



Ontario  
Energy  
Board

# OEB Staff Report

## Low-Income Energy Assistance Program Emergency Financial Assistance

November 21, 2023



# TABLE OF CONTENTS



Introduction	2
Background	3
The Review	4
Recommendations	4
Income Eligibility Threshold	4
Grant Amounts	6
Program Funding	7
Sustainability	9
Program Awareness	10
Program Performance Metrics	10
Conclusion	11

## 1. INTRODUCTION

On July 19, 2023, the Ontario Energy Board (OEB) initiated a review of the Low-income Energy Assistance Program - Emergency Financial Assistance (LEAP EFA).

The review focused on the program's funding mechanism, eligibility criteria, grant amounts and program awareness with a view to ensuring it provides an appropriate level of assistance to vulnerable consumers. It also addressed the design of performance metrics and targets used to evaluate the effectiveness of the program in meeting its intended objectives.

The OEB engaged with the Financial Assistance Working Group (FAWG) to help inform this review. The FAWG is composed of distributors, lead and intake agencies, staff from the Ministry of Energy and low-income advocacy and consumer groups and was established to advise on the initial design and implementation of LEAP EFA. The FAWG provided input and advice as part of the LEAP EFA review initiated in 2018. For the purposes of this current review, FAWG members were asked for their input on proposed program enhancements. These draft enhancements were prepared in response to the input received as part of the 2018 review.

With input from the FAWG and consumer outreach, as well as analysis of relevant program related data collected under the Reporting and Record Keeping Requirements (RRR), OEB staff has developed recommendations for LEAP EFA enhancements and performance metrics.

## 2. BACKGROUND

Launched in 2011, the LEAP EFA is a ratepayer funded grant program. It provides emergency relief to eligible low-income natural gas and electricity consumers, including customers of Unit Sub-Meter Providers (USMP), who are scheduled to be disconnected or have already been disconnected due to nonpayment of their utility bills. LEAP EFA is intended to assist consumers with temporary financial challenges through a one-time emergency financial assistance grant applied against the consumer's arrears.

Low-income customers can receive up to \$500 in emergency assistance toward their electricity bills (\$600 if the home is heated electrically) and \$500 for natural gas bills. The funding is meant to be accessed only once per year. However, at the discretion of the agency, in exceptional circumstances a household may apply more than once a year for LEAP EFA if the first grant was less than the maximum of \$500 (or \$600 for electrically heated homes). It is for emergencies only and does not provide ongoing assistance.

Each electricity and natural gas distributor (together, distributors) provides the greater of 0.12% of their total OEB-approved distribution revenue or \$2,000 each year for LEAP EFA. Distributors may only use their LEAP EFA funds for their own customers residing within the distributor's service area. USMP customers have access to the funds from the electricity distributor that serves the building they reside in. The total amount contributed to LEAP EFA in 2022 was approximately \$7,600,000 as shown in the table below.

	Total LEAP EFA annual amounts collected through distribution rates	Average monthly cost per customer
Electricity	\$5,000,000	\$0.08
Natural gas	\$2,600,000	\$0.06

Distributors are responsible for establishing and maintaining partnerships with agencies that provide LEAP EFA intake through an eligibility assessment when a consumer first contacts them. The agency will evaluate the information they gather to determine an appropriate amount for a grant to be used to pay down the consumer's arrears.

Once a grant amount is determined, the agency informs the distributor. The distributor then applies the one-time emergency financial assistance to the consumer's bill. Agencies are paid an administration fee by the distributor. The OEB provides guidance and direction to distributors and agencies as to how the program should be delivered through the [OESP & LEAP Program Manual](#) (Manual).

LEAP EFA was reviewed in 2014 and changes were implemented in 2015 to improve the interview process and clarify eligibility.

In 2018, the OEB undertook another review of the program and conducted extensive research and engagement with relevant stakeholders including the FAWG. The OEB also heard from more than 750 consumers and approximately 100 LEAP EFA applicants.

### **3. THE REVIEW**

In its 2023/24 - 2025/26 Business Plan, the OEB committed to a review of the LEAP EFA. The scope of the review includes the program's funding mechanism and, eligibility criteria, grant amounts as well as performance metrics and targets to evaluate the effectiveness of the program as appropriate.

