

OEB Consultation on Energy Issues Relating to Low Income Consumers

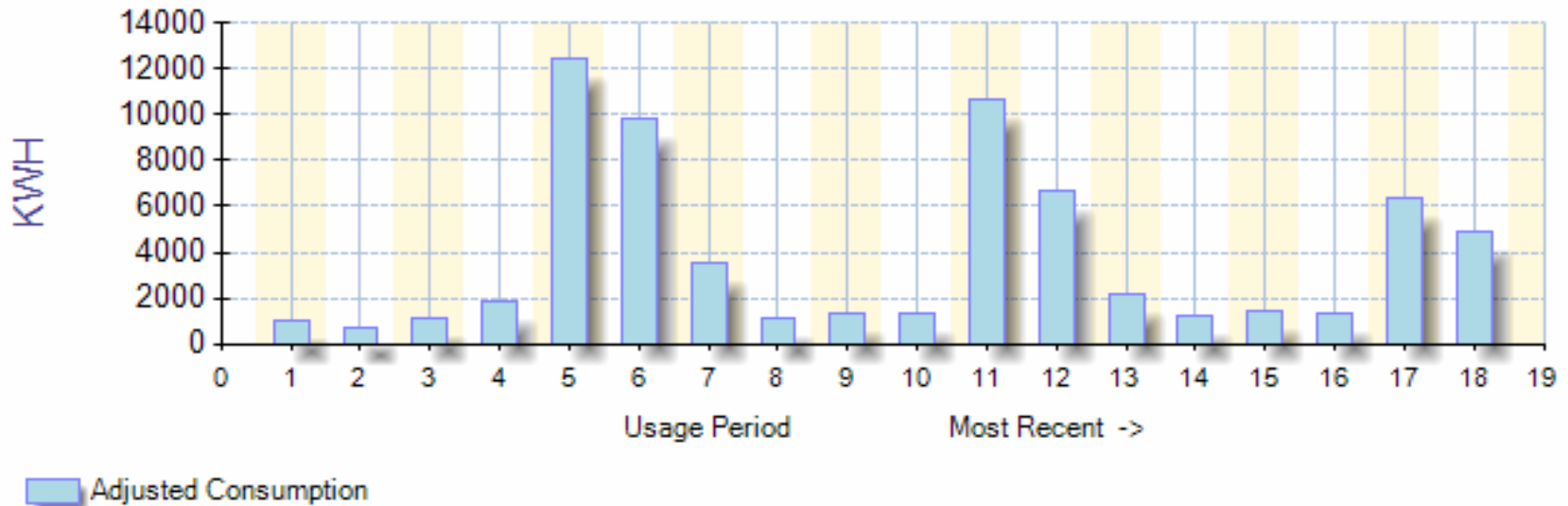
September 2008, Toronto

This presentation highlights sections of the
14 page brief submitted to the Ontario
Energy Board on September 17, 2008

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EnviroCentre's experience

- > 375 low-income households ~ \$1,500
- > 500 Ontario Works households ~ \$150
- > 500 low-income households ~ \$100
- > 250 social housing units ~ \$1,000
- > 9,000 EGH or ecoENERGY files
- > 10 ETS DHW controls ~ \$2,500
- = ***\$1 million in low-income programs***



\$2,016 worth of cost-effective upgrades

Actual savings of 7,283 kWh/yr

~ \$800 – \$1,000 saved per year
compared to previous (warmer) winters

TOPIC # 1

Yes, the Board should implement policies, programs and other measures to assist low-income consumers because such measures are “in the public interest” and thus consistent with its mandate.

Canada and Ontario are far behind most other similar countries in this field.

Governments, utilities and regulators in many countries around the world already “provide programs for low-income consumers”.

This consultation needs to inform the Board on the best way for it to catch up with more progressive regulators that have acted “in the public interest”.

Low-income energy programs will not succeed if they are not based on sound, regulatory decisions “in the public interest”.

The Board should recognize that previous decisions have discriminated against low-income consumers by:

- charging low-income ratepayers to help recuperate \$20 billion of residual debt generated primarily by higher-income consumers and businesses;
- allowing energy retailers to prey on vulnerable, low-income consumers.

TOPIC # 2

Current energy-efficiency programs provide only about \$150 - \$1,500 to only about 1,000 low-income households in Ontario.

Over 130,000 higher-income households have benefited from EGH or ecoEnergy.

Up to \$10,000 (including up to \$5,000 from the Province of Ontario) to higher-income households, including many “free-riders”.

ecoEnergy subsidizes furnaces that:

- would have been bought anyway;
- have already been made mandatory for new homes; and
- should have been made mandatory for existing homes through the 2006 Ontario Energy Efficiency Act.

Low-income households are discriminated against in the allocation of energy subsidies in Ontario.

Average ecoEnergy grant = \$1,500

Average annual savings that *might* accrue to low-income households should the Board implement the recommendations of EnviroCentre = \$150 to \$200

Ontario Power Authority and numerous utilities operating in Ontario have already identified widely accepted social benefit programs to qualify low-income households and there is wide acceptance of the use of Statistic Canada's Low Income Cut-Off (LICO) rates for this purpose.

