - ❑ How many consumers in Ontario would qualify? What would be the total cost of such a program?
 - ❑ If low-income residential consumers are granted relief through a rate assistance program, why not provide similar assistance to charitable organizations, hospitals, schools etc.?
 - ❑ How do you fund a program in a community where virtually all of the residents would qualify as “low-income”?
 - ❑ Subsidized rates may lessen the incentive to conserve energy.
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