To make use of the work and input from the FAWG in the 2018 review, OEB staff initiated the 2023 review of the LEAP EFA on July 19, 2023 by inviting the FAWG to discuss the results of the 2018 review and seek input on potential program enhancements as well as development of metrics to measure the effectiveness of the program. FAWG members provided input in a meeting held with OEB staff on August 16, 2023, and subsequently through written comments.

### **4. RECOMMENDATIONS**

Taking into consideration the input from FAWG members as well as analysis of data collected from distributors through RRR and other relevant sources, OEB staff offers the following recommendations:

#### **4.1 Income Eligibility Threshold**

The LEAP EFA income eligibility thresholds were last revised in 2016 and are based on Canada's 2011 Low-Income Measure (LIM) produced by Statistics Canada. These

thresholds were aligned with the Ontario Electricity Support Program (OESP)<sup>1</sup> income eligibility threshold at that time.

The income eligibility thresholds for the OESP were updated in 2017, and the Government recently announced that the OESP income thresholds will be increased again effective March 1, 2024. The new income eligibility thresholds for OESP will reflect Canada’s 2020 LIM.

FAWG members recommended updating the current LEAP EFA income eligibility thresholds. Most of the members suggested that they be aligned with the income eligibility threshold for the OESP.

**The current LEAP EFA income thresholds, are as follows:**

Household Income (After Tax)	Household Size (Number of people living in household)						
	1	2	3	4	5	6	7+
Less than \$28,000	√	√	√	√	√	√	√
\$28,001 – \$39,000			√	√	√	√	√
\$39,001 – \$48,000					√	√	√
\$48,001 – \$52,000							√

**Effective March 1, 2024, the income thresholds for the OESP will be as follows:**

Household Income (After Tax)	Household Size (Number of people living in household)						
	1	2	3	4	5	6	7+
\$38,000 or less	\$45	\$45	\$51	\$57	\$63	\$75	\$75
\$38,001 – \$54,000		\$40	\$45	\$51	\$57	\$63	\$75
\$54,001 – \$65,000			\$35	\$40	\$45	\$51	\$57
\$65,001 – \$71,000					\$35	\$40	\$45

<sup>1</sup> The OESP provides an ongoing monthly credit directly on qualified consumers’ electricity bills. Eligible customers receive monthly credits of \$35 to \$75. The credit amount is based on household income, the number of people living in the home and energy intensity. Customers may receive higher monthly credits of between \$52 to \$113, based on unique eligibility that includes: Indigenous customers or customers living with Indigenous family members, customers using electric heating, and customers using certain electricity-intensive medical devices. The OEB administers the program while the Ministry of Energy provides financial and program oversight.

The new OESP income eligibility thresholds more closely align with current economic conditions and changes in household incomes. OEB staff proposes that the income eligibility thresholds for LEAP EFA should align with the OESP income eligibility thresholds. This change will also reduce the administrative burden on agencies assessing applicants for both programs. Future changes to the LEAP EFA thresholds should be considered when changes to the OESP thresholds are made.

### **Recommendations – LEAP EFA Income Eligibility Thresholds**

Update LEAP EFA income eligibility thresholds to align with the OESP income thresholds that become effective March 1, 2024.

## **4.2 Grant Amounts**

The LEAP EFA grant amounts of up to \$500 for gas or electricity bills (\$600 if the home is heated electrically) were set in 2011. These amounts were temporarily increased to a maximum of \$1,000 (\$1,200 for consumers with electrically heated premises) in 2022 to recognize the impact of the COVID-19 pandemic on consumers. In 2023, following an assessment of distributors' available funds, the maximum grant amounts returned to \$500 (\$600 if electrically heated) as set out in the Manual in order to ensure funding was available for the greatest number of eligible consumers.

A number of FAWG members indicated that current grant amounts have not kept up with inflation and are especially inadequate in northern communities. FAWG members provided information showing that current grant amounts are considerably below average arrears per customer and below the 2022 average LEAP EFA grants issued when maximum grants were temporarily doubled by the OEB. Some of the low-income advocacy and consumer representative members of FAWG suggested a doubling of the grants (\$500 to \$1,000 and \$600 to \$1,200).

