

December 8, 2023

Delivered by RESS

Nancy Marconi Registrar Ontario Energy Board P.O.Box 2319, 27th Floor 2300 Yonge Street Toronto, ON M4P 1E4

Dear Ms. Marconi:

Re: Ontario Energy Board Staff Report

Low Income Energy Assistance Program Emergency Financial

Assistance Review

OEB File No. EB-2023-0135

In response to the Ontario Energy Board's November 21, 2023 letter, Elexicon is submitting comments regarding the Low-Income Energy Assistance Program Emergency Financial Assistance ("LEAP EFA") Program Review Report.

Please do not hesitate to contact me with any questions concerning this matter.

Regards,

Stephen Vetsis

Vice President - Regulatory Affairs and Stakeholder Relations

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1 Background

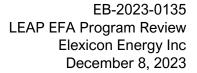
- 2 On July 19, 2023, the OEB initiated a review of the LEAP EFA program. The scope of the
- 3 review included the program's funding mechanism, eligibility criteria, grant amounts as
- 4 well as performance metrics and targets. Based on input from the review, OEB staff
- 5 prepared the Low-Income Energy Assistance Program Emergency Financial Assistance
- 6 (LEAP EFA) Program Review Report. The Report includes recommendations for program
- 7 enhancement and performance metrics. The OEB has invited interested parties to submit
- 8 comments on the Report.

9 Introduction

- 10 Elexicon is supportive of the OEB's review of LEAP EFA program. Elexicon agrees that
- 11 a review of the program's funding mechanism, eligibility criteria, grant amounts and
- 12 program awareness will help ensure that the LEAP EFA program provides an appropriate
- 13 level of assistance to vulnerable consumers. Elexicon also supports a review of the
- 14 performance metrics and targets to help evaluate the effectiveness of the program in
- 15 meeting its intended objectives.

16 **OEB Staff Recommendations**

- 17 Elexicon is supportive of the Program Performance Metrics in which the outcome is to
- 18 ensure LEAP EFA effectively reaches eligible low-income customers in a timely manner.
- 19 Elexicon is supportive of each of the recommendations below:
- Income Eligibility Threshold Update the LEAP EFA income eligibility thresholds
 to align with the OESP income thresholds that become effective March 1, 2024.
- Grant Amounts Increase basic electricity and natural gas grant to \$650 and increase grant for those heating with electricity to \$780.
- Sustainability The Program eligibility should be revised to provide flexibility to agencies to accept other documents in lieu of proof of mortgage or lease.

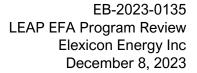




- Program Awareness Distributors and USMPs should undertake regular
 communication with consumers about the LEAP EFA.
- 3 Elexicon also supports the recommendation that distributors should make funding
- 4 available for all applicants meeting all of the LEAP EFA eligibility criteria and that no
- 5 eligible applicant should be denied due to lack of funding in order to support as many
- 6 customers as possible.

7 **Program Funding**

- 8 Elexicon notes that each of the recommendations above will increase uptake in the LEAP
- 9 program and have the desired affect of reaching a larger group of vulnerable customers.
- 10 However, Elexicon is of the view that the magnitude of the overall impact is currently
- 11 unclear.
- 12 OEB staff had conducted analysis using RRR data for 2016-2019 (i.e., prior to the COVID-
- 13 19 pandemic) to estimate the impact of the recommendations. In OEB staff's opinion, the
- 14 more recent data did not reflect normal circumstances. Elexicon submits that the 2016-
- 15 2019 data is also likely not reflective of the affordability challenges that are currently being
- 16 faced by its customers. Current financial conditions have seen a significant increase in
- 17 the cost of living due to inflationary pressures which may drive higher demand for financial
- 18 assistance.
- 19 OEB staff also recommended that no eligible applicants to the LEAP program be denied
- 20 funding. The impact of this recommendation is also very challenging to forecast as there
- 21 is currently incomplete data on the number of past applicants who had been denied due
- 22 to lack of funding.
- 23 Taken as a whole, the factors above introduce significant uncertainty and suggest the
- 24 possibility that the overall financial impact of the proposed changes may be greater than
- what is suggested by the analysis conducted by OEB staff with dated information.
- 26 In the Report, the OEB acknowledges that there is a potential impact of providing all
- 27 eligible applicants the maximum recommended grant amounts and that some
- 28 distributors may need to increase their LEAP EFA budget to accommodate grants for all
- 29 eligible customers. Although distributors may exercise the option of applying to the OEB





- 1 to adjust their funding amount during their Cost of Service rate applications there could
- 2 be an extended period of time between March 1, 2024 and a distributor's next re-basing
- 3 application.
- 4 In light of the uncertainty of how the recommendations may impact demand for funding,
- 5 Elexicon submits that OEB staff consider the establishment of a generic Deferral and
- 6 Variance Account ("DVA") to capture for future recovery the incremental costs for LEAP
- 7 grants that are provided to eligible consumers above amounts that are currently funded
- 8 through rates. Elexicon is proposing that the DVA be effective from March 1, 2024 to the
- 9 effective date of a distributor's next cost of service-based rate order. Introducing a generic
- 10 DVA would ensure that distributors experiencing high customer demand for the LEAP
- 11 EFA have the resources necessary to support customers in need.