



ONTARIO ENERGY BOARD

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THE ONTARIO ENERGY BOARD

**IN THE MATTER OF the Ontario Energy Board Act, 1998,
S.O. 1998, c. 15, Schedule B;**

Hearing held at 2300 Yonge Street,
25th Floor, Toronto, Ontario,
on Thursday, September 25, 2008,
commencing at 9:34 a.m.

STAKEHOLDER CONFERENCE, DAY 4

A P P E A R A N C E S

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COLIN MCLORG	Toronto Hydro
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ROGER HIGGIN	Coalition
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COLIN GAGE	Green Light on a Better
BILL DUFTON	Environment
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JENNIFER LOPINSKI	A Place Called Home
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GWYNNE CHEUNG CATHERINE CHISLETT	City Of Toronto Shelter, Support & Housing Administration Division

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1 --- Upon commencing at 9:34 a.m.

2 MS. HARE: Good morning. This is the fourth day of
3 our consultation on issues related to low-income energy
4 consumers. And before we turn to the next panel of
5 presenters, Mr. Kaiser has a request that he'd like to put
6 on the record.

7 MR. KAISER: Yes, Marika, two things. This is a
8 request, really, of your consultant, the gentleman from
9 Concentric. I'd like him to identify each state or
10 province where the utilities are funding low-income
11 customers, indicate the annual amount, indicate what that
12 amount is per customer, and, lastly, the average amount of
13 the grant to the applicant.

14 And secondly, we had some questions yesterday, you'll
15 recall, with respect to the Winter Warmth program and the
16 amount the six utilities were spending, the two gas, the
17 four electrics, and Colin McLorg from Toronto Hydro
18 indicated that he knew the amount, but he didn't know the
19 number of applicants or the amount per applicant. That was
20 all information that, as I understood it, resided with
21 United Way.

22 So I'd like to ask you if you can get that information
23 from United Way with respect to those six utilities. Thank
24 you.

25 MS. HARE: Yes, Ian?

26 MR. MONDROW: Thank you, Marika. Ian Mondrow.

27 I'm not sure of the skill sets of the Concentric team
28 working on this, but if possible, given the review that Mr.

1 Kaiser has asked for, I wonder if the consultant might
2 indicate the authority under which that funding is
3 provided; that is, whether there's a legislative provision,
4 whether it's a regulatory authority without an express
5 legislative provision, or some other form, and we heard
6 about Commission regulation, I think, from Pennsylvania,
7 for example.

8 So that would be very helpful if you could look at
9 that and, wherever possible, provide that information as
10 well.

11 MS. HARE: We'll see if we can obtain that.

12 MR. MONDROW: Thank you.

13 MS. HARE: We have a second housekeeping-type matter.
14 There was discussion yesterday about the Board obtaining
15 the updated Stats Canada data. I'm told that it's
16 important to ask for the data segmented in a way that is
17 useful for the purpose we want to use it.

18 So if you are interested in getting that data and have
19 thoughts about how that data should be segmented, please
20 let us know as soon as possible so that we are requesting
21 the data in a way that's useful.

22 And the third housekeeping-type matter that I'd like
23 to raise is, the transcripts show appearances. Well,
24 strictly speaking, these aren't appearances, because it's
25 not a hearing, yet we're trying to capture all those that
26 participated, and really, what's captured are the people
27 that spoke, but there are others that have listened
28 intently and certainly are participants in the process.

1 So if you are not listed in the transcripts under
2 "appearances", please send us an e-mail at EB-2008-
3 0150LOWINCOMEENERG -- and that's capital L-O-W, capital I-
4 N-C-O-M-E, capital E-N-E-R-G -- @oeb.gov.ca, so that we
5 have a complete record of who is in attendance.

6 Now, with that I'd like to turn to the next topic,
7 which I'd like to actually break out into two separate
8 issues, so we'll have presentations on the first general
9 topic, discussion questions, and then move to the second.

10 And the two sort of discrete topics are -- the first
11 one is around Smart Meters, sub-metering and time-of-use
12 pricing as sort of one topic. Then we'll have questions
13 and discussion. And then we'll move to the second topic,
14 which is really about commodity contracts.

15 So with that I'd like to call on Bill Dufton and Colin
16 Gage, representing GLOBE.

17 **PRESENTATION BY MR. DUFTON AND MR. GAGE:**

18 MR. GAGE: Thank you, and good morning.

19 And I appreciate the opportunity to speak to you
20 today. My name is Colin Gage, and I am the Chair of GLOBE
21 -- or the full name, Green Light on a Better Environment --
22 which is a subsidiary of the Social Housing Services
23 Corporation.

24 I'm joined at this consultation today by Mr. Bill
25 Dufton, a director of GLOBE, and by Judy Simon, vice-
26 president of IndEco Strategic Consulting Inc., who is the
27 consultant who will assist us as we go through this
28 consultation process.

1 I will deliver our presentation to you this morning,
2 and the three of us will be available to answer any
3 questions that may arise after you hear the presentation we
4 put forward to you today.

5 GLOBE really appreciates this opportunity -- it's the
6 third opportunity we've had -- to speak to the Board today,
7 and we'd like to thank you and also the groups that
8 comprise this consultation.

9 This presentation is on topic 7, particularly the
10 time-of-use pricing and sub-metering. I'm going to discuss
11 the installation of Smart Meters in social housing and
12 highlight some of the unique challenges facing social
13 housing residents and housing providers regarding the use
14 of these meters and, in particular, time-of-use rates.

15 I will also provide some recommendations and resource
16 material on how these challenges can be overcome. And I've
17 presented the Board -- and they're available for the
18 participants in this consultation -- a document that deals
19 with the whole issue of sub-metering and social housing
20 providers and residents.

21 As we know, the Ontario Government has directed that
22 by the end of 2010, each separately metered Ontario home
23 must be fitted with a Smart Meter that can report on how
24 much electricity is being used and when it is being used.
25 This is being done to encourage conservation of
26 electricity, particularly at times of peak usage.

27 GLOBE strongly supports the use of tools and
28 technologies to encourage energy conservation and a culture

1 of conservation within Ontario. However, there are aspects
2 of Smart Meter -- the Smart Metering initiative that are of
3 concern to GLOBE, and I'll point them out as we go forward.

4 Smart meters will result in additional costs to social
5 housing residents or social housing providers, depending on
6 who is paying the electricity bill. The additional costs
7 may be expressed either through increases in fixed
8 electricity charges, rate riders, or some other cost
9 recovery mechanism for the utility for purchasing,
10 installing, and maintaining the Smart Meters and the
11 related infrastructure.

12 Social housing residents may be less able than the
13 average tenant to adapt to the use of pricing without
14 potential damage to health and welfare. As I stated in
15 this presentation on Monday, it is difficult for social
16 housing residents to respond effectively to time-of-use
17 pricing. This is particularly problematic for the elderly,
18 the infirm, the disabled, and the mentally challenged, who
19 are over-represented in social housing, in the social
20 housing community.

21 It is fair to say that these residents spend more time
22 at home due to mobility and other issues, and therefore are
23 unlikely to be able to shift much of their electricity use.
24 This is especially a problem in the wintertime, as these
25 residents are likely to be -- these residents, where they
26 reside, are likely to be electrically heated and will
27 require adequate heat when they are at home.

28 Just to set this in context, if we take a look at the

1 province as a whole, I would -- and as I stated in my
2 Monday morning presentation, there are 267,000 housing -
3 social housing units in Ontario. If we take out the GTA,
4 which we feel is approximately -- would not exceed 100,000,
5 that leaves 167,000 units that lie outside the Toronto
6 metropolitan area. Many of these communities -- or many of
7 these homes lie in small urban or rural communities where
8 there's no other heating source save and except other gas
9 utilities, such as propane, et cetera, other than
10 electricity. So it now becomes problematic for them.

11 In addition, the present arrangements for social
12 housing assistance and rent subsidies that are necessary
13 for many social housing residents and housing providers do
14 not account for the increased costs that will be associated
15 with time-of-use pricing.

16 There is insufficient provision for effective
17 education currently, for social housing residents and
18 housing providers, about the need for energy conservation
19 and the measures that can be used to achieve it, including
20 educated-related, Smart Meters and time-of-use rates.

21 I would suspect that if you surveyed many of our
22 residents, they are totally oblivious to the whole issue of
23 Smart Meters and how they are fundamentally to work.

24 Smart Meters and time-of-use rates are only effective
25 in resulting in electricity conservation and load shifting
26 if social housing residents and housing providers are aware
27 of the initiative and understand how they can make changes
28 to reduce or shift their electricity use. If not, then the

1 initiative is only going to result in an increased cost for
2 the residents and housing providers within that general
3 population.

4 Some of the recommendations we've put forward -- and
5 there are many more of them in the documents that I've
6 tabled with the Board today -- in order to overcome the
7 issues that I've just described, the Board should provide
8 bill discounts on a needed basis for social housing
9 residents who pay their energy bills, in recognition of
10 their reduced ability to pay their electricity costs.

11 This discount should be designed to work in tandem
12 with both education and DSM and CDM to those residents such
13 that when both are fully effected, the residents see their
14 energy bills go down.

15 The discounts can be removed accordingly. CDM and DSM
16 and education specifically for social housing providers and
17 residents is necessary to ensure that they are aware of the
18 Smart Meter initiative.

19 Its potential impacts how they can adapt their
20 behaviour to limit their adverse impacts of the time-of-use
21 pricing.

22 I would like now to access our website to obtain the
23 copy of the Smart Metering report which I've tabled this
24 morning with the Board. I would reference you to the
25 Social Housing Services Corporation website, which is
26 located at www.SHSCORP.ca, and hit the link there entitled
27 "Research".

28 I'd like to thank the Board and the participants in

1 this consultation for the opportunity to address you today,
2 and we certainly look forward to working with you, and
3 please feel free to call upon us if we can assist you in
4 any fashion at the conclusion of your hearings.

5 Thank you very much.

6 MS. HARE: Thank you. We turn now to Mary Todorow,
7 representing ACTO and LIEN.

8 **PRESENTATION BY MS. TODOROW:**

9 MS. TODOROW: Good morning. I'm just going to do one
10 slide first before I go into my Smart Sub-metering
11 presentation.

12 It's about energy retailing and it's just one slide.
13 It's a concern that has come to our attention because of
14 clients who have come to community legal clinics who have
15 unwisely, inadvertently, not understanding the pricing
16 options, something that happens in the broader consumer
17 population out there as well -- but because they're low-
18 income and they have signed a contract, the issue is the
19 amount of the penalty for doing early termination to that
20 contract.

21 I know that the OEB is doing a really great public
22 education outreach campaign to inform people about their
23 options, but for reasons that Colin talked about even on
24 time-of-use pricing, if you get over a presentation on low-
25 income population of disabled, mentally challenged
26 immigrants, language barriers, et cetera, we're really
27 concerned about them signing these contracts and then being
28 able to get out of them when they realize what they've

1 done, and that their costs have increased and that they're
2 not able to pay the bills for the commodity price increase.

3 I know that there is at least one energy retailer, if
4 you can provide proof that you live in rent geared to
5 income housing, they will waive that penalty fee. But that
6 same retailer, if you are on social assistance, won't. So
7 there are issues there, and I just wanted to raise that
8 because these are issues our community legal clinics are
9 dealing with on a daily basis. And Brian Hewson, who has
10 been going out and doing the presentations at our community
11 legal clinic training conferences, has been hearing about
12 these experiences directly from the community legal workers
13 and the staff lawyers who have been dealing with the energy
14 retailers, and sometimes with the OEB's customer service
15 complaints line on this issue as well. It's just one issue
16 that I wanted to raise on the energy retailing side.

17 MS. HARE: We will actually be dealing with that on
18 the second session. So we might hold our thoughts on that.

19 MS. TODOROW: Who is calling for Smart Metering and
20 sub-metering? The Ontario Government has facilitated the
21 expansion of the Smart Meter initiative to the multi-
22 residential sector, to condominiums and the private rental
23 sector and to social housing. The whole point of this is
24 to reduce electricity peak demand, and that's because of
25 the energy crunch that we're facing in this province and
26 the fact that we've moved from a winter peaking to a summer
27 peaking system.

28 Landlords: Because of the rising energy costs, they

1 want to transfer in-suite utility costs directly to
2 tenants.

3 Suppliers: Smart Meter providers see an opportunity
4 in the business and residential rental sector, and it looks
5 like an interesting business opportunity because one of the
6 Smart Sub-metering providers, Stratacon, just completed a -
7 - well, there is acquisition by the Consumers Waterheater
8 income fund of all the shares in Stratacon, and it was a
9 \$21 million cash payment at closing, and an earned payout
10 of up to 120 million, payable based on exceeding/meeting
11 growth targets in each of the next three years, so there's
12 a strategy to start really doing an aggressive marketing
13 campaign into the multi-residential sector because there
14 are big dollars involved in this.

15 I was finding it very confusing, and even reading the
16 legislation that enables it in the multi-residential
17 sector, as to what is Smart Metering, what is sub-metering,
18 what is Smart Sub-metering, and I put this slide together
19 just to even help myself understand this all.

20 So the Smart Meterings are all about replacing these
21 analogue meters that are out there with the high-tech
22 meters that are able to record how much you're using, at
23 what time, and to be able to do two-way transfers so you
24 can disconnect and reconnect, you know, remotely. I know
25 that the IESO is going to be collecting all this data. It
26 will help them deal with issues across the system.

27 Sub-meters are meters that are installed behind a
28 master or bulk meter. And what that sub-meter does allows

1 the measuring of electricity in-suite, to be able to
2 individually bill tenants. Now, those meters don't have to
3 be Smart Meters, but they most often are. What we've been
4 hearing about is the ones that are being placed behind the
5 bulk meters are Smart Meters.

