

# OEB Review of Low Income Energy Assistance Measures

Presentation of Federation of Rental Housing  
Providers of Ontario

September 22, 2008

September 17, 2008

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

Dear Ms. Walli:

**Re: Consultation on Issues Relating to Low Income Consumers  
Stakeholder Conference Presentations**

**Board File No. EB-2008-0150**

Further to the Board's letter of September 5, 2008, attached is the presentation to be delivered by the Federation of Rental-housing Providers of Ontario on September 22, 2008.

Our presentation will address Topic #1 - Should the Board implement policies, programs or other measures designed to assist low income energy consumers?

It will be presented by the undersigned, Mike Chopowick, Manager of Policy.

Should you have any questions, please do not hesitate to contact me.

Sincerely,



Mike Chopowick  
Manager of Policy

Encl.

# This Presentation

1. About FRPO
2. Give you our views on using the rate-base to provide low income support
3. Recommend how to best promote affordability
4. Emphasize the opportunities and benefits of sub-metering in tracking and reducing household consumption and costs
5. Identify some programs that are worthy of support in relation to emergency relief

# FRPO

- Voice of Ontario's landlord community
- Mission:
  - “To promote a healthy housing market, choice for consumers and adequate assistance for low income households”
- Balanced approach: concerned about landlords and our customers
- FRPO is committed to the overall health of the rental market

# FRPO Process Re OEB

- We are very supportive of this hearing process and welcome the opportunity to comment
  - Reviewed the consultants report
  - Circulated comments internally
  - Discussed it at a special meeting of FRPO's Utilities Committee
  - Endorsed by our Board
- Reflect the best advice of our organization – representing over 250,000 rental units and over 800 landlords and property managers

## 2. Using the rate-base to provide Income support

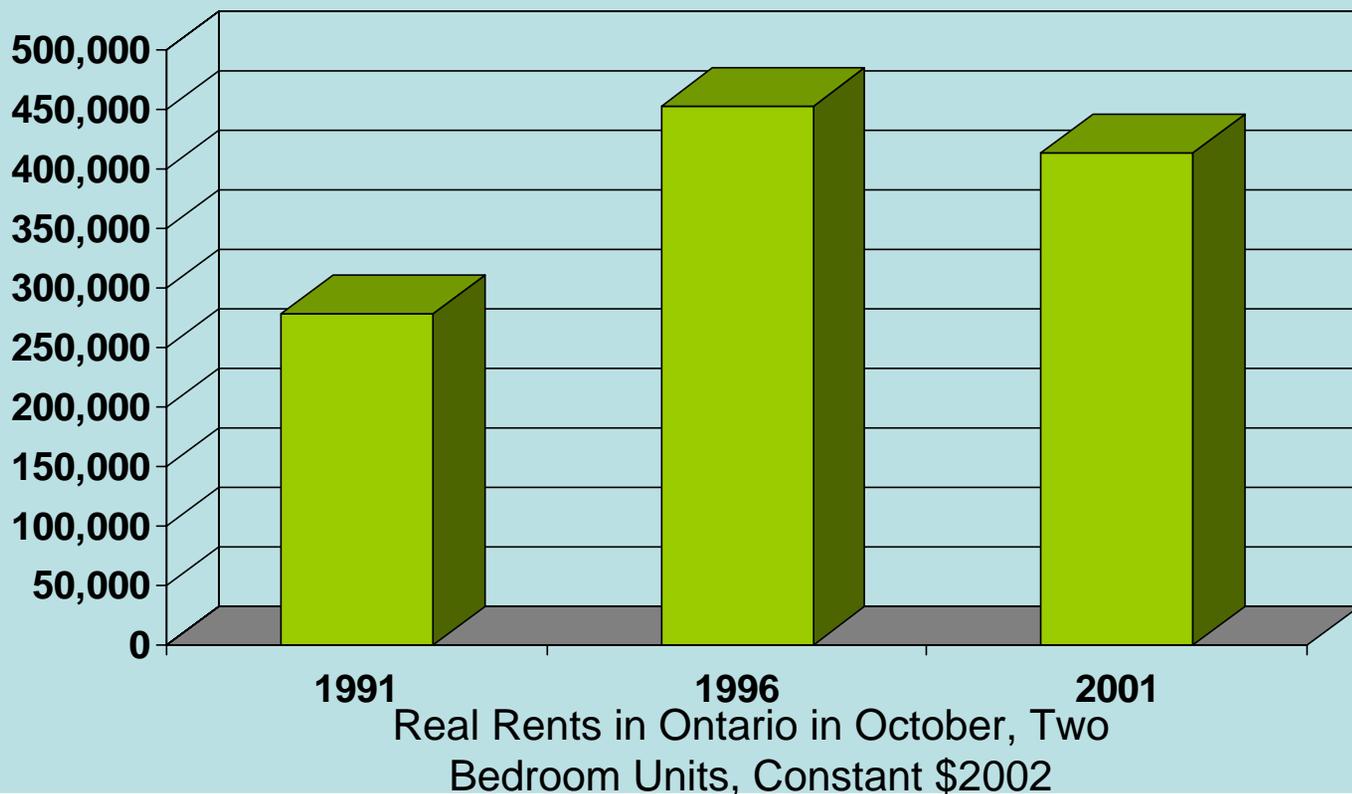
1. Context: affordability and the rental housing market
2. We support measures that alleviate the affordability problem --we do not favour measures that would subsidize energy consumption
3. The energy rate base is ill-suited for funding affordability programs
4. Other provincial agencies are better suited to set policy and implement programs for improving affordability

