



December 8, 2023

Brian Hewson
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Ontario Energy Board
2300 Yonge St, 27th Floor
Toronto, ON M4P 1E4

RE: Ontario Energy Board Staff Report Low Income Energy Assistance Program Emergency Financial Assistance Review - OEB File No. EB-2023-0135

On November 21, 2023, the Ontario Energy Board (“OEB”) issued its Low-Income Energy Assistance Program Emergency Financial Assistance (LEAP EFA) Program Review (Report) for comment. 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. OEB staff has developed recommendations for LEAP EFA enhancements and performance metrics, which if adopted would come into effect March 1, 2024.

CHEC is a collaborative association of local electrical distribution companies (LDCs). We believe in the importance of keeping local distribution companies in their communities and our support allows our members to serve their customers and their shareholders cost-effectively and efficiently. CHEC appreciates the opportunity to provide comments on the recommendations contained in the LEAP EFA report.

General comments

CHEC supports the objectives of the Low-income Energy Assistance Program (LEAP) program, which aids consumers who are struggling with their bill payments and may face disconnection of their electricity service. The proposed changes will result in greater participation in the LEAP program and increase the grant amounts for eligible consumers. CHEC supports changes which will provide greater support for consumers who need assistance.

Income Eligibility Thresholds

The report recommends that the LEAP EFA income eligibility thresholds are updated to align with the OESP income thresholds that become effective March 1, 2024.

CHEC supports that the current LEAP EFA income eligibility thresholds be aligned with the income eligibility threshold for the OESP, which is based on the Canada’s 2020 Low-Income Measure (LIM) produced by Statistics Canada. We expect that this will result in an increase in the number of consumers



who are eligible for LEAP EFA.

Grant Amounts

The report recommends that basic electricity and natural gas grants be increased to \$650 and increased for those heating with electricity to \$780.

CHEC agrees that current grant amounts have not kept up with inflation and supports the increased grant levels. The report points out that current grant levels are especially inadequate in northern communities. CHEC submits that many utilities servicing smaller communities (not just northern communities) have a larger proportion of lower income households and electrically heated dwellings than utilities serving larger communities. Distributors servicing these communities experience a high level of qualified LEAP applicants as a percentage of their customer base. The increased grant levels will result in more distributors exhausting their available LEAP funds.

Program Funding

The report recommends that 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.

The success of the LEAP EFA program is evident by the fact that many Local Distribution Companies (LDCs) exhaust their LEAP funds before year-end. Analysis conducted for the report (RRR data for 2016-2019) indicates that only 13 out of an average of 70 distributors did not run out of funds. We believe that the proposed changes (an increase in the number of accounts eligible and an increased grant amount) will result in more distributors running out of funds and this will happen earlier in the year. This shortfall in available funding will be compounded by the recommendation that distributors make funding available for all applicants meeting all the LEAP EFA eligibility criteria – no eligible applicant should be denied due to lack of funding (emphasis added)

Distributors currently provide the greater of 0.12% of their total OEB-approved distribution revenue or \$2,000 each year for LEAP EFA, which is recovered through rates. The total annual cost of LEAP EFA is expected to result in an increase of about \$3,200,000, from \$7,600,000 to approximately \$10,800,000. The proposed recommendations do not include amendments to the LEAP EFA funding formula.

In the report, FAWG members did not suggest there was a need to change the generic funding mechanism for all distributors. 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. CHEC asks if there was a specific funding mechanism presented that was endorsed by the FAWG members?



The report says that 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. CHEC points out that the available data is extremely limited and questions how that data could be used to decide upon the suitability of the current mechanism. There is no record of those potential applicants that are turned away when an LDC's fund are depleted.

Under the current funding mechanism, 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. CHEC points out that distributors who have recently completed a CoS application, could be carrying this 'debt' for at least 5 years in hopes of recouping these funds (although this as identified is not guaranteed) in their next CoS application. With the proposed increases in LEAP funding assistance and knowing that the consumer debt to income ratio has dramatically increased since the onset of the pandemic, having LDC's increase their bad debt allowance is a financial risk to utilities that should be addressed.

CHEC recommends that the Board provide a LEAP deferral account and that this account may be brought forward for disposal upon rebasing. If a variance account is recommended, it should be recoverable regardless of amount (exempt from the materiality threshold).

CHEC also recommends that the Board review the financial impact of the proposed changes after one year and revise the LEAP funding model to fully recover LEAP EFA through rates.

Sustainability

The report recommends that 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).

CHEC understands the rationale for providing agencies with more flexibility in determining a consumer's eligibility for the program. We expect that this will result in an increase in the number of consumers who are eligible for LEAP EFA.

CHEC suggests that the OEB consider making it a requirement that if a customer applies for LEAP, they must also apply for OESP. The OESP & LEAP Manual says that to receive a LEAP EFA grant, a customer should also apply for the OESP if they are not already on the program. If an applicant is eligible for LEAP EFA, they are also eligible for the OESP. Making this a standard practice will minimize any duplication of work for program intake and reduce the likelihood of an applicant receiving conflicting eligibility determinations for the two programs. Our suggestion supports the report's sustainability goals and helps customers pay future energy bills.

The report also says "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". CHEC submits that collection activities are prescribed in detail in the Distribution Service Code (the DSC) that all distributors are required to follow. We recognize that there were no suggestions for improved collection activities in the report and this was not included in the recommendation. CHEC suggests that if collection activities are a concern to OEB staff, that this should be brought forward in a separate discussion. CHEC also submits that distributors are communicating regularly with consumers about LEAP and OESP via their website, social media posts, information about assistance programs printed on arrears notifications, bill inserts and customer service interactions by phone and in-person.

Program Awareness

The report recommends that distributors and USMPs should undertake regular communication to consumers about LEAP EFA and can work with FAWG and OEB staff on suitable approaches.

CHEC members understand the importance of providing information about available assistance programs to their customers and provide this information via many different channels, documentation, and interactions with customers. All distributors have additional processes, such as payment arrangements, to assist consumers who are struggling with their bill payments. The report does not elaborate on what steps distributors should take to increase their level of communication. However, it is noted in the report that OEB staff intends to provide guidance and clarification as necessary through communication to distributors, USMPs and agencies.

Performance Metrics

The report does not recommend any additional reporting requirements for distributors or agencies, however, it does list two new metrics:

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

The report says that 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.

CHEC suggests that it should be made clear in the recommendation that there are no additional reporting requirements for distributors or agencies. CHEC also suggests that if all LEAP EFA applications must be processed within 21 days, this requirement should be clearly documented in the OESP & LEAP Program Manuals.



Thank you for the opportunity to provide feedback on the Report. CHEC looks forward to continued engagement with the OEB on the LEAP EFA program.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruno Pereira".

Bruno Pereira
President
Cornerstone Hydro Electric Concepts