6 Now, Smart Sub-metering is when the landlord with the
7 bulk meter is the customer of the LDC, they contract with a
8 Smart Sub-metering provider who then installs the meters,
9 bills the tenants, collects, and then remits to the
10 landlord so they can pay the total electricity bill.

11 So the concern that the Advocacy Centre for Tenants of
12 Ontario has is that the Smart Sub-metering initiative is
13 going to really affect the housing affordability of
14 tenants. And 28.8 percent of all Ontario households are
15 renters. Forty percent live in apartment buildings with
16 five or more stories, and 29 percent live in buildings with
17 fewer than five stories.

18 I'm hoping to get an update on this, but the
19 information, this 2001 census information, showed that 36
20 percent of Ontario's tenant households were living at or
21 below the poverty line. From the 2006 census, the median
22 income of Ontario's renter households is less than half of
23 homeowner households. So 50 percent have incomes that are
24 half and below.

25 And you can see what the difference is there, 33,000
26 versus 74,000.

27 Ontario renter households represent 31 percent of all
28 Ontario households -- now, this is from the 2001 census.

1 Canada Mortgage and Housing Corporation takes census status
2 and then they do this amazing, intensive research and
3 analysis of what's going on in the rental housing sector
4 and the housing sector. And what they found is that
5 although there's just over a third, that Ontario renter
6 households comprise a third of all Ontario households, they
7 comprise 66.4 percent of Ontario households in core housing
8 need. And core housing need means that they do not live in
9 and cannot access acceptable housing. Acceptable housing
10 refers to housing that is affordable -- i.e., costs less
11 than 30 percent of pre-tax household income -- that it's in
12 adequate condition, so it's in good repair, and it's of
13 suitable size, and that means there are enough bedrooms for
14 the number of people who are living in the unit.

15 Forty-five percent of Ontario tenant households are
16 paying 30 percent or more of their household income on
17 shelter costs. That means that their housing is
18 unaffordable. And of that 45 percent, 20 percent are
19 paying 50 percent or more. That means they are really at
20 risk of homelessness.

21 So this is why we're really concerned about Smart Sub-
22 metering, because shelter costs include utility costs.

23 Our best estimate is that bulk-metered apartments are
24 about 7 percent of Ontario's annual electricity
25 consumption. I think the Federation of Rental Housing
26 Providers has estimated 6 percent, so we're kind of close,
27 just a percentage off. Maybe we can find out from the OEB
28 if this is a good estimate or not.

1 Most tenants in the multi-residential private rental
2 sector pay for their utilities in rent. It's estimated
3 that 85 to 90 percent of the residential buildings are
4 bulk-metered, and also most Ontario apartment buildings are
5 not electrically heated. So they're not electrically
6 heated, which is a good thing on the Smart Metering side.

7 And you've heard about social housing from Colin Gage,
8 but most social housing tenants pay for the utilities in
9 their rent, and only 18 percent of tenants pay electricity
10 bills directly. But that's across the board. There are
11 communities that, as Colin has mentioned, if they're not
12 near a gas line, they're usually electrically heated, plus
13 the issue that you talked about the first day, which is,
14 because the maximum unit price for building, a lot of the
15 social housing that we have, our housing stock, prevented
16 installation of gas for heat. It was cheaper to do it with
17 electric.

18 Conservation does matter for tenants. It's their
19 home. And I really want to emphasize that tenants pay for
20 their utilities either in their rent or if they're going to
21 do it directly.

22 So they're 100 percent affected by energy conservation
23 and efficiency initiatives, and particularly, if there are
24 projects that the landlord undertakes for energy
25 conservation or water conservation, they can apply for
26 above-guideline rent increases.

27 And above-guideline rent increases for capital
28 expenditures, they can get the 3 percent rent increase over

1 three years, although they have to deduct any grant or
2 other assistance from any level of government from what
3 they apply to recover from tenants.

4 For utilities costs, there's no limit on the increase
5 that they can get if there is an increase in the utilities
6 costs that is above the annual rent-increase guideline
7 under the Residential Tenancies Act that landlords can
8 take.

9 And that now is the Ontario Consumer Price Index. So
10 if utilities costs are more than one-and-a-half times the
11 Ontario Consumer Price Index, the landlords can apply for
12 an above-guideline rent increase to the Landlord and Tenant
13 Board and pass that on to their tenants.

14 The procedure before in the Tenant Protection Act is,
15 once they did that, the increase would stay in the rent
16 forever, even though they had recovered the costs or more
17 than over-recovered the costs. And I'll give an example.

18 And we're really happy that the new Residential
19 Tenancies Act includes a provision called "costs no longer
20 borne", where, if the tenants pay for the out-of-pocket
21 extra expenses, then there is a reduction of that increase
22 that they got subsequently, and they have to track that.

23 But previously under the Tenant Protection Act, there
24 was a price spike -- we called it the witch's peak -- in
25 2000/2001 in natural gas prices, and there was a sudden
26 explosion of applications to increase -- applications for
27 above-guideline and rent increases at the Ontario Rental
28 Housing Tribunal at the time.

1 And what happened was that those were going through,
2 they were being added to the rent, and there was no
3 provision for costs no longer borne. So those costs stayed
4 in the rent. And basically, what was happening, there was
5 over-recovery for those increases. Now we have a "costs no
6 longer borne", which is a better situation.

7 And let me just see what else here -- yeah, so I've
8 talked about the utilities costs can be passed on, and any
9 energy -- energy conservation, water conservation, capital
10 expenditures can be passed on, minus the public investment
11 in those conservation -- so that's why the multi-family
12 buildings program for the OPA is really important here for
13 low-income tenants in particular, if they're going to be
14 paying for these energy-efficiency, water conservation,
15 energy conservation measures that landlords may be going
16 for.

17 So I just wanted to explain that tenants are always
18 paying for their utilities in every way, shape, and form.

19 Tenants are affected by climate change, and as
20 Franz Hartmann, my fellow LIEN steering committee member,
21 mentioned the other day, their early engagement is
22 essential for maximizing energy savings. It's really
23 essential.

24 Conservation does matter for landlords. Utility
25 prices are rising. It's an increasingly volatile operating
26 cost. They need to maintain/environmentally retrofit their
27 buildings to protect their assets and to ensure ongoing
28 marketability, and they want to minimize vacancy loss.

1 If we go ahead with Smart Sub-metering, tenants are
2 going to be shopping around to see who has done the window
3 repairs, the, you know, the insulation, that they're, you
4 know, they're being green, because if they're going to have
5 to pay for their utility costs, you know, they're going to
6 be shopping around and making sure that they can minimize
7 whatever they have to pay in addition to their monthly
8 rent.

9 Landlords -- we live in -- we're all living in the
10 same living room, Earth, you know. They're affected by
11 climate change. Hopefully, they're interested in doing
12 something to contribute to greenhouse gas emission
13 reductions. And having the landlords engaged is really
14 important to maximize the energy savings in buildings. You
15 need to do a partnership here.

16 Who's supposed to get a Smart Meter? Well, when the
17 Government announced that they were going ahead with this
18 broad-based installation of Smart Meters, it was to install
19 4 million Smart Meters for all Ontario customers.

20 Now, that 4 million, I understand, was like 3.9
21 million, which were residential and I think small
22 commercial. That was my understanding. And the target was
23 2010, and the cost at that time was a billion dollars. And
24 they had an interim target of putting 800,000 meters in
25 homes and small businesses by 2007.

26 The definition of the Smart Metering initiative was
27 amended in Bill 21, so it now means those policies of the
28 Government of Ontario related to its decision to ensure

1 Ontario electricity consumers are provided, over time, with
2 Smart Meters.

3 And that's because the extension of Smart Metering and
4 Smart Sub-metering into the condo and multi-residential
5 sector is voluntary, not mandatory, at the moment. At the
6 moment. And it may not be technically feasible to do all
7 of the multi-residential buildings. So it's not mandatory,
8 it's voluntary.

9 So I think that I -- this is my interpretation -- is
10 that that's why they changed that definition, to make it
11 "over time". But I understand there's been a directive
12 from the Minister of Energy, and there's going to be a
13 whole review of what's going on with the Smart Metering
14 initiative, and I think the aim is to actually accelerate
15 the Smart Metering activity.

16 As I explained, that they were unclear on whether
17 Smart Meters were going to be installed in apartments and
18 condo units, and that decision was made. And condos were
19 included in the Bill 21, the Energy Conservation
20 Responsibility Act that was facilitated, and in the rental
21 sector it was done under the new Residential Tenancies Act,
22 Bill 109, in Section 137, which is not proclaimed, and I'll
23 talk about that in a moment.

24 So the condo Smart Sub-metering is going ahead. The
25 regulations were put into place, and they were gazetted and
26 are effective as of December 31st, 2007. The OEB had a
27 proceeding on the Smart Sub-metering code, and they are
28 licensing Smart Sub-metering providers.

1 I don't know if it's still interim licences or final
2 licences. I'm not quite sure. The last time I checked it
3 was interim licences.

4 So is Smart Sub-metering the answer? Is it effective
5 conservation? Well, the whole point is to encourage
6 consumers to shift electricity use to off-peak hours. But
7 as Colin mentioned, and I totally agree with him, low-
8 income households have the least capacity to shift their
9 energy use: families with children, seniors, the disabled,
10 the unemployed, those who are home during those high -- you
11 know, the on-peak/mid-peak time. That's time-of-use issue
12 here. So I'm just touching on that, in terms of the whole
13 initiative.

14 If tenants pay directly for in-suite energy use, will
15 they use less? That's a good question. The landlord
16 controls the building envelope: windows, insulation,
17 heating, ventilation, air-conditioning systems. They're
18 installing the appliances in the unit. Tenants control
19 their discretionary energy use in-suite. Both of these
20 impact on the energy-use reduction efforts in the building.

21 Smart Sub-metering energy savings vary -- claims vary.
22 And I've seen 10 percent to 40 percent, 15 percent to 25
23 percent, an average of 25 to 33 percent.

24 Now, there's no expert neutral study undertaken today
25 with a detailed analysis of how those Smart Sub-metering
26 savings are being achieved. I hear anecdotally from, for
27 example, Smart Sub-metering providers that, well, it's the
28 tenants. The tenants are leaving the lights on, they're

1 leaving the TVs on. This is anecdotal. This is what I
2 hear.

3 I think it really depends on the subset of the
4 customers you're dealing with. This is just anecdotal
5 evidence, and there really hasn't been a detailed neutral
6 study, although I do want to point out that I went down to
7 Denver to a conference in June of the National Low-Income
8 Energy Consortium and the National Fuel Fund, and there was
9 an excellent presentation by a regulatory person who works
10 for the American Association of Retired Persons. And she
11 referred to this study from the National Regulatory
12 Research Institute. It's called "Advanced Metering
13 Infrastructure: What regulators need to know about its
14 value to residential customers." It's by Nancy Brockway.

15 And the Ontario Smart Meter pilot is analyzed in here,
16 along with the California Smart Meter pricing pilot and the
17 Illinois Smart Metering pilot process -- pilot project.
18 And the conclusion was that the jury's out on whether this
19 is a good initiative.

20 And I also recently, because I went to that conference
21 I'm now on the mailing list for updates on what's been
22 going on in the energy sector as far as it affects
23 affordability.

24 The New Jersey Department of the Public Advocate has
25 just published -- this is July 8, 2008 -- they did a report
26 on advanced meeting infrastructure -- Smart Metering -- its
27 implications for residential customers in New Jersey. And
28 their conclusion was:

1 "Utility investments in advanced metering
2 infrastructure are not the least-cost approach to
3 reducing the annual energy use of residential
4 customers in New Jersey or the bills and air
5 emissions associated with that annual energy use.
6 Those reductions in annual electricity use,
7 annual bills and annual air emissions can be
8 achieved at less costs through investments in
9 energy efficiency and voluntary participation in
10 direct load control programs."

11 I found this really, really interesting report and
12 I would recommend this to everybody to read.

13 So we think there should be a cost-benefit analysis of
14 sub-metering versus energy efficiency retrofits versus
15 energy conservation education, and that study should
16 examine the characteristics of the buildings and individual
17 units where Smart Sub-meters are installed. And I think
18 that's where those claims vary. I think it depends on
19 whether it's a newer or older building, single-pane
20 windows, have windows been replaced, who lives there.

21 What if it's a building where there are a lot of
22 seniors? I don't know if people know a neighbourhood
23 sometimes where it's a well established neighbourhood and
24 seniors will often move into a rental building when they
25 can't get a home, and then the word will get around and you
26 will find that there will be a building that is basically
27 full of seniors who used to live in the neighbourhood.
28 Those folks will be really affected by this time-of-use

1 pricing thing if they go ahead with Smart Sub-metering in
2 those buildings. We want to know who and who is not
3 achieving energy savings, and why, and the impact on
4 housing and financial security of the residents.

5 This is an example of an actual building. This was a
6 building that was Smart Sub-metered, I think, in 2004/2005.
7 It was after about a year's worth of billings. And this is
8 information that actually was shared with us from a Smart
9 Metering company. There was a tenants' public meeting that
10 was held with the local councillor because they were quite
11 concerned about the installation of Smart Metering in the
12 building, because it was an electrically heated building,
13 one of those few electrically heated buildings that had
14 gotten this. So the result was that after a year, 41
15 percent of the units paid more, the reduced rent in the
16 electricity bill, and that was because once you take the
17 reduced electricity costs out, you're supposed to reduce
18 the bill. Twelve percent paid the same, so it was revenue-
19 neutral. And 47 percent paid less. But 41 percent of the
20 units paid more. We don't know why. Is that because they
21 were profligate energy users, or were they seniors who were
22 home during the day? And I know there were seniors,
23 because there was a son of one of the seniors who had
24 contacted us about it and the level of his mom's bill in
25 there.