# Context: affordability and the rental housing market

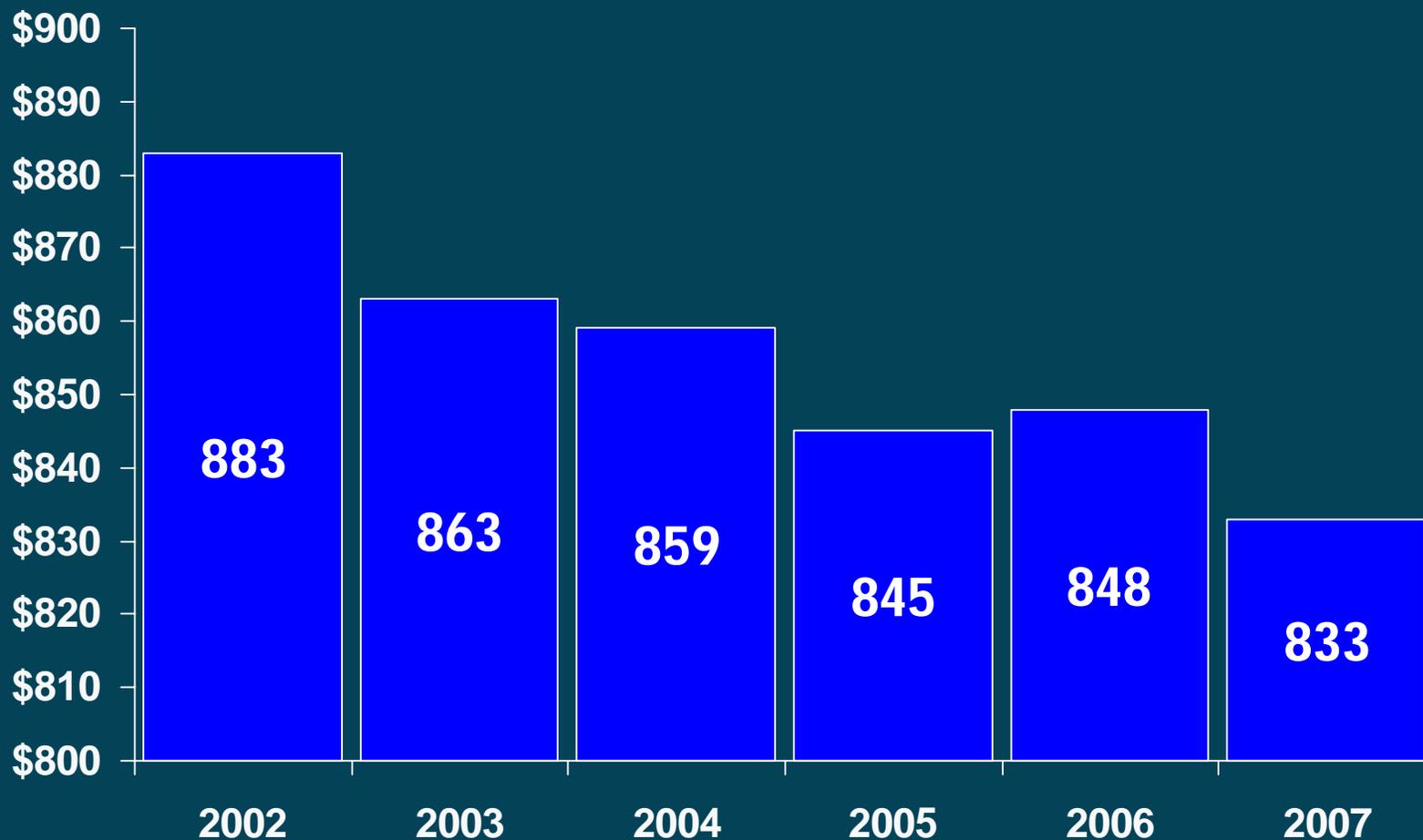
- Energy pricing occurs in a context of general rental housing affordability
- In Ontario we have adequate supply across all price points, but we do have an affordability problem