OEB staff agrees that it is time to adjust the grant amounts. Adjusting for inflation since 2011, the current grant amounts of \$500 and \$600 would increase to about \$650 and \$780 respectively.

### **Recommendations - Grant Amounts**

Increase basic electricity and natural gas grant to \$650 and increase grant for those heating with electricity to \$780.

### 4.3 Program Funding

The funding mechanism for LEAP EFA has been in place since 2011. A distributor may request additional funding for LEAP EFA to be included in rates<sup>2</sup>.

OEB staff conducted analysis using RRR data for 2016-2019 (pre COVID-19 pandemic) to estimate the impact of this recommendation. OEB staff chose to rely on data collected during that period as the more recent data does not reflect normal circumstances. The OEB made some temporary changes to the program rules between 2020 and 2023 to address the impact of the COVID-19 pandemic. The pandemic also affected distributors' processes for collections and arrears management during that period.

The OEB's RRR data for 2016-2019 show that, in each of the four years, out of an average of 70 distributors:

- 13 distributors never ran out of funds.
- 19 distributors always ran out of funds and seven of these distributors always ran out by June 30th.
- Others varied year to year.

FAWG members did not suggest there was a need to change the generic funding mechanism for all distributors, i.e., the 0.12% of distribution revenue. However, a number of the low-income advocacy and consumer representative FAWG members endorsed a funding mechanism that would allow all eligible LEAP EFA applicants to receive emergency assistance.

Based on the available data, OEB staff agrees with the FAWG that there is no need for a change to the generic LEAP EFA funding mechanism. Many distributors have sufficient funds to provide grants to all eligible consumers. OEB staff does consider the data as supporting the FAWG members recommendation that no eligible low-income consumer should be denied the emergency assistance based on lack of funding. Any consumer meeting all of the LEAP EFA eligibility criteria should receive the emergency funding. This change is aligned with the underlying intent of the program as an emergency support.

In developing this recommendation, OEB staff undertook an analysis of the impact it may have on cost for the 19 impacted distributors that have historically run out of funds. To estimate the number of eligible LEAP EFA applicants in areas served by these 19

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<sup>2</sup> [See section 2.4.3.6 of Filing Requirements for Electricity Distribution Rate Applications](#)



distributors between 2016-2019, OEB staff added the number of LEAP EFA assisted applicants during that period with the number of eligible low-income customers who were disconnected for non-payment during that same period. In other words, OEB staff used the disconnected eligible low-income customers as a proxy for those who would have been receiving the assistance had the distributor not ran out of funds.

Based on OEB staff's analysis, if the 19 distributors who always ran out of funds between 2016-2019 were to fund all potential eligible applicants, the majority of them would require additional LEAP EFA funds and many would need to increase the contribution by more than 50%.

OEB staff also estimated the potential impact of providing all eligible applicants the maximum recommended grant amounts, in context, the total annual cost of LEAP EFA would increase to approximately \$10,800,000 representing an incremental expense of about \$3,200,000. The resulting impact on cost per customer to fund the program will be minimal while the benefit to the vulnerable consumers accessing the fund will be significant. In the case of distributors with the greatest potential increase, the cost to a customer would be approximately \$0.31 per month. OEB staff notes that consumer outreach conducted as part of the 2018 Review showed that most consumers were willing to pay between \$0.25 and \$1.00 monthly to support the program.

In OEB staff's view, the relevant data does not support changing the funding formula for all distributors. Some distributors may need to increase their LEAP EFA budget to accommodate grants for all eligible consumers. Distributors can and are aware that they can request to increase the level of funding. Distributors experiencing increased demand for LEAP EFA assistance may exercise the option of applying to the OEB to adjust their funding amount during their Cost of Service (CoS) rate applications.

### **Recommendation – Program Funding**

Distributors should make funding available for all applicants meeting all of the LEAP EFA eligibility criteria – no eligible applicant should be denied due to lack of funding.