26 Now, according to the Smart Sub-metering company who
27 actually did this building, in multi-unit buildings 70
28 percent of residents use 50 percent of electricity; they're

1 described as low users. Twenty percent of residents use 25
2 of electricity; they're the medium users. And 25 percent
3 use 25 percent. My question is: why don't you target the
4 25 percent and the 10 percent? The 70 percent seems to be
5 doing pretty good. Why would you do the whole building?

6 So that's the whole issue of the subset. Is this an
7 overreaction, or is this really the way to do this?

8 The split incentive is a really big issue here. The
9 landlords want to minimize their costs and make a profit.
10 For the tenant it's their home. They want a safe,
11 comfortable, affordable home. The tenants don't have the
12 authority to invest in retrofit, or the resources to do it.
13 I mean, it's the landlord's responsibility to replace the
14 fridge, for example, and maintain the building, the type of
15 lighting that's used in the hallways. Smart Sub-metering
16 shifts the financial incentive to provide and maintain an
17 energy-efficient building and appliances for tenants and it
18 could undermine conservation efforts. I really want to
19 emphasize that: could undermine conservation efforts.
20 Once these costs are passed on to the tenant, that means
21 that the tenants are still paying for common area costs but
22 it's in the rent. And now with a lot of the actual direct
23 costs being paid for in the utility bills by the tenants,
24 where will be the incentive for the landlords to undertake
25 those energy conservation measures?

26 For example, energy-efficient fridges; refrigerator
27 replacement was the second most recommended energy savings
28 measure in social housing services Green Light initiatives

1 -- this was pre-GLOBE -- in their energy audits. I think
2 the first was lighting, wasn't it, Colin? I think so.

3 In 1990, refrigerators larger than 16.4 cubic feet
4 used more than 1,000 kW annually on average, and that was
5 cut in half by 2003. There has been a lot of good progress
6 on fridge energy efficiency. And, you know, your fridge is
7 running 24/7.

8 So Smart Sub-metering and tenants: Part 8 of the
9 Residential Tenancies Act, sections 137 and 138, those are
10 still to be proclaimed and the regulations are still to be
11 developed. They have not been proclaimed; they are not in
12 effect.

13 Landlords may install Smart Meters without sitting
14 tenant consent under section 137. They would transfer
15 electricity costs directly to tenants, and this would be
16 outside of the rent. But those sections that are not
17 proclaimed also have provisions for rent reductions and
18 energy conservation obligations on -- it's going to be in
19 regulations -- it's going to be worked out in regulations.
20 Because there has to be a fair rent reduction. If the
21 tenants are going to be taking on these electricity costs,
22 how do you calculate their fair rent reduction? And in the
23 Act, I don't have the provision right before me, but it
24 talks about the actual cost of electricity plus related
25 costs. What will those related costs be? Even though that
26 section is unproclaimed right now, section 137 is
27 unproclaimed, Smart Sub-metering is taking place, and it's
28 under section 125 of the Residential Tenancies Act. And

1 under that section, it requires the consent.

2 So 137 will take away tenant consent, but it provides
3 energy conservation obligations on landlords and
4 protections, like if you're going to rent a unit, the
5 landlord is going to tell the prospective tenant what the
6 rent would be, and what the estimated electricity costs
7 were going to be. Why would you rent a unit if you don't
8 know what the electricity costs were going to be? You
9 would have to know what to budget for.

10 So under section 125 currently, a landlord can agree
11 with the tenant. The tenant has to agree to transfer the
12 cost to the tenant directly, and to decrease the rent. But
13 the way the rent is decreased, there's not much guidance in
14 the regulation, and this is a real issue because what we're
15 finding is that the rent increase that's being offered by
16 landlords, we won't know until a year or two whether that
17 is a fair rent decrease. It may in fact be a rent
18 increase, as you saw in that previous slide. Tenants may
19 be paying more with their electricity bill and their
20 reduced rent afterwards.

21 So basically, this would be a rent increase outside of
22 the Residential Tenancies Act, out of all of it, because
23 they're supposed to control above-guideline rent increases,
24 and so forth, and this is -- basically you would be dealing
25 with your electricity costs outside of your rent.

26 If the sitting tenant does not consent, the landlord
27 can also rent the unit once it's turned over, once there's
28 a new vacancy. So this is where the sitting tenant has to

1 consent. If there's a tenant there, the landlord must
2 contract with the Smart Sub-metering provider to install
3 the meter, and the tenant says fine, and there's a rent
4 reduction, et cetera. Or he or she says no. So then they
5 can't go ahead with it.

6 So what they could do is do the installation, wait for
7 turnover. And tenants' mobility is greater than homeowner
8 mobility. My understanding is that in Toronto, I don't
9 know, tenants can turn -- well, you know what? I have
10 figures on that I can share with you later, but just in
11 terms of mobility, and I'll tell you what our concern is
12 about this turnover.

13 If a sitting tenant does not consent, once that unit
14 becomes free, we have no rent regulation on vacant units in
15 Ontario. So once a unit is vacated, a landlord can charge
16 whatever rent they like, and of course it has to respond to
17 the market. They have to price it reasonably, I guess, to
18 be able to rent it, but once they -- so that the unit is
19 now vacant. You charge whatever you like for the rent, and
20 utilities are separate. That's what will be offered to the
21 new tenant. You can take it or leave it. You can shop
22 around.

23 So what that means is there's no energy conservation
24 obligations; they don't tell the tenant, you know, what the
25 electricity costs may be. They may give them an estimate.
26 So a tenant could go into that unit and be in a north-
27 facing corner unit in an electrically heated building and
28 get the February electric bill and go: Oh, my God, I can't

1 afford to live here. I'm going to have to find a new
2 place.

3 In terms of tenant consent, I was saying that under
4 section 125, tenants have to consent for the landlord to
5 remove the electricity and have the tenant pay directly and
6 do a "fair rent reduction". Well, we hope it's a fair rent
7 reduction. We don't think that's happening right now under
8 the regulation. We don't know, and we'll have to have some
9 more experience about this.

10 But what's going on now is that landlords are
11 including a clause in leases that tenants are signing.
12 This is exactly what the clause says. I'm not going to
13 read the whole thing out. But basically the tenant would
14 be agreeing that the landlord, any time in the future,
15 could remove the electricity service and provide a rent
16 reduction, you wouldn't know what that was, and you have
17 signed the lease agreement, and all of a sudden you get a
18 note from your landlord saying: Oh, as per your agreement,
19 we're taking the electricity out of your rent and you're
20 going to pay directly, and this is the rent reduction we're
21 going to give you, and you've already consented to this.

22 Some people are not aware of it. Some people saw it
23 in the lease and were assured that: Oh, we're not going to
24 act on this. And we know this, because I've been getting
25 calls from these tenants. Our legal clinics are now
26 representing tenants at the Landlord and Tenant Board who
27 are dealing with either whether this clause is -- we're
28 going to determine whether these clauses are in fact legal,

1 so there are going to be some cases at the Landlord and
2 Tenant Board, and on the other side is where -- there's
3 another issue, is that under Section 130 of the Residential
4 Tenancies Act, landlords are saying: I don't even need to
5 get your consent.

6 And this is another issue that is going to be
7 appearing before the Landlord and Tenant Board in cases
8 that are being brought forward by community legal clinics
9 with their low-income tenant clients.

10 So the crafting of the regulations under Part 8 of the
11 RTA is going to be crucial to ensuring that the energy
12 conservation obligations on landlords will be those most
13 effective in reducing energy consumption costs for tenants
14 and in helping to meet the Province's conservation goals,
15 and also that the rent reduction after tenants take on the
16 in-suite utility costs will be calculated fairly. This is
17 going to be a really complex process, I think, to do that.

18 The Chief Energy Conservation Officer of Ontario did a
19 -- gave an award to Park Property Management and Stratacon
20 for a Smart Sub-metering project, because they were Smart
21 Sub-metering about 3,500 units. And I saw the press
22 release. It was from October 2007. They said it was a
23 win-win situation for both property managers and tenants,
24 and I knew that wasn't the case, because I had data that
25 showed that some people were losers in this exercise.

26 So we asked to meet with Peter Love, and we discussed
27 what our concerns were. And our big concerns, you know,
28 the Low-Income Energy Network, is that we're losing energy

1 conservation opportunities, and the tenant protections are
2 missing, because we don't have that proclamation of Section
3 137 of the Residential Tenancies Act.

4 So I did a little -- just a little backgrounder, two-
5 page backgrounder, for Mr. Love. And the issues I raised
6 were that this Smart Sub-metering, as I explained, is going
7 ahead in the multi-residential rental sector and it's going
8 on without landlords being required to meet energy
9 conservation criteria for the rental units in their
10 building, with the expectation that tenants will be able to
11 reduce and/or shift their discretionary in-suite
12 electricity use, even if they're stuck in energy-
13 inefficient buildings and suites, without the requirement
14 for Smart Sub-metering providers to be licensed by the
15 Ontario Energy Board.

16 And I want to emphasize that. Section 137 of the RTA
17 says that those installations of Smart Meters and Smart
18 Sub-meters have to be done by persons licensed by the OEB.
19 But it's not proclaimed. So Smart Sub-meters are being
20 licensed for their activity in the condo sector, but not in
21 the multi-residential, private rental sector, or social
22 housing.

23 With the only control over costs being billed by Smart
24 Sub-metering providers on behalf of exempt distributors --
25 so this is the only control over the actual costs --
26 Section 4.0.1 of O Reg 161 -- that's under the OEB Act.
27 It's about definitions and exemptions.

28 And the landlord, when there's a Smart Sub-metering

1 situation going on, they're classified as an exempt
2 distributor. So therefore, they're not required to be
3 licensed by the OEB as a distributor. And the reason
4 they're exempt is they pass on the cost of the actual
5 commodity and any reasonable costs associated with
6 distributing the electricity in the building.

7 The problem is, those reasonable costs, there's no
8 guidance as to what's reasonable costs, and it's handled on
9 a complaint basis, I understand, at the Ontario Energy
10 Board.

11 So, you know, it's this whole issue about: What is a
12 fair rent reduction and what is a fair price for the
13 provision of electricity through a Smart Sub-metering
14 arrangement?

15 There's no clarity or guidance on how rent reductions
16 are calculated, and tenants are ill-equipped and lacking
17 the full information required to assess whether they will
18 be better off or financially worse off after agreeing to
19 pay for in-suite electricity costs directly. And we're
20 really worried about that.

21 And we produced -- ACTO produced an information flyer
22 to address the situation of sitting tenants, and also
23 tenants who may have signed those lease agreements with
24 that clause, that consent clause. And as I say, this is
25 going to be coming before the Landlord and Tenant Board,
26 whether that actually means consent.

27 And that's it.

28 MS. HARE: Thank you. And next we'll hear from

1 Enbridge Electric Connections, Allen Maclure, who is
2 director, administration.

3 **PRESENTATION BY MR. MACLURE:**

4 MR. MACLURE: Thank you. Thank you, Marika.

5 I'd like to thank you for the opportunity of
6 addressing you today. As Marika said, my name is Allen
7 Maclure. I'm the director of administration for Enbridge
8 Electric Connections. With me today is Dennis O'Leary from
9 Aird & Berlis, who represents us periodically in a variety
10 of different things.

11 For those of who you who are unfamiliar with us,
12 Enbridge Electric is a Smart Sub-metering company that is
13 licensed by the Board.

14 In order to understand why Enbridge Electric is
15 interested in the Board's consideration of the issues of
16 this consultation, I'd like to provide a bit of an overview
17 of Smart Sub-metering, how it might be impacted by the
18 Board's deliberations, or how Smart Sub-metering might
19 impact the Board's deliberation. It's kind of both ways.

20 As a Smart Sub-metering company, Enbridge Electric
21 operates on private property behind the bulk meters of
22 local distribution companies. It operates under contract
23 in multi-unit condominiums, commercial buildings, and
24 apartment buildings. It installs, owns, reads, and
25 maintains Smart Meters in these buildings.

26 Through its full-service customer care centre, it
27 provides billing services, including a variety of payment
28 plans, and satisfies the billing inquiry and education

1 needs of its customers and provides customer internet
2 presentment of their consumption data.

3 It completely manages the electricity supply within
4 the buildings, taking on the full responsibility for the
5 master bill for the building. It assumes the credit risk
6 associated with the supply of electricity to consumers and,
7 as such, it maintains a security deposit policy that is
8 equivalent to that used by LDCs, and which has recently
9 been codified by the Board in the Smart Sub-metering code,
10 which Enbridge Electric is obviously obligated to follow as
11 a condition of its licence.

12 Enbridge Electric takes its relationship with its
13 customers very seriously, as it expects to be in a long-
14 term relationship with its condominium boards and building
15 owners.

16 It is, of course, the treatment of customers that is
17 the underlying interest of this consultation, specifically
18 those customers that are economically disadvantaged but,
19 like all of us, rely on energy as a necessity.

20 Over the past couple of days, I believe that you have
21 heard that low-income energy consumers are not readily
22 identifiable. Often lower-income energy consumers are
23 tenants in apartment buildings, as Ms. Todorow just
24 mentioned, but they may also be seniors on fixed incomes
25 who continue to live in their condominiums.

26 Consequently, low-income energy consumers may be
27 members of Enbridge Electric's current customer base, and
28 certainly will be members of our future customer base,

1 because Smart Metering of multi-unit buildings will
2 continue.

3 It is legislatively required in new condominiums, and
4 we believe will accelerate an adoption in existing bulk-
5 metered buildings, both condominium and apartment, because
6 conservation continues to be a cornerstone of government
7 energy policy, and it cannot be fully achieved in multi-
8 unit buildings without individual accountability for energy
9 use.

10 Consequently, low-income energy consumers will get
11 caught up in the responsibility for their own electricity
12 use and cost as the multi-unit market transitions.

13 Others before me, I am certain, have spoken about the
14 challenges faced in identifying and tracking low-income
15 energy consumers. Within the multi-unit residential market
16 this may be even more of a challenge, where rates of
17 turnover in buildings can be in excess of 25 percent per
18 year.