TOPIC # 4

Seasonal levels and charges for Lifeline rates, considering household size and impact of Time-of-Use rates, are needed for qualified low-income households.

This will increase the pressure to retrofit sub-standard housing and to invest in the use of decentralized, energy-efficient appliances for low-income households across Ontario.

The Board needs to stop subsidizing Olympic records for electricity consumption per capita in Ontario.

Consumers must pay something closer to the real costs of their consumption.

Lifeline rates would be a strong incentive for everyone to reduce consumption if the difference between the rates were ***significant.***

Kyoto requires that richer countries (consumers) responsible for generating most of the problem accept their responsibility by cleaning up their own backyard (paying off their stranded debt) and by helping less developed countries (low-income consumers) invest in measures that avoid the mistakes made by richer countries (consumers).

Why should single-parent mothers living in sub-standard housing share the same rate burden as rich retirees whose electricity consumption was grossly subsidized for decades, whose savings helped them invest in energy-efficiency upgrades, and whose excessive consumption has driven up asthma rates and other health costs now being borne by single-parent mothers and their children?

Average expenditure per household on “water, fuel and electricity for the principal accommodation” is \$2,392 in Ontario compared to:

Communications	\$1,557
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Tobacco/alcoholic products	\$1,391
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Pets	\$440
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Games of chance	\$262
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\$2,392 average expenditure per household is only 6% of the \$40,000 LICO family of four rate.

Average electricity bill, including space and water heating, of \$3,487 is only 8.7% of the total household income for a LICO family of four.

Cell phones	25% more
Satellite TV	31% more
Gambling	18% more
Tobacco	19% more

“Energy poverty” is an oxymoron in the Canadian context based on annual per capita consumption levels and prices:

Canada

8,300 kgoe

17,209 kWh

\$0.10 / kWh

Denmark

3,832 kgoe

6,601 kWh

\$0.39 / kWh

1990 – 2005 changes in greenhouse gas emissions according to the IEA:

- + 21.7% in Australia
- + 10.9% in Japan
- + **9.8% in Canada**
- + 1.4% in France
- + 1.1% in the United States
- 1.3% in Western Europe
- 9.7% in the United Kingdom
- 33% in Eastern and Western Europe

The most responsible public policy and regulatory remedy to the very real problems of low-income energy issues is to improve Lifeline rates and levels and to implement energy prices that more accurately reflect the real costs to “the public interest”, including our environmental and social deficits.

TOPIC # 6

Thanks to the OPA, EnviroCentre invested an average of \$1,784 of cost-effective energy-efficiency upgrades in 244 households in 2006 and 2007, while Green Communities Canada helped about another 400 households across Ontario.

Thanks to Hydro One Networks Inc, EnviroCentre also helped another 204 low-income clients in 2007 reduce their consumption of electricity through educational measures and by investing an average of \$1,171 in basic measures, appliance and building envelope upgrades that were Total Resource Cost positive.

TOPIC # 8

“We...consider electricity as being a free, limitless good...only a matter of supply.

While this may have been true in the 1970s, when Ontario Hydro was...urging everybody to consume...now we have entered a completely different phase and electricity is no longer that good...

We...have to decide where to draw the line and how, and the sooner the better.”

- late Honourable Charles Caccia

The Board should not focus first on requiring more energy conservation programs but rather regulate the electricity and natural gas sectors by ensuring that rates reflect more accurately the true costs to society and by ensuring that rates and other programs are implemented “in the public interest”.

One should not be legislating from the bench – or the Board.

By regulating appropriate Lifeline rates for both electricity and natural gas for qualified low-income households, the Board would respect its “public interest” mandate by helping low-income households deal with increasing energy prices and by helping to reduce greenhouse gas emissions from all sectors and classes of ratepayers.

By assuming its responsibilities in this way, the Board would set the stage for a more responsible use of market, social, and political forces to invest in energy-efficiency upgrades, not just in low-income housing.

Recommendations

- Regulate appropriate Lifeline rates and levels for electricity and natural gas for qualified low-income households.
- Regulate prices for consumption above Lifeline levels that reflect more fully the real costs to society.
- Establish an Ombudsperson for utilities and energy retailers in Ontario.
- Require better customer service relations at all utilities.

- Provide protection from direct retailers who prey on low-income households.
- Urge better coordination between ministries and agencies dealing with energy and low-income issues.
- Promote priority weatherization and upgrades of low-income homes.
- Order low or no-interest charges on arrears for qualified low-income households.

- Dispense with the Debt Retirement Charge for qualified low-income households.
- Prohibit utility disconnections during the heating season.
- Waive fixed monthly charges for qualified low-income households.
- Waive reconnection charges for qualified low-income households.

EnviroCentre applauds the Board for holding this consultation and urges it to consider more collaborative ways to implement its mandate of regulating energy prices “in the public interest”.