## 4.4 Sustainability

LEAP EFA is not intended to provide long-term financial assistance and applicants must be able to maintain their energy costs after the grant has been provided. Based on the current process, once a consumer is identified as meeting the eligibility criteria for LEAP EFA, they are interviewed by an agency representative. The interview allows the agency to understand the consumer's situation and assess whether the applicant will still be able to pay their energy bills in the future (sustainability review). As part of this assessment, the agency will among other things, review the customer's current energy bills for their residence to verify the amount of arrears, copy of rental receipt, lease or mortgage document, proof of household income and bank statement from the most recent month.

While FAWG members acknowledged the rationale for the sustainability assessment, some indicated that it makes it difficult for some consumers who need help to qualify. Examples provided by members included difficulties producing proof of mortgage or rent as some consumers may not have official agreements. Some FAWG members asked for more flexibility in the assessment of sustainability.

While OEB staff understands the overall importance of sustainability to the effectiveness of the program, we also recognize the challenges associated with producing documentation to support it. OEB staff agrees that allowing agencies some flexibility in that regard is warranted. OEB staff also believes that distributors could lessen the impact of the sustainability criteria through improved collection activities and raising awareness of available payment plans and other support programs like OESP.

### **Recommendations - Sustainability**

The Program eligibility should be revised to provide flexibility to agencies to accept other documents in lieu of proof of mortgage/lease (e.g., letter from MPP, attestation from a legal clinic or letter from a landlord).

## 4.5 Program Awareness

The main OEB consumer LEAP EFA webpage and the LEAP EFA utility/agency directory webpage continue to be in the top 10 most visited OEB webpages, with the number of views increasing year over year. As shown in the table below, the OEB also continues to provide information through responding to consumer and industry enquiries related to LEAP EFA.

	2016	2017	2018	2019	2020	2021	2022
enquiries	340	201	326	654	681	422	640
IREs	9	16	12	2	58	79	5

Some FAWG members suggested increased proactive communication regarding the LEAP EFA. Some specifically asked for more information about the application process specific to USMP customers. OEB staff agrees with the FAWG members' suggestions about increased level of communication to raise awareness of support programs by all relevant parties. OEB staff intends to provide guidance and clarification as necessary through communication to distributors, USMPs and agencies. Further, OEB staff suggests that distributors and USMPs, as those most directly connected to their customers, should be encouraged to provide regular communications about the LEAP EFA program to their customers.

### Recommendations – Program Awareness

Distributors and USMPs should undertake regular communication to consumers about LEAP EFA and can work with FAWG and OEB staff on suitable approaches.

## 4.6 Program Performance Metrics

To ensure that LEAP EFA is meeting its intended objective, there is a need for appropriate performance metrics to evaluate the effectiveness of the program. The program performance can then be measured based on those established targets as appropriate.

FAWG members were strongly of the view that any performance metrics should not result in additional reporting requirements for distributors or agencies. OEB staff agrees and is of the view that any performance metrics should recognize the overall scope and dollars involved in the LEAP EFA.

## **Recommendations – Performance Metrics**

### **Outcome:**

LEAP EFA effectively reaches eligible low-income customers in a timely manner.

### **Metrics:**

- No eligible LEAP EFA application is denied due to lack of funding.
- All LEAP EFA applications are processed within 21 days.

### **Measurement:**

Measure performance against the metrics after two years.

The OEB currently receives data on the number of declined LEAP EFA applications from distributors. Along with the data, distributors would be expected to provide a statement that no eligible applicant was denied due to lack of funds or provide the number of applicants denied due to lack of funds.

With respect to processing of applications within 21 days, the OEB's Distribution System Code and the Gas Distribution Access Rule (together, Rules) require distributors to suspend any disconnection action for a period of 21 days from the date of notification by a LEAP EFA intake agency that it is assessing whether a consumer is eligible for LEAP EFA, provided such notification is made within 14 days from the date on which the disconnection notice is received by the consumer.

The OEB will monitor complaints and concerns brought to the OEB's attention from relevant parties relating to agencies taking longer than 21 days to assess applicants.

## **4.7 Conclusion**

In order to implement the recommendations if adopted following the review of any comments received from stakeholders, OEB staff would propose to amend the Manual. The changes should come into effect at the time of the change to the eligibility criteria, which is March 1, 2024.

FAWG members input and advice to this review is much appreciated.