19 I don't mean to suggest that low-income energy users
20 are necessarily transient, but rather that tracking of
21 changes in residency is in itself challenging and that
22 adding another subset of customers to this mix makes it
23 even more of a challenge.

24 The contract that we have, and I assume our
25 competitors does, with building owners, does not
26 contemplate this additional administrative burden.

27 In describing the Enbridge Electric sub-metering
28 model, I don't want to suggest that this is a universal

1 model. Individual metering within multi-unit buildings is
2 a competitive business. Other Smart Metering companies and
3 the LDCs that compete with Enbridge Electric provide an
4 array of different service offerings, and building owners
5 and condominium corporations exercise their choice of
6 service provider based on their consideration of an
7 appropriate balance between price and service. And I
8 believe that they also do take into consideration the
9 concerns of their residents and tenants.

10 Enbridge Electric is concerned that if the Board
11 implements low-income programs within the Smart Sub-
12 metering sector, it will likely have a negative impact on
13 the competitiveness of the sector.

14 Think of it this way: If Toronto Hydro has a customer
15 base that is 6 percent low-income and PowerStream has a
16 customer base that is 2 percent low-income, because there's
17 no competition between these two LDCs from a standpoint of
18 distribution rates, the difference in low-income customer
19 profiles is meaningless.

20 Now take the situation of a Smart Sub-metering company
21 that serves a number of residential tenancy buildings or
22 condominiums. It is quite probable that since many low-
23 income families live in rental units, that the Smart
24 Metering company could have a low-income customer profile
25 equal to just, let's say, 20 percent or more of its total
26 customers, yet another Smart Sub-metering company might
27 have a low-income base of only 7 percent.

28 It's a question of the mix of the building. The cost

1 to operate and financial low-income programs is then spread
2 over the balance of the sub-metering company's customers.
3 Those with high low-income customer profiles will be at a
4 distinct disadvantage to other sub-metering companies with
5 low low-income profiles.

6 Importantly, such sub-metering companies will be at a
7 great competitive disadvantage to virtually all LDCs,
8 because they are likely to have lower low-income profiles
9 in total because of the broad base of customers they
10 operate.

11 Additionally, as pointed out by Ms. Todorow, the
12 Board does not rate-regulate multi-unit condominium
13 corporations or apartment buildings that distribute
14 electricity to their residents. All of these are
15 legislatively exempt distributors; that is, they're exempt
16 from the licensing and rate requirements of the Board, as
17 well as the regulatory oversight that the Board has over
18 electricity and gas distribution companies.

19 As well, Smart Sub-metering companies, although
20 licensed by the Board to provide sub-metering services, are
21 also exempt from rate regulation. Consequently, there is
22 not a practical means for the Board to impose specialized
23 rates or charges on sub-metering companies. While Smart
24 Sub-meterers are obliged to provide RPP to consumers,
25 they can also facilitate retail contracts, which the
26 condominium boards or property owners have entered into on
27 behalf of their residents. It's just one issue that should
28 be brought into consideration.

1 This consultative process recognizes that it's early
2 days for the Board in the development of means to assist
3 low-income energy users. However, even at this early
4 stage, I believe that Smart Sub-metering entities are ill-
5 equipped to implement low-income programs or to determine
6 consumer eligibility.

7 We believe the identification of consumers will be
8 administratively challenging and likely duplicative of the
9 efforts of other social agencies. In making these
10 statements, I don't want to give the impression that
11 Enbridge Electric is insensitive at all to the issue of
12 assistance to low-income energy consumers. If the Board
13 can overcome the jurisdiction issue -- we believe it has --
14 with respect to exempt distributors and create programs
15 that do not create competitive disadvantages to the Smart
16 Metering companies, the dialogue should continue. Thank
17 you.

18 MS. HARE: Thank you. We'll now open it up to
19 questions, discussion. Maybe I could ask the first
20 question of Mary.

21 As a general principal, do you not believe that two
22 tenants living in the same building, where one uses less
23 energy and the one uses more energy, should pay a different
24 amount?

25 MS. TODOROW: It depends, it depends on who they are,
26 what's the effect on energy affordability. I mean, you
27 know what? There was a couple that came to that public
28 meeting that I went to in that building that I referred to,

1 the 110-unit building. They showed up not because they
2 were concerned about the affordability of the bill, but it
3 was just a billing issue. Just a billing issue. So they
4 had no dispute about what they were being billed, but they
5 both worked and they had a weekend home, a home out of the
6 city, and they were fine with it because they were at home
7 during the day. It's just that they were using less
8 electricity. It depends on what are they doing, like,
9 there's grow ops. I know that the Smart Sub-metering
10 companies talk about: Oh, you are going to be able to
11 identify the grow ops in the building. But what you're
12 asking me is: Is someone a profligate energy user and is
13 one an efficient energy user? And the thing is, it
14 depends. If you're a senior, you are going to be -- if
15 you're in that electrically heated building, that fellow's
16 mother, she was home during the day. She's not going out
17 to work and putting down her thermostat to 16 degrees, you
18 know. So she is going to have a higher bill. So I think
19 it really depends.

20 MS. HARE: I was really just asking: As a principle,
21 shouldn't people who use less pay less than their neighbour
22 who uses more?

23 MS. TODOROW: But they do, because then they're not
24 being billed --

25 MS. HARE: Well, when they're bulk metered, they
26 don't. They pay the same amount.

27 MS. TODOROW: Oh, you mean -- yes, again, that's a
28 marketing issue, that the Smart Metering companies say:

1 You're subsidizing your neighbour's energy use. But as I
2 showed, 70 percent of tenants are using half in the
3 building. It's that 30 percent. So the thing is, you've
4 got to segment why they're using that more electricity, you
5 know. You have to help them. If it's because they're
6 energy-efficient, let's help them reduce their use. But if
7 it's because they're home during the day and they're making
8 a cup of tea and they're watching TV, like, I don't know
9 what to tell you. If you're a single mum and you've got
10 two kids, you're not going to be in the dark.

11 MS. HARE: I would have thought that those two things
12 aren't mutually exclusive, though, that yes, we should help
13 reduce the energy through education, through various
14 improvements in energy efficiency, but to me, just it would
15 seem that the person using less, with the Smart Meter, will
16 actually pay for their consumption, as opposed to paying
17 for their neighbour's consumption.

18 I'd like to also just remind everybody that the Board
19 has posted on its website the results of pilots that have
20 been undertaken with Smart Meters. These have been
21 undertaken -- there was the Board's own pilot with Hydro
22 Ottawa, but there was also a pilot undertaken by Oakville,
23 which was exactly on changing over three apartment
24 buildings from bulk meters to individual meters. There
25 were also the results of a pilot in Newmarket of Viridian
26 Ontario Hydro. So those are of some interest.

27 MR. BUONAGURO: I'm still a little confused about the
28 question because, I mean, there are two issues: There's

1 Smart Metering, which tracks individual suites' energy use,
2 but then there's Smart Sub-metering, which not only tracks
3 individual uses but then through use -- time-of-use rates,
4 or potential time-of-use rates, will punish or reward
5 people for load shifting or not load shifting. So you can
6 answer the first part of the question: Should people be
7 paying for whatever they use? That's a Sub-Metering
8 question. And then you could say: Sure, it's a matter of
9 principle, if you can agree that you pay for what you use.

10 Then there's the Smart Sub-metering issue, which says:
11 You pay for what you use, but should you be punished
12 because you happen to be a person whose load
13 characteristics are such that you can't load shift?

14 I think there are two separate questions there.

15 MS. HARE: I think they are two separate questions.
16 And when we look at the time-of-use issue, I think it's
17 also important to recognize -- and I think, Michael, I
18 think you said it correctly -- it depends on the person's
19 load usage. The RPP price today is based on the average
20 load usage for a residential customer. If somebody is
21 exactly on the average usage, and doesn't do anything,
22 doesn't change at all on time-of-use pricing, they will pay
23 exactly the same amount. If they're able to shift
24 consumption from on-peak, they'll pay less. If they use
25 more than the average customer during the peak, they'll use
26 more.

27 It's important to recognize that the price we pay
28 today -- let's say it's 5 and a half cents on RPP -- when

1 you go to time-of-use, off-peak will be something around 3
2 cents, to all day Saturday, all day Sunday, nights, you
3 know, will be 3 cents, and then mid-peak will be around,
4 let's say, 7 cents, and then on-peak could be close to 9
5 cents. It definitely depends on whether a person's able to
6 shift the usage.

7 But let's not forget that some people wouldn't be
8 won't be paying the mid-price peak.

9 Colin.

10 MR. McLORG: Good morning, presenters. Colin McLorg
11 from Toronto Hydro.

12 A quick question, if I may. I think it's widely
13 acknowledged that this sub-metering equipment or
14 infrastructure itself has a cost, regardless of who
15 installs it and operates it. And I wondered, Mary, and
16 Allen, you may want to comment on this as well. In the
17 context of considering rent reductions for the transfer of
18 an electricity bill to the tenant, who should pay the cost
19 of the Smart Metering or the Smart Sub-metering equipment
20 itself?

21 I understand that that's in the neighbourhood of 15 or
22 possibly \$20 a month, and that's just --

23 MS. TODOROW: You mean the customer charge the
24 companies are charging?

25 MR. McLORG: No, it's -- well, fairly much that. Of
26 course, it depends on the sub-meter. But the quotes that I
27 have seen have been in the neighbourhood of 15 or so
28 dollars a month.

1 And even if we don't agree right now on what that cost
2 is, if we assume that there is a cost to installing and
3 operating the metering equipment where it didn't exist
4 before, who should pay that cost?

5 MS. TODOROW: Well, that's interesting, because this
6 morning, as I was reading this New Jersey report, it says
7 here:

8 "We expect that any utility in New Jersey that is
9 proposing an AMI system, such as Atlantic City
10 Electric, will eventually file for an increase in
11 distribution service rates in order to recover
12 the shortfall between the total cost of the AMI
13 system and the projected savings and operating
14 costs."

15 And then in brackets:

16 "A utility that expects savings in any new
17 operating costs from AMI to exceed the total cost
18 of its AMI system would have no reason to seek
19 recovery through a rate-case filing. Instead,
20 the utility should simply invest in AMI and reap
21 the benefit of the resulting savings in operating
22 costs in the form of higher earnings."

23 Does that answer your question?

24 MR. McLORG: Mary, I appreciate your comment, but, no,
25 it really doesn't, because I think that has to do with
26 advanced sub-metering infrastructure issues, which present
27 a range of cost-reduction options for utilities. Instead
28 of having people walk around and read people's meters, you

1 can do it electronically and that kind of thing --

2 MS. TODOROW: You can disconnect and reconnect --

3 MR. McLORG: Yeah. So you could install an AMI
4 entirely without anything to do with Smart Sub-metering.
5 But on the issue of Smart Sub-metering, my proposition is
6 that if you look at a building that exists right now and
7 doesn't have any suite metering in it at all, there's a
8 cost to retrofitting that building with all the individual
9 suite meters, and there's also some kind of an operational
10 cost to that.

11 That's not part of the electricity bill at all right
12 now, because it doesn't exist right now.

13 MS. TODOROW: You mean for the Smart Sub-metering
14 company or for Toronto Hydroelectric? I'm not quite sure
15 what you mean there.

16 MR. McLORG: For anybody. The metering doesn't exist
17 in this building right now.

18 MS. TODOROW: I know. My understanding is, from just
19 my conversation with one sub-metering company, is they do
20 an -- they say they're amortizing their costs over about 20
21 years and including it in the customer service charge.
22 That's my understanding. I don't know if I'm wrong on
23 that.

24 I'm not an expert on what all the costs are that go in
25 here, so maybe I'm not the best person to answer that
26 question.

27 MR. McLORG: Well, here's my concern, and I'm trying
28 to put it in a way that is understandable to you and

1 everyone else.

2 There is a cost to knowing what each individual suite
3 use of electricity is. That's the metering cost.

4 MS. TODOROW: Mm-hmm.

5 MR. McLORG: And that -- we don't --

6 MS. TODOROW: Because you have to measure and produce
7 the bill and the whole thing, right? And install it and --

8 MR. McLORG: Well, yeah, and actually measure the
9 consumption.

10 And for most buildings, which weren't equipped
11 originally with suite meters, that information isn't
12 available right now, and nor is the cost being borne by
13 anyone, because the cost doesn't exist.

14 When we get to questions of transferring the costs of
15 electricity to tenants, to pay directly rather than through
16 rent, there's going to be a cost incurred by someone --

17 MS. TODOROW: Yeah, related costs, related costs to do
18 this, electricity and the related costs. And you're right;
19 this is going to be a hugely complex exercise to figure out
20 how to do it fairly. I don't have the answer right now. I
21 don't have the answer.

22 But I have a comment to make on that, which is, the
23 cost of putting all that system in -- Keith Stewart, who
24 used to be in our steering committee, and is a smog and
25 climate change campaigner for World Wildlife Fund of
26 Canada, said: Instead of spending all that money on the
27 Smart Sub-metering initiative, why don't we just energy-
28 efficiency retrofit the building, spend money on that,

1 produce a fridge magnet that says "don't use electricity
2 during the peak and mid-peak hours" and see what happens?
3 Because Hydro One has a program that I understand has been
4 very successful, where they basically provide a meter that
5 costs about \$100, I think, as opposed to maybe \$300 for
6 Smart Sub-meters, which are an education tool for the
7 people in their home to understand what happens with their
8 kilowatt usage every time they turn on a switch, et cetera.
9 And they've had, like, I think, a 10 percent reduction in
10 energy usage, just using that meter, not going to billing,
11 but just using that meter.

12 I'd love to hear a little bit more about it. I heard
13 the pilot was so successful that, you know, there's a
14 rollout of about 30,000 of these meters in northern
15 Ontario. Like, these are alternatives.