# Context: Rental Affordability in Ontario

## Core Need Renter Households in Ontario



# Context: Rental Affordability in Ontario



Real Rents in Ontario in October, Two  
Bedroom Units, Constant \$2002

# FRPO initiatives related to improving affordability

- We are trying to improve it in the following ways:
  1. A broad based, long-term portable housing allowance program for low income households
  2. Property tax fairness for tenants
  3. Remove cost and regulatory barriers to the supply of housing

# Energy Poverty is not a self-contained issue

- Just like housing affordability, the primary issue is the depth and incidence of low income, not the cost of energy
- We believe that it should not be addressed on its own, outside of the general context of income support measures designed to alleviate poverty more generally
- Focus should be on poverty – not energy poverty

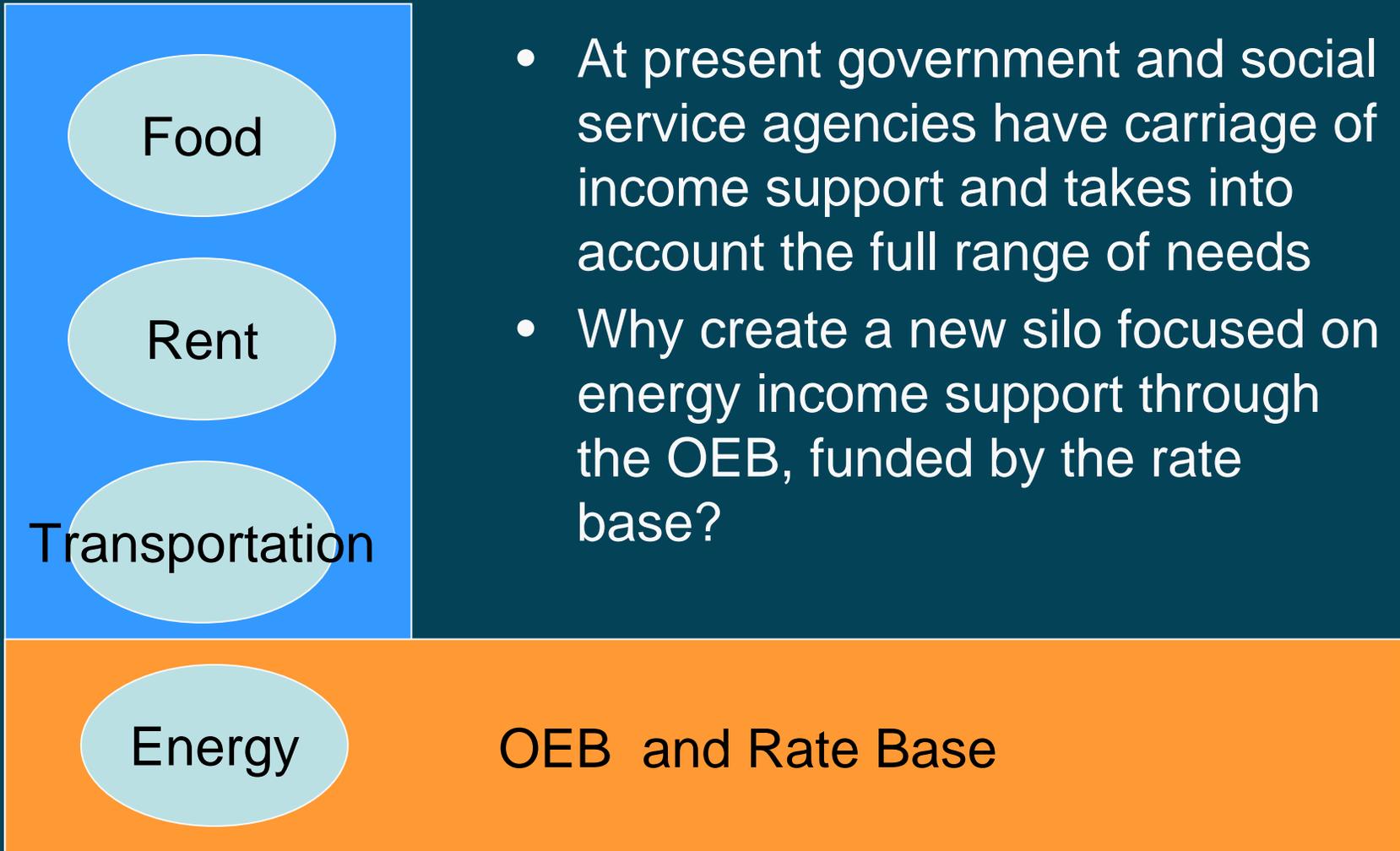
# Subsidizing Rates Increases Usage

- FRPO supports measures to conserve energy use
- We are concerned that special rates for low income users would create an uneconomically low price for a small class of consumers

# Redundancy and overlap with other social welfare programs



COMSOC



# Should some ratepayers pay extra to subsidize others?

- Unlike the tax system, the rate base does not reflect ability to pay
- It is therefore not a “progressive” tool to use for income redistribution
  - There is no guarantee that ratepayers from whose pockets it is coming are those most able to pay
  - No guarantee that those who receive are truly unable to pay

# Poorly Targeted programs

- Inadequate data regarding

Who is in need  
of assistance

Who should  
pay  
for it

- Sub-Metering is a possible solution

# Sub-Metering is a Solution

- The vast majority of tenant households are not individually metered
  - Cannot be identified
  - Would receive no direct benefit from an LIEP
- Sub-metering would track usage and allow you to:
  - Address their actual costs
  - Encourage conservation
  - Allow them to control their own energy consumption, reduce their costs

# Mixing social policy with energy policy has inherent risks

- We recommend that the OEB focus on its core mandate of regulating energy markets
- If the OEB does pursue a LIEP, it must avoid unintended consequences
  - Discouraging conservation
  - Poorly targeted or duplicative programs
  - Using the rate base for income redistribution

# Ideas worthy of consideration

- Ontario Emergency Energy Fund
  - Analogous to rent bank program
- Community Start Up and Maintenance Benefit
  - Effective way of assisting low income households establish and prevent discontinuance of utility service

# Conclusions

1. OEB should avoid rate-based assistance programs
2. Some assistance programs, like emergency energy funds and conservation program, are effective
3. OEB should support sub-metering as a way monitor and measure household energy consumption, and encourage conservation