16 DR. PORAY: Andy Poray, from Hydro One Networks.
17 What Mary is referring to are the remote monitoring
18 units that are put on top of -- or around the meter that
19 actually translate the information that's in the meter into
20 price information, which is then sent through a wireless
21 means to actually tell the customer what they're consuming
22 and how much it's costing at that point in time.

23 And the report on the pilot project, which we run,
24 which actually tested these remote terminal units together
25 with the Smart Meter and without -- and without the time --
26 the real-time monitor, showed that in fact having the real-
27 time monitor produced significantly greater results in
28 terms of conservation.

1 So knowing, actually, the information, in terms of
2 what you're using and how much it's costing, helped
3 customers to actually reduce their consumption.

4 MS. TODOROW: You mean, just not going to the actual
5 price signal, but just having the knowledge?

6 DR. PORAY: Well, the price signal would be available
7 to you through the remote terminal monitoring unit, because
8 it's --

9 MS. TODOROW: But billing wasn't involved in this. In
10 other words --

11 DR. PORAY: Oh, it's not billing. It's just actually
12 --

13 MS. TODOROW: -- no billing.

14 DR. PORAY: -- having it available to you when you're
15 using --

16 MS. TODOROW: Exactly.

17 DR. PORAY: -- so you could switch devices on and off
18 and test which appliance consumed how much --

19 MS. TODOROW: Exactly.

20 DR. PORAY: -- and what the equivalent price was at
21 that point in time. And that was effective in, in fact,
22 allowing consumers to shift more load.

23 MS. TODOROW: I just --

24 MS. HARE: Another comment?

25 MS. TODOROW: Oh, sorry.

26 MS. HARE: I think Dana wanted to jump in, and then
27 Colin.

28 DR. SILK: Dana Silk, from EnviroCentre. Good

1 morning, everyone.

2 I've got a question for Mary, and actually one for
3 Colin. So, for Mary: You stated or noted that landlords
4 control the building envelope and the appliances and all
5 that, and that's obviously the case --

6 MS. TODOROW: It's their property.

7 DR. SILK: Yeah, sure. But would you agree that
8 ultimately it's the Province of Ontario that controls the
9 building envelope and the insulation levels and the
10 appliances in all public housing, and through the Ontario
11 Building Code could have -- actually did, but certainly
12 could control what happens in the private sector? And if
13 the Government of Ontario were to control it in a much
14 better way, would that not address many of the issues that
15 you're concerned about?

16 If the grandmother had an Energy Star refrigerator and
17 a super-insulated house --

18 MS. TODOROW: Much better, yeah, yeah, I don't --

19 DR. SILK: -- would that not really help a lot?

20 MS. TODOROW: -- I don't know enough about building-
21 code development, et cetera, but sure, if you're -- if -- I
22 understand that -- why should we even be able to buy an
23 energy-inefficient fridge, you know? Like, we shouldn't
24 even be able to buy one.

25 There was a comment -- you know, Franz said yesterday,
26 what happens with sustained -- sustaining over time those
27 energy reductions? Like, if there's a CFL bulb, would you
28 replace with an incandescent bulb? But I guess we're not

1 going to be able to find incandescent bulbs, because
2 they're going to be banned, right? So the whole issue is,
3 don't even -- don't even make it an option. Energy
4 inefficiency shouldn't even be an option.

5 So the more we work towards those with regulations and
6 standards, I think the better. We shouldn't have a choice
7 to be energy-inefficient.

8 MS. HARE: Same topic. Joan?

9 MS. HUZAR: Yeah, it's Joan Huzar, from the Consumers
10 Council of Canada.

11 Dana, to your issue about building codes, Ontario
12 actually is one of the leaders in Canada. But we're only
13 talking about new building stock. So the issue for
14 building codes -- which, quite frankly, no jurisdiction in
15 Canada is willing to touch -- is renovation. And
16 understandably, it is exquisitely difficult, and the
17 regulators in the building code community are currently
18 wrestling with the issue, and obviously the solution is to
19 do it. But nobody has found a way that's practical.

20 So on a going-forward basis, Ontario is in a really
21 good position, because we will be building more energy-
22 efficient buildings, but the whole appliance thing, that's
23 a totally different discussion. That has nothing to do
24 with, you know, the interior of the building.

25 So that you're mixing two different things that are
26 equal -- perhaps equally important, but they're different
27 things.

28 DR. SILK: I would just point out that Ontario could

1 regulate appliance efficiency levels through the Energy
2 Efficiency Act. It has already done that for furnaces, and
3 so it could.

4 So my question, though, for Colin is, would GLOBE
5 support sub-metering for space heating by natural gas in
6 its -- in social housing units?

7 MR. GAGE: So you're talking about conversion? You're
8 talking about --

9 DR. SILK: No, I'm just talking about the existing --
10 my understanding is that most social housing units in
11 Ontario are actually heated with natural gas, not
12 electricity, and so my question is: In those units that
13 have bulk natural gas, would GLOBE support sub-metering for
14 the natural gas consumption? It basically means installing
15 a little meter to track the amount of hot water that gets
16 into each unit.

17 MR. GAGE: Well, I guess, Dana, the first issue I'd
18 like to get a clarification on is: You made a statement
19 that most social housing units in Ontario are heated with
20 natural gas?

21 DR. SILK: Mm-hmm.

22 MR. GAGE: I don't know -- do you have any statistics
23 to support that statement? My concern about that is it
24 might be misleading, because as a developer of social
25 housing, and we are the largest in Ontario, the majority of
26 the housings that we developed during the heyday of
27 development was electrically baseboard-heated because of
28 the maximum unit price. Now, I will grant you that

1 possibly in the GTA you might have that, but I would
2 certainly suggest to you that outside of that, it would be
3 predominantly electric baseboard heating.

4 To answer your question about sub-metering on natural
5 gas, I can honestly tell you it's an issue that we've never
6 looked at, at the SHSC or through GLOBE, so I'm a little
7 bit reluctant, as you can appreciate, to respond to that.
8 So once again I'm not giving you an answer, because I feel
9 uncomfortable giving you the wrong answer.

10 DR. SILK: Just to clarify first, 85 percent of
11 households in Ontario are heated with natural gas, and I
12 think, as Mary pointed out, a relatively small number of
13 apartment buildings in Ontario are heated with electricity.
14 Natural gas is the primary source of heat for residential
15 units in homes in Ontario.

16 MS. HARE: Where it's available. There are
17 communities that don't have natural gas.

18 DR. SILK: That's true, but there is relatively little
19 social housing in rural communities. That's a big issue,
20 that there's relatively little compared to urban areas.

21 MS. HARE: Colin, do you have a question?

22 MR. GAGE: Actually, my question was directed to you,
23 if you don't mind. You alluded to the Ontario Energy Board
24 has done pilots on projects that you converted in both
25 Oakville and Ottawa?

26 MS. HARE: We did. The Ontario Energy Board did one
27 pilot with Hydro Ottawa, but they've also approved pilots
28 to be done that four other LDCs did, and the results of

1 those pilots are all on the Board's website.

2 MR. GAGE: Could I just ask one question? Were any of
3 those buildings that were surveyed, were any of them social
4 housing or non-profit housing? Would you know?

5 MS. HARE: I don't believe so.

6 MR. GAGE: I put a suggestion forward, it would be
7 nice to draw some comparable between a conventional market
8 apartment building versus a social housing development. It
9 might just be an interesting process to go through.

10 MS. HARE: Mary.

11 MS. TODOROW: There are a couple of points I want to
12 make, and that's -- sorry, Mary Todorow again.

13 There are a couple points I want to make, and it's
14 because there's -- the whole Smart Sub-metering issues,
15 there are a whole lot of things that pop up here, there,
16 and everywhere. I'm just amazed that there's another thing
17 that pops up. One of the things that popped up recently
18 was one of our legal clinic's clients, who was in the
19 building that has just been Smart Metering, has that
20 consent clause, and got a \$75-a-month rent reduction, and
21 it's an electrically heated building, so we're going to
22 have to see at the end of the year whether this is going to
23 actually compensate her in her electricity bills in that
24 building over the year and how sustained it was, but she
25 lost her job, and the lawyer sent me a note saying: Is
26 there any energy assistance? Because she's going to get
27 another job, it's contracted, and she's going to have to
28 pay her costs.

1 And I thought: Oh, my God, will she be eligible for
2 the Provincial Emergency Energy Fund? And the next thing I
3 thought was: Oh, my God, all these low-income tenants are
4 going to be increasing the demand on the Provincial
5 Emergency Energy Fund when they start getting these bills.

6 Okay. Another factor.

7 The other thing is retail contracts. I think, Allen,
8 you mentioned that landlords can contract for retail
9 prices. So I got the bill from this tenant in this
10 building, that lost her job and was wondering if she could
11 pay her bill and could she get assistance. I'm looking at
12 the kilowatt-hours. It's over 7 cents per kilowatt-hour,
13 and I went: That's not the regulated price. And I went:
14 Oh, oh, the landlord has contracted for retail supply.
15 This tenant did not choose that energy option. The
16 landlord chose the energy option for that tenant. That
17 tenant is now paying more than regulated price plan, and
18 has no choice.

19 MS. HARE: Andy, you had a question?

20 DR. PORAY: Andy Poray from Hydro One Networks.

21 A couple of things: One is I would like to correct
22 the record. When I made a reference to the devices that
23 Hydro One has implemented on meters, and I talked about
24 remote terminal units, it's actual real-time monitors, and
25 that's what provides you the real-time usage and the price
26 associated.

27 The comment I wanted to make is really just a
28 reservation in terms of the potential benefits of Smart

1 Meters and Smart Sub-meters in terms of disconnection and
2 reconnection. The jury's still out whether, in fact, there
3 will be savings on that, in the sense that, yes, you can
4 disconnect somebody remotely, but from a safety perspective
5 you have to make sure, when you reconnect, it's safe to do
6 so.

7 So what would that entail? It's still not clear.

8 MS. TODOROW: A visit.

9 DR. PORAY: Well, it's either a visit or would you
10 require more monitoring or what have you. Thank you.

11 MS. HARE: Brian Hewson, our chief compliance officer,
12 is here, and I wanted him to actually comment on what you
13 said, Mary, about the landlord being able to sign a retail
14 contract for a tenant, whether that's the situation or not.

15 MR. HEWSON: Good morning, everybody. The question is
16 about a landlord signing a retail contract?

17 MS. HARE: That the tenant then is responsible for.
18 That's the situation that you described, Mary? Do I have
19 that correctly?

20 MS. TODOROW: We are trying to figure out why it's 7
21 cents. I actually phoned one of Brian's compliance
22 officers to ask about that, so we were chatting about the 7
23 cents per kilowatt-hour charge.

24 MR. HEWSON: We have run into some situations where
25 we've seen that, where a landlord has signed a contract. I
26 think there is nothing that precludes a landlord from
27 signing a contract for retail energy supply. And so the
28 tenant would be -- just as they're responsible for any

1 other costs that the landlord has decided to incur for the
2 building -- they would be responsible for those costs as
3 well, at least from the OEB perspective.

4 The landlord is the property owner and in control of
5 the property; they can decide what gets charged to the
6 account.

7 MS. HARE: Even if the account is in the tenant's
8 name?

9 MR. HEWSON: Well, that's maybe a good clarification,
10 Marika, and I shouldn't have assumed it. I thought that
11 Mary said it was a sub-metering situation, so that the
12 landlord was billing the consumer, not the utility.

13 Is the utility billing the consumer or is the landlord
14 billing the consumer?

15 MS. TODOROW: The Smart Sub-meter provider on behalf
16 of a landlord. So this is an exempt distributor. The
17 point I'm trying to make here is that that tenant is twice
18 removed from the LDCs in terms of protections. You know,
19 they are not the direct customer of the LDCs. It's the
20 landlord that's the direct customer.

21 MR. WETSTON: Just let me interrupt for a second, if I
22 may. Mary, I think you're raising an important point, and
23 Brian is trying to provide some information, but I don't
24 think we should be trying to answer the question without
25 all of the facts. And so I think it's a really good point,
26 and that we should look into it so that we're not
27 misleading anybody as to exactly what the circumstances are
28 here.

1 MS. TODOROW: Absolutely.

2 MS. WETSTON: I think it's an important point. I'm
3 glad you've raised it, but I don't think it's really
4 appropriate to put on the record here an indication of what
5 the responsibility is unless we have all the facts before
6 us. And I'm not suggesting and trying to avoid it, but I
7 think it's more important to have all the facts to be able
8 to determine how it fits. I think it's an important point
9 and we'll certainly think about it and look into it, but I
10 think that's the best we can do to it.

11 I certainly don't want Brian trying to put on the
12 record an answer to a question that might invariably not be
13 correct, given the facts associated with these contracts,
14 if you don't mind.

15 MS. TODOROW: Not at all. My concern was seeing the 7
16 cent charge on there and wondering why is this here, and is
17 it, in fact, in compliance with the --

18 MR. WETSTON: I will say again, I think the issue
19 raised is an important one. We have it on the record.
20 We'll look into it. I'm just trying to avoid any kind of
21 misleading or inaccurate comment on the situation without
22 all the facts. Thank you.

23 MS. HARE: Okay. Allen.

24 MR. MACLURE: If I could just possibly make one more
25 point on that in what I would hope would be helpful to the
26 Board. If the landlord has already signed the 7 cent
27 contract, arguably that 7 cent price is already embedded in
28 the rent, so it's kind of there, existing. So that would

1 be what they'd be paying in rent at this time.

2 MS. HARE: Are there other questions on this topic?
3 Otherwise we'll move to VECC's presentation on commodity
4 contracts.

5 MS. CAZALET: Mary, a question for you.

6 What I'm just trying to understand is we've heard a
7 couple of time this week that low-income customers want as
8 much as they're able to be able to participate in the
9 culture of conservation in Ontario. And we've also heard
10 that, you know, they can have trouble shifting their
11 consumption, because they might be home all day.

12 What I'm trying to understand -- and, I mean, I think
13 we agree that Smart Meters can at least help all consumers
14 understand how much they're using and when they're using
15 it. What I'm trying to understand is, is your fundamental
16 objection against Smart Meters, or is it the time-of-use
17 pricing?

18 MS. TODOROW: Both.

19 MS. CAZALET: Because the two don't always go
20 together.

21 MS. TODOROW: Both. Both. Actually, the position of
22 the -- well, I can tell you that the position of the
23 community legal clinics has been, we are opposed to the
24 Smart Metering initiative. We just didn't think it was
25 cost-effective, and that the money could be spent -- there
26 are better ways to achieve energy conservation. So that
27 has been our position to date.

28 But as I explained, because of what's going on right

1 now with the Smart Sub-metering incrementally, we think
2 we're lose -- like, on the LIEN side, we're losing these
3 energy-conservation obligation -- you know, energy-
4 conservation opportunities in those buildings, which the
5 OPA and all of us have to worry about, who are worried
6 about greenhouse gas emission reductions, and on the other
7 side is the missing tenant protections.

8 So because we see this situation happening, we're now
9 canvassing the legal clinic system to figure out: What do
10 we do now? Do we press for proclamation? Because when you
11 press for proclamation, you're taking away tenant consent.
12 Like, you're basically trading off tenant consent for the
13 energy conservation obligations that have to be met by the
14 landlord.

15 And we think -- you know, LIEN thinks, license the
16 landlords to actually be able to do the Smart Sub-metering.
17 You can't do that Smart Metering unless your building is up
18 to a certain level, to help those consumers. Like, the
19 landlords have to do their parts and the tenants have to do
20 their parts.

21 So to this point we've been opposed to Smart Metering
22 and the Smart Sub-metering, but the issue now is, we see
23 what's happening incrementally, and we're worried about --
24 on the two sides of it. I'm wearing a LIEN hat and I'm
25 wearing an ACTO hat here. Like, we're worried about the
26 tenants and we're worried about the lost energy
27 conservation opportunities here.

28 MS. CAZALET: Thank you.

1 **PRESENTATION BY MR. BUONAGURO:**

2 MR. BUONAGURO: Thank you. My name is Michael
3 Buonaguro. I'm counsel with the Public Interest Advocacy
4 Centre, and I spend quite a bit of time representing the
5 Vulnerable Energy Consumers Coalition at the Board.

6 Despite what the material says, I'm clearly not
7 Michael Janigan. I think that's obvious, and apologize for
8 his absence, and I'm trying to fill in for him today.

9 I should also say that this is my first time in the
10 witness chair at the Board, and I can confirm that it is
11 not that comfortable, and hope not to have to do that too
12 often, and I hope people will take pity on me.

13 Why are we on miscellaneous panel number 7? Well, I
14 think it's because we, along with LIEN, through ACTO and
15 Ms. Todorow, raised the issue -- raised issues or an issue
16 that was not -- didn't actually fit into some of the other
17 clearly identified issues in the draft Issues List. And
18 the one that I'm going to be chatting about today is the
19 interrelationship between direct marketing contracts and
20 low-income consumers, and just discussing a couple of
21 issues that we think have arisen which make it a good idea
22 for that particular issue to be considered as part of the
23 low-income initiative that the consultative is looking at.

24 Now, Ms. Todorow in her presentation already talked
25 about early termination and interest fees that relate to
26 energy retail contract, so I'm not going to talk any more
27 about that. I think the issue was raised, and it's
28 recognized.

1 I have two other issues -- if you can call them that -
2 - that lead us to believe that it's a good idea that these
3 contracts be part of the overall consideration.

4 Now, in my capacity as PIAC counsel, I often receive
5 calls from ratepayers that encounter specific problems with
6 their utility, and I'd like to recount one particular
7 anecdote as an example of how a direct energy market
8 commodity contract can interact with low-income issues.

9 A ratepayer contacted PIAC in the last year with a
10 problem related to her gas commodity contract. And she had
11 previously been a system-gas customer on an equal billing
12 plan when, in the early part of the year, she was signed on
13 to a fixed plan with a direct marketer.

14 The immediate consequence of the contract was, as I
15 recall, a material increase in the volumetric cost per unit
16 of commodity for the customer. However, because she was on
17 an equal billing plan, the increase in her gas costs were
18 not captured immediately. She was billed based on her
19 existing equal billing amount, until the distributor
20 recognized the change in cost as materially impacting her
21 gas bill and made an adjustment to her equal billing
22 amounts, I think it was several months after the actual
23 change in the gas cost occurred from system-gas to the
24 commodity contract, which then adjusted months later her
25 equal billing amount, which is her first surprise.

26 And then her second surprise came in August, at true-
27 up time, because -- because of the delay in the adjustment
28 to her bill, there was several hundred dollars of gas costs

1 that hadn't been captured under the equal billing plan
2 until the adjustment, which then she had to pay in August.

3 Now, I think this anecdote raises two particular
4 issues. First, I think the information that was relayed to
5 the customer at the time that she was signed on to a direct
6 marketing contract was, I think, clearly deficient, in that
7 she was not aware that, whatever the long-run implications
8 of the commodity contract were -- i.e., presumably there
9 was a reason why she entered into a fixed contract with an
10 energy marketer, and presumably there was an argument about
11 the rising costs of gas -- but she was clearly not aware of
12 the immediate impact, which was that her system-gas price,
13 which I think at the time of this would have been around in
14 the mid-20s percent per cubic metre, was suddenly going to
15 rise immediately to, I think it was something in the order
16 of 40 cents per cubic metre. That was clearly not
17 understood by her, so that her -- let's say -- I can't
18 remember the dates -- but let's say February, she's paying
19 something in the 20s. Now she's paying in the 40s in
20 March. That's not captured until months later. She
21 doesn't understand that going in.

22 And this creates, in addition to the shortfall amount,
23 which then gets transferred into August, which, she
24 obviously didn't know exactly what that was going to be
25 until August -- it creates this spike in financial
26 obligation on the consumer, much in the same way that the
27 security deposit issue that we discussed yesterday creates
28 a spike in the obligation.

1 So even if the underlying stream of energy consumption
2 relates to an energy cost, which may be manageable, this
3 situation illustrates how a spike in that obligation,
4 because of the interaction between the energy -- the energy
5 retailing contract and the low-income customer can cause
6 hardship.

7 Second, one of the things I noticed, or one of the
8 facts that keeps popping up in the proceeding, is that --
9 the realization that when we're talking about the total
10 bill, we've got about 25 percent for distribution and 75
11 percent for commodity. And on our figures, at least in the
12 gas side, in my recollection from gas rate cases, the split
13 between system-gas customers and retail commodity or energy
14 retail contracts is about somewhere between 40/60 to 50/50.
15 So in my recollection it's, at least 40 percent of the
16 people out there who are buying gas, at least in the gas
17 sector, are paying through energy contracts.

18 And when you link that to the idea that, particularly
19 in the presentation on panel 5 yesterday, talking about
20 what people are doing to connect, or keep people connected,
21 I think of that and I think: Well, what happens when
22 you're trying to keep somebody connected? You're actually
23 -- one of the benefits of keeping that person connected to
24 the energy is that you're maintaining the income stream
25 that comes from their bill.

26 And if 75 percent of their bill is commodity, and
27 about 40 percent of commodity is actually billed to direct
28 energy marketers, that means that approximately -- I think

1 it's somewhere in the neighbourhood, assuming an even
2 distribution of retail contracts among vulnerable consumers
3 -- about 30 percent of the income stream that is preserved
4 as a result of intervention by LDCs and third parties in
5 keeping people connected is actually to the benefit of
6 third party energy market retailers. They're receiving the
7 benefit of interventions to keep people connected, because
8 they don't have -- the people are no longer defaulting on
9 their energy contracts and are -- continue to be energy
10 consumers.

11 And this sort of occurred to us as we were thinking
12 about this issue, because ultimately one of the things that
13 the Board is going to be confronted with is deciding how
14 are the costs of whatever interventions are going to be
15 done are going to be passed among consumers, if at all.

16 And we didn't want it to be lost in that discussion
17 that one of the major benefits of keeping people connected
18 is maintaining this income stream, and that based on sort
19 of our feeling about what the distribution amongst
20 commodity and distribution, and then within commodity,
21 between distribution customers purchasing system offering
22 versus retail offering, there is a significant benefit to
23 be had or that is being had by these third party energy
24 marketers, and that's an issue that could be looked at in
25 terms of cost allocation.

26 That is my, hopefully, short and sweet presentation on
27 that topic. And I think, technically, I'm the only
28 presenter. So that leaves it open to questions.

1 MS. HARE: Yes. Colin.

2 MR. McLORG: Thank you, Marika.

3 I just had a clarification question, if I may,
4 Michael, on your last point. And I wonder whether it
5 doesn't call for comment from someone from the gas side.
6 Had your comments been made as to the protection of the
7 revenue stream to retailers, on the electricity side I
8 would have said that it's likely the case that the majority
9 of the bad debt risk is assumed by the LDCs, because most,
10 I believe, of the billing that's undertaken on the
11 electricity side is what they call distributor-consolidated
12 billing. That means that the LDC takes the credit risk.

13 I don't know whether that's the case on the gas side,
14 though, or not, and I'd be interested to find out. So I
15 wonder, is anyone positioned to comment on that?

16 MR. McINTOSH: Good morning. James McIntosh with
17 Direct Energy. Colin, to address your comment, it's my
18 understanding that it is similar in gas. The other comment
19 I have for Michael is, you know, the OEB has mandated
20 customer choice, and the benefits also accrue to customers
21 being able to choose pricing programs that make sense for
22 them. I mean, 2008 is a great example on the wholesale
23 market of pricing doubling and then falling back down
24 again. So the volatility of the energy commodity is
25 something that's real and something that retail marketers
26 like Direct Energy certainly are offering customers choice.

27 And about some of the other comments earlier. You
28 know, Direct has rather strict and rigorous quality

1 controls and -- that will do.

2 MR. BUONAGURO: Yes, I wouldn't want my presentation
3 to be construed to be a collateral attack on direct
4 marketing. It's simply that there are issues that arise
5 specific to low-income when you talk about interacting in
6 that market.

7 And as I said, the first part of it was information,
8 and in this particular anecdotal case, you wonder if this
9 person had understood at the time they entered the contract
10 that the immediate consequence was going to be several
11 hundred dollars of increased debt within a very short time,
12 whether they would have made that choice. The first part
13 is making sure that they have the proper information to
14 make the proper choice.

15 The second part of it has had to do with integrating
16 the new contract on top of the existing system-gas
17 obligation, because you can see we've had a number of
18 hearings in the gas cases about risk management, for
19 example, and it's been one of the reasons -- I think it's
20 fair to say, risk management has been totally eliminated
21 because there was a feeling that equal billing provides a
22 protection against volatility. There is enough of a
23 protection against volatility in gas prices that you don't
24 need to add risk management on top of that. But this
25 particular anecdote shows a problem when it comes to the
26 interaction of equal billing with a sudden change in gas
27 costs resulting from this contract that the current system
28 doesn't necessarily account for, because I understand, for

1 example, that in both gas companies' cases, they went from
2 what was called strictly equal billing to budget billing,
3 so that they could make these adjustments when there are
4 material changes in gas costs. But in this particular case
5 it wasn't made until a couple of months later because
6 presumably the system doesn't contemplate a gas marketing -
7 - or the customer having to contact the gas company and
8 say: Okay, on my equal billing plan, I'm increasing my
9 base gas cost per-metre cubed by 10 cents a cubic metre.
10 You're going to have to adjust my billing now, so that my
11 true-up in August isn't horrendous. I'm not surprised.
12 That doesn't happen now, clearly. And that's the kind of
13 thing -- that's why we raised the issue, because it may not
14 impact on actual contracts, but it could impact on the
15 information that the customer gets at the beginning, and it
16 would also impact on the way in which the contract is then
17 implemented into the system, replacing the system-gas
18 obligation with the commodity contract obligation.

19 On the cost side, I wasn't suggesting that there
20 weren't possibly benefits for consumers. It's just that in
21 the terms of looking at extra amounts of money that may or
22 may not be spent to keep people connected, it should be
23 understood that part of what we're protecting, not only the
24 -- not only the customer but also the income stream that is
25 produced by having that customer connected in the first
26 place, and they didn't want it to be lost in this
27 consultation, that certainly there's a move, or I'm sure
28 that Direct Energy would prefer that instead of 40 percent,

1 it was a hundred percent energy retail marketing, in which
2 case 75 percent of the income stream that would be captured
3 by all this reconnecting or maintaining of connections
4 would be an income stream that's being enjoyed by the
5 marketer.

6 So I just don't it to be lost. I don't have the
7 information on exactly how that works out. I mean, Colin
8 raises a good point about the fact that a lot of the -- or
9 I guess, is it almost 95 percent protection against
10 default, I'm not sure, on the bad debt. On the retail
11 side, there is bad debt protection, I think, on both the
12 gas and the electric cases, but this would be an
13 additional, I think, cost to that, which would, I guess,
14 arguably be borne initially by the LDC, but then in terms
15 of who has to pay the cost down the road, there could be
16 some discussion or there should be some discussion about
17 who is getting the benefit of this intervention to keep
18 people connected.

19 That's only reason I raised the point.

20 MS. HARE: Debbie.

21 MS. BOUKYDIS: Yes, it's Debbie Boukydis from Enbridge
22 Gas Distribution.

23 If I could just clarify a point, whether a customer
24 buys their commodity from Enbridge or from a marketer, our
25 billing system allows twice a year that the equal bill --
26 that the commodity -- that the amount that's on the equal
27 billing can be changed depending on what it is. So it
28 doesn't matter whether the customer buys the commodity. As

1 well, the customer is encouraged to contact Enbridge, or --
2 I'm sure it's the same case with Union -- if the balance is
3 looking as if there is more -- whether it's a credit or
4 not. So right now, I do know within our billing system it
5 is automatically changed to ensure that the credit is not -
6 - the credit or the debt is not too high by the end of the
7 year.

8 MR. BUONAGURO: Mm-hmm. And I think in the anecdote I
9 gave, I actually honestly can't remember if it was Union or
10 Enbridge -- I think it would be similar in both cases -- it
11 would be a matter of timing. And it automatically
12 occurred, like you say -- but because it was one or two or
13 three months removed from when the actual change in gas
14 price occurred, it was a surprise the first time, and then
15 it was a surprise at the true-up in August, because it took
16 -- the automatic -- the difference between the change in
17 the adjustment to the equal billing plan was several months
18 removed before. But, I mean, the second point there is
19 that people can go there and change it if they want.
20 That's an informational -- information aspect of why I
21 raised the issue.

22 MS. BOUKYDIS: Right, but it is twice in the 11 months
23 that the equal billing is adjusted to truly reflect what
24 the commodity costs are.

25 MR. MONDROW: Thank you, Marika. Ian Mondrow.

26 I just wanted to make the point in this discussion, to
27 the extent that the situation that Mr. Buonaguro has
28 described is representative, and we don't know that, but it

1 seems to me that it points to the importance of the
2 information function that the Board fulfills and that it
3 has been fulfilling in particular of late on the retail
4 side, with its Energy Choice Program.

5 Ms. Boukydis mentioned the bill, when a retailer
6 enrolls a customer, their price changes, and so their bill
7 changes, and their balance versus payments on an equal
8 billing plan will start to change on the bill, which they
9 will receive regularly. Whether they read it regularly,
10 obviously, is up to the consumer, but they certainly
11 receive it regularly.

12 But it seems to me that in respect of this anecdote,
13 the point for the consumer would be, you know: Check your
14 bill and watch what your energy prices are doing.

15 And to the extent that the Board has an informational
16 function that encourages consumers to do that, these sorts
17 of issues, you know, are at least in part addressed.

18 So I simply wanted to underscore that. And the same,
19 I guess, would be true in understanding what you're getting
20 into. People in the retail sector will know there are
21 extensive protection at least written into regulations in
22 respect of disclosure to customers, written disclosure,
23 oral disclosure, reaffirmation disclosure, where prices are
24 front and centre in that disclosure. So consumers need to
25 be educated to look for those prices, and again, it seems
26 to me that the Board has an informational function in that
27 respect. And that really echoes the informational function
28 that, in IGUA's view, the Board has and should exercise in

1 respect of all these low-income issues, as a really
2 positive intervention well within the scope of the Board's
3 mandate. Thank you.

4 MS. TAYLOR: Karen Taylor from the Ontario Energy
5 Board.

6 So from your presentation I gleaned three points, two
7 of which have been discussed already. First, about the
8 exit cost from system supply and what is all involved with
9 that. The second is the difference in commodity costs that
10 would arise between a retailer supply and the system cost -
11 -

12 MR. WETSTON: Karen, speak louder.

13 MS. HARE: No microphone.

14 MR. WETSTON: Speak into the mic. You're turning away
15 from the mic.

16 MS. TAYLOR: Sorry.

17 So the first issue was the complexity of exit cost
18 from system-gas and the fact that they're not well
19 understood. The second issue is the difference between the
20 system-gas supply cost and that charged by the retailer.

21 And the third point I wasn't quite clear on. What I
22 heard was that there is a potential subsidy -- depending on
23 what we do with low-income measures to maintain
24 connectivity -- that could come from a customer on system
25 supply as it relates to a customer that has chosen a retail
26 supply. Is that correct?

27 MR. BUONAGURO: The point was meant to -- I wanted to
28 make sure that it was recognized that anytime money is

1 spent, to put it bluntly, to keep somebody connected for a
2 variety of reasons, one of the things that flows out of
3 that is that person will continue to consume, and that
4 means purchase, and that means pay for a commodity, and
5 that it's not always the distributor who's providing that
6 commodity. It's also, in the gas case, up to 40 to 50
7 percent of the time, it's a third party direct marketer.

8 And I didn't want that point to be lost, in terms of
9 figuring out how, after we figure out what we're going to
10 do, in terms of funding these -- maintaining connection
11 efforts, if I can put it that way, that when you come to
12 allocate the costs, in terms of who's paying, this should
13 be something that should be discussed, in terms of all the
14 benefits that arise out of keeping that person connected.
15 That's simply the point.

16 MS. TAYLOR: Thank you.

17 MS. HARE: One last question in the back.

18 MR. DIAMOND: My name is Etan Diamond. I'm the
19 manager of policy research for the Ontario Municipal Social
20 Services Association, OMSSA.

21 For those of you who don't know OMSSA, we represent
22 the 47 service managers across Ontario. And we serve the -
23 - mostly the low-income and vulnerable populations through
24 a whole variety of social services.

25 I just -- listening here -- I was not here the past
26 couple of days, so I apologize if I'm repeating anything,
27 but listening to the presentations and the questions, it's
28 important to remember that when we talk about low-income

1 customers, we're talking about people who are the most
2 vulnerable and often not highly educated, aren't the most
3 informed, in terms of their consumer opportunities or
4 consumer choices, and to say -- and absolutely, there's an
5 educational component for the direct marketers, and that
6 they have to, you know, explain what people are getting
7 into when they sign contracts.

8 But it's very, very important to understand that those
9 aren't easy issues, and they're not -- you know, even for
10 many of us in this room who are highly educated, to go
11 through a contract and understand, what does this mean,
12 that over the next -- in three years it might change, it
13 might be different, many people who are on social
14 assistance, who live in social housing, they -- it's a
15 difficult thing to understand. And just to say: Well, you
16 know, they have a responsibility to become better educated
17 at what they're getting into; it's not always a fair
18 statement.

19 So that's just something to keep in mind for where
20 we're going with this issue. Thank you.

21 MS. HARE: Thank you.

22 We'll take a break now and resume at 11:30 with
23 discussion of the last topic, and Direct Energy will be our
24 first speaker after the break.

25 --- Recess taken at 11:18 a.m.

26 --- Upon resuming at 11:37 a.m.

27 MS. HARE: We're resuming now. And before we do move
28 on to the start of panel 8, our Chair, Mr. Wetston, would

1 like to say a few words.

2 MR. WETSTON: Thanks, Marika.

3 I know everyone is not here. I'm not proposing to
4 make any final remarks, but unfortunately, given my
5 schedule, I can't be here this afternoon. I was going to
6 be here tomorrow morning, however, but it looks like we're
7 not going to be here tomorrow morning, so if I come here
8 tomorrow morning I'll be alone. Now, mind you, that may
9 not be the first time I've been in a room alone, and in a
10 hearing room alone, but I just wanted to say a couple of
11 things, and really not by way of wrap-up, as such, but
12 because I'm unlikely to be able to be back before the close
13 of this stakeholder conference.

14 I simply want to say that on behalf of the OEB and the
15 Board Members and Staff and who have participated here, I
16 want to express my appreciation for your participation
17 here. I think it's been very valuable. I think the
18 quality of the presentations and the goodwill demonstrated
19 at this conference has been exemplary. I think the Board -
20 - obviously, I think you can see that by us deciding to
21 hold this conference, we recognize the importance of the
22 issues that have been discussed here this week. I really,
23 really do, on behalf of the Board, appreciate your efforts.

24 And I indicated this a couple of times, that your
25 focus was not just on problems; it was also on helping
26 recommend some solutions. And that's really important,
27 particularly for a regulator because, as you know, we get
28 involved in really complex, detailed matters, and it's

1 really important for us to be able to see through some of
2 these problems and look for solutions. I appreciate the
3 efforts that you made, from time to time, to kind of
4 address those.

5 I want you to know that we see the issues that you've
6 presented this week here -- and I know you're not quite
7 finished -- not simply as problems, but we see them as
8 opportunities. It's a real opportunity for us to
9 understand this sector better, or these issues, with
10 respect to low-income affordability issues. And so we see
11 it as an opportunity. And I think, as I indicated in the
12 beginning, I truly believe that it is the duty of
13 regulators to look at these kinds of issues, and to do so,
14 obviously, within our authority.

15 I think you are all intelligent, capable people who,
16 some of you work closer to low-income consumers, some a
17 little further from the actual low-income consumer, but I
18 think you understand, given the people that are here, that
19 our capacity to understand the opportunities associated
20 with this area involves matters within the authority of the
21 OEB.

22 But we obviously here are going to look at these
23 issues very carefully, and at the end of the proceeding,
24 when the conference is completed, Marika is going to
25 discuss with you the next steps with respect to this
26 process, and I think she is going to ask you some questions
27 about the next steps and the best way to proceed going
28 forward with respect to the completion of this very, very

1 important conference.

2 So, once again, I'm sorry, I may not be able to return
3 in time for the completion, but I'm most grateful for your
4 participation and your involvement during this week of
5 discussions.

6 Thank you very much.

7 MS. HARE: Thank you, Mr. Chair.

8 We'll move now to James McIntosh from Direct Energy.

9 **PRESENTATION BY MR. McINTOSH:**

10 MR. McINTOSH: Thank you, Marika.

11 Good morning. Good morning, Board members. My name
12 is James McIntosh. I'm representing Direct Energy today.
13 Direct Energy, as you know, is a major retailer in
14 Ontario and other jurisdictions, and we felt obliged to
15 offer some opinions and views on this very important issue.
16 So thank you for taking the time today.

17 Quite an obvious slide, but start with the fact that
18 funding, it's Direct's view that it would come from general
19 tax revenues, which would be consistent with our view that
20 low-income support is properly the purview of the
21 Provincial Government. But the second point that we put in
22 there is the fact that there are subsidies out there that
23 are more system-wide, and obviously not the purview of the
24 OEB at all. But I put in the PST exemption to show that
25 it's not a progressive program; in fact, it's regressive,
26 to the extent that the more people consume an energy
27 commodity, the greater the benefit that they actually get.

28 So, obviously, that's a Ministry of Finance issue, but

1 the key point is that it's regressive in nature and not
2 progressive, which a lot of the very good ideas we've heard
3 today are targeted to address.

4 Opportunity with regards to the OPG rebate: It's
5 expiring early next year. The key point here is the total
6 amount at the bottom, being some \$300 million. You know,
7 that is this kind of magnitude that can have a meaningful
8 impact, and I go back to our friends from Pennsylvania when
9 we talked about their universal support fee structure that
10 was the kind of magnitude of dollars that were available to
11 fund low-income initiatives in that jurisdiction.

12 A little bit more about the OPG rebate: Skewing the
13 RPP pricing or the real market price, complex series of
14 cross-subsidies, getting rid of subsidies that would
15 effectively encourage consumption. You know, again there's
16 been some debate about that over the past few days, but it
17 is an important component of provincial conservation
18 strategy. And again, the point I want to highlight here is
19 the benefits of the RPP program go to all consumers,
20 regardless of need, not specifically targeted at low-income
21 consumers.

22 So the RPP structure: And again, I ask for the
23 Chair's patience because I know that this is kind of the 75
24 percent that we're not supposed to be spending much time
25 on.

26 We think that the first tier is de facto lifeline.
27 Second tier, slightly higher. Again, the view is that the
28 RPP is regressive in the fact that, subject to the tiering,

1 the more that people consume, the more they get the same or
2 greater benefit than the people in low-income situations.

3 Then there are a couple of examples in there with
4 regards to other opportunities.

5 So lastly, again, low-income fuel poverty, it's really
6 an issue of poverty. We think it's rightly the purview of
7 the Provincial Government. If there's an opportunity to
8 coordinate and align OEB subsidies, then that should be
9 encouraged. And lastly, there's -- any time you're talking
10 about low-income support or subsidies or costs, we believe
11 that conservation should be part of that equation. And we
12 encourage the current initiatives that we heard described
13 yesterday.

14 So thank you.

15 MS. HARE: Thank you. Our next speaker is Maurice
16 Tucci from the EDA.

17 PRESENTATION BY MR. TUCCI:

18 MR. TUCCI: I'm just waiting for the presentation to
19 pop up.

20 I wanted to start with a review of the consultant's
21 summary of options for program funding. They point out
22 that low-income programs in other jurisdictions have been
23 funded by federal government grants, state or provincial
24 government grants, system benefit charges, sometimes
25 voluntary and sometimes mandatory customer charges on
26 utility customers, and charitable contributions. And they
27 summarized the percentages of funding in these three
28 jurisdictions, the United States, United Kingdom, and

1 Australia. You note that in the United States about 60
2 percent of the funding comes from the government, and 35
3 percent, roughly, from the utility. And an amount of
4 around 4 is from charity.

5 In the United Kingdom, 62 percent is government
6 funding, 38 percent is utility funding. In Australia, it's
7 almost all government funding.

8 Now, when we're talking about government funding -- I
9 mean, funding in general, we're talking about all the
10 programs that help low-income. And this includes some kind
11 of financial direct assistance or low-income programs that
12 deal with conservation initiatives. So both of these
13 things are captured in this. And it's important to
14 distinguish the two types of program approaches.

15 And the consultant points out that a large -- in the
16 States, a significant amount of the money actually has been
17 towards a rate assistance; 80 percent, roughly. In the
18 United Kingdom, what you see is, the rate assistance part
19 up to now has been mostly government funding. The same
20 percentage from the previous slide, you'll see that direct
21 assistance has been the responsibility, I guess, of the
22 government. And the utilities have been covering the cost
23 of the energy efficiency, which seems appropriate, I guess.

24 And then Australia, again, the rate assistance has
25 been directly from the government, and very little so far
26 to date for low -- you know, energy programs for low-income
27 consumers.

28 So when you look at these options, the question

1 ultimately -- and we'll be talking about it in the other
2 presentations too. I looked ahead, and we're all saying
3 sort of the same thing. It's a question now of, who pays?
4 Who should be paying?

5 You know, obviously, government grants cause taxpayers
6 to provide the funding. System benefit charges cause all
7 ratepayers to provide the funding. And charges on
8 distribution rates cause local ratepayers to provide the
9 funding.

10 And the impacts -- I've discussed them before -- is,
11 if it's distribution rates, we personally feel it would
12 have an unfair impact on the customers of certain LDCs,
13 because the proportion of low-income consumers is not
14 evenly spread across the province, it varies, and so some
15 municipalities have more low-income consumers.

16 If it's a system benefit charge, the cost of the
17 program would be spread across all customers, much like,
18 it's been pointed out, rural rate assistance and other
19 things that we've been talking about.

20 This is where -- it seems like an obvious place to put
21 it. The question is, and the potential issues that could
22 come up, are, you know, someone might say: Is it fair that
23 I pay? Because, you know, if you're a high user, you would
24 be paying more.

25 And so, you know, if it's through government funding,
26 I think there would be more support through direct
27 government funding, because it would be more equitable,
28 since taxes are sort of collected on a different basis than

1 -- a completely different basis, and maybe an ability to
2 pay the tax.

3 I wanted to point out a couple of issues. When we
4 compared ourselves to other jurisdictions, the difficulty I
5 have is understanding the context at which other
6 jurisdictions have done things a certain way.

7 You look at Australia, and you look at the United
8 Kingdom. They're very different from the United States.
9 And I'm trying to understand in what -- why they have this
10 level, like what other things are happening in those
11 communities, in those countries, I guess, that leads one
12 utility to do it through taxes and another utility to do it
13 through rates?

14 And we don't understand, you know, whether there's
15 other taxpayer-funded support being provided through other
16 means, how much support is provided through other means,
17 what the cost of living in those communities are, what the
18 minimum wage in those communities are. It's sort of all
19 out of context, and I don't understand -- it's difficult
20 for us to really look at other jurisdictions and say we
21 should follow their lead, because we just don't understand
22 what's happening there. At least I don't have the full
23 picture to understand how -- what compelled people to
24 decide: We're going to use electricity rates to fund these
25 programs.

26 You know, the problem we're having is, up to date,
27 when the government here decides how much money to provide
28 a low-income consumer to help them survive, they deal with

1 the cost of living -- I'm assuming they deal with the cost
2 of living -- and they have a strategy to support them in a
3 certain way. And it's a government body and social
4 agencies that are dealing with these issues.

5 And what I'm trying to understand is: Is there
6 something that they consciously agree that they're not
7 doing enough? Have they accepted that they're not doing
8 enough and something else has to be done? And the question
9 then is, should there just be more funding given to them?
10 Should electricity be taxed in order to fund them? Or are
11 they saying they -- they -- they don't -- they -- well,
12 that's the point I guess I'm getting at, is I'm struggling
13 with this question of who should be paying this cost, who
14 can afford the burden.

15 They may turn around and say: It would be appropriate
16 to have the taxpayers fund this, but they can't afford it
17 right now. There's not enough -- they can't share the
18 burden of this cost. But the question I have for rate --
19 you know, when I think about ratepayers, can they afford
20 the burden?

21 In the future, ratepayers are going to be taking
22 responsibility for incurring the costs of closing down all
23 these coal plants that we have, changing the mix of
24 generation, and taking on a significant social
25 responsibility to meet some of the CO2 reduction targets
26 that the province has. And a larger portion of the
27 responsibility is put on the electricity sector than on
28 other sectors of industry.

1 So the ratepayers are already taking on a big hit to
2 provide a benefit to the province. And I'm trying to
3 understand: Should they be taking on this other hit to
4 socialize and redistribute income?

5 So the approach that you use really depends on what
6 exactly we're doing. And if we're doing CDM, I think it's
7 appropriate that it would be through a system benefit
8 charge. If we're doing direct financial assistance, I
9 think it's more appropriate to do it through government
10 direct assistance. If we're doing a program to deal with
11 arrears management, maybe that could be done through a
12 local utility.

13 We could look at more options to increase Winter
14 Warmth participation, encouraging utilities to participate
15 in Winter Warmth programs. Those things could be
16 localized, because maybe they're not a significant cost,
17 but once a program gets large and a big cost, you know,
18 it's maybe not fair to burden local utilities and local
19 ratepayers.

20 And whatever we do, if we're doing a systematic
21 subsidy to local -- to low-income people, it has to be
22 integrated with whatever the Government decides to do with
23 the assistance it's providing now.

24 I am worried about a situation where, let's say they
25 provide \$595 to date, and if we provide assistance
26 equivalent to \$100, does that mean that they turn around
27 and lower that amount to \$500? You know, I'm trying to
28 understand, what are we doing here? Are we -- you know,

1 right now the Government has a responsibility for funding
2 these people, and are we just taking -- saving the
3 taxpayers some money? That's the question I have.

4 That's it.

5 MS. HARE: Thank you.

6 And our next speaker is Norm Ryckman, from Enbridge
7 Gas Distribution.

8 **PRESENTATION BY MR. RYCKMAN:**

9 MR. RYCKMAN: Thank you, Marika.

10 I'd just like to start with a brief recap -- and I
11 know you've seen this slide before and may be somewhat
12 tired of it, but I think it's important to understand that
13 Enbridge has 100,000 low-income customers that we provide
14 natural gas service to. And this is roughly one-fifth of
15 the low-income households that are in our franchise area.
16 So those other households would be paying for their energy
17 bills either through their rent or to propane or
18 electricity, or to oil companies.

19 And so we have some reach, in terms of low-income
20 customers, but it's limited reach. And I think it would be
21 unfair to provide relief to those customers in homes served
22 by the utility while ignoring the balance of the low-income
23 customers.

24 And I just wanted to touch on a residential customer
25 bill. And this has been talked about somewhat, but what
26 this slide shows at a high level are the components of the
27 residential bill.

28 So at the bottom you can see what I've determined --

1 or called "OEB-regulated", and then you've got the total
2 bill on the right-hand side.

3 And the programs that Debbie Boukydis and Patricia
4 Squires talked about earlier in the week, they're funded
5 through the delivery charges that are in that light-blue
6 area on the bottom of the graph.

7 And the other areas of the business, or the total
8 bill, the commodity and the transportation, Mr. Wetston
9 talked about it earlier in the week. The Board does do
10 some prudence review for system-gas purchases in that
11 regard, but they do not set the price for those particular
12 elements of the bill.

13 And I think it's important that, should the Board
14 decide to pursue incremental efforts through any of the
15 things that it does, it thinks about this aspect, because I
16 think what Michael Buonaguro was talking about -- and he
17 can correct me, perhaps, in the discussion period
18 afterwards, if that's not correct -- that essentially what
19 he was saying is, if you're providing relief -- what I took
20 from what he was saying, if you're providing relief of,
21 let's say, \$500 or \$600, that's actually more than the OEB-
22 regulated amount.

23 So you would want to understand how those funds are
24 actually flowing and how that relief is making it into the
25 hands of customers, and just how all that is structured.
26 Because it's easy on one hand to say we should provide
27 relief of this, but understanding the nuances of what that
28 really means to customers, how it flows, how it interacts

1 with the broker community, with the utilities, I think is a
2 really important part to keep in mind.

3 Again, the market determines the commodity price.
4 Enbridge and the Board do not. So there's a lot of
5 volatility that can occur there, and thinking how you can
6 respond to that volatility is important as well.

7 Poverty, which is the fundamental issue here, is broad
8 in nature, and the leverage to the Board is not likely to
9 be adequate in terms of meaningful financial assistance, or
10 broad enough in reach.

11 For example, we've heard that energy can represent as
12 much as 10 to 12 percent of total income for low-income
13 customers. This means that there are other cost pressures
14 like cable, telephone, transportation, food, taxes and
15 shelter which comprise the other 88 to 90 percent, and
16 those costs are not insignificant, and they are outside the
17 scope of this process.

18 In terms of funding, I think there is general
19 awareness amongst parties of the various funding
20 mechanisms, but one of the things that I find is that
21 general awareness leaves many unanswered questions, so we
22 don't have very specific information or understand all of
23 the elements.

24 So we've heard from a number of parties here that you
25 need to consider many things when looking at how funding
26 can be gathered or how it can be realized, and local
27 economics, the demographics of the area. There are many
28 things that go into that.

1 I think that's something that's key to keep in the
2 backs of all of our minds.

3 And should the Board decide to pursue any incremental
4 efforts, again, we really need to think about how the costs
5 of those incremental efforts are recovered and how we
6 determine if they're reasonable. And those aren't just the
7 direct program costs. There are also the administrative
8 costs that go along with that. There could be information
9 system costs, actually administering the program.
10 Certainly through some of the information we've seen, there
11 are administrative costs attached to managing these types
12 of efforts. That needs to be considered as well.

13 And I think program efficiency is also another key
14 consideration. Julie Girvan touched on this earlier in the
15 week, and I think it's an extremely important point as
16 well.

17 As I participate in this process, it appears to me
18 that, generally speaking, parties agree that poverty is an
19 issue, and it's a broad issue. What's also clear to me is
20 the fact that there are numerous programs and services
21 provided by various entities already today. We've heard
22 that there are many, many agencies out there. And I find
23 myself wondering if anyone really knows what is being spent
24 to provide low-income assistance today, and whether that's
25 effective and efficient.

26 Additionally, I'm not sure whether we know with
27 certainty if programs are overlapping or duplicating
28 benefits and costs. We've also heard that funds for the

1 Winter Warmth and the Emergency Energy Fund were not fully
2 utilized in some years, and presumably that un-utilized
3 funding is due to specific program design elements, but it
4 could also be indicative of a broader fragmentation issue,
5 as many agencies and program providers deal with the
6 challenges of implementation and communication with
7 consumers.

8 Effectiveness and efficiency of the amounts being
9 spent is an important issue that needs to be understood and
10 addressed. Centralized relief and program delivery through
11 a government agency could be a more viable solution, or
12 perhaps a task force needs to be developed that could move
13 forward on this issue, but again, it's a very broad issue,
14 and I think we have some understanding of the issue, but
15 not enough to move forward as this juncture.

16 And I'll touch on the role of the government in the
17 slide, but I think the Board should also be cautious about
18 any proposal that starts to deviate from well-established
19 rate design principles, such as cost causality. If we look
20 at ability to pay rate design criteria, it could be argued
21 that customer types other than low-income should also have
22 special consideration. Certainly the education and
23 healthcare systems have experienced financial hardships
24 recently.

25 Even in this consultation, it has been mentioned that
26 customers that don't fall within the strict definition of
27 low-income, customers like the disabled and the elderly on
28 fixed income need to be considered as well, so we start to

1 see what is the scope of this initiative and the relief
2 that we're talking about.

3 I'm sure there would be no shortage of additional rate
4 class or rate design proposals being brought forward for
5 the Board for consideration. The risk, administrative
6 burden and information system costs associated with
7 modified rate design mechanisms could be significant. For
8 example, if I just look at the risk component, Enbridge
9 recovers some fixed costs through the volumetric charge, so
10 adopting an inverted rate block rate structure, which has
11 been discussed briefly here, would introduce additional
12 risk in our ability to recover those costs, especially if
13 they're at the tail end of that consumption profile. So we
14 can start to see that there are many interrelated items
15 here that need to be considered.

16 And it's questionable whether that inverted rate block
17 structure would actually deliver the benefits that we'd
18 like it to deliver.

19 And we've heard that many jurisdictions use the
20 systems benefit charge, and sometimes that charge is
21 embedded within overall rates. Any system's benefit charge
22 should be a separate line item on a customer's bill, so
23 there is transparency in terms of the purpose and the
24 amount of the charge. The structure of any proposed
25 systems benefits charge would need to be studied carefully
26 to ensure that it does not create unfair incentives to
27 choose one fuel over another, and that it covers all forms
28 of energy and does not create incremental costs or risks

1 for the utility.

2 We have been provided with considerable information in
3 this proceeding and information that indicates many
4 stakeholders can and do play a role in addressing the needs
5 of low-income customers. We also see that many
6 jurisdictions obtain government funding to help address
7 this problem, and that shouldn't be surprising when you
8 consider the magnitude of the amounts required to provide
9 meaningful relief.

10 For example -- and I apologize for using numbers here
11 and not having a slide for you to follow, but I'll try to
12 keep it simple -- if I use numbers that are provided in
13 LIEN's information for the lowest quintile pre-tax income
14 of, say, \$16,000 and assume a 10 percent energy burden, or
15 roughly \$1,600 per year, if I want to take that down to a
16 targeted level of 4 percent energy burden, then I've got to
17 provide relief of approximately \$950 per year.

18 If I look at 100,000 customers in our area, that's \$95
19 million per year. Now, that could be a very extreme
20 example, because depending on the actual energy burden of
21 the customers and their income levels and other
22 circumstances, you would likely have varying degrees of
23 relief. But even if we use the \$420, I think, that Marika
24 referenced earlier in New Hampshire, that's \$42 million a
25 year. And even if you just use a rule of thumb and say: I
26 think \$150 a year would be meaningful relief, and that's
27 less than \$3 a week, you're looking at \$15 million a year
28 just in the Enbridge franchise area alone.

1 I think it's important to understand what -- I think
2 we know there's a problem. I think it's important to
3 understand what we need to do and what the costs are for
4 those, and to also understand what we're spending today.
5 And that spending is across a multitude of areas, whether
6 it's government, utilities and other areas.

7 In the absence of government funding, the amounts that
8 I've talked about would need to be collected from Enbridge
9 ratepayers. I don't think that I need to summarize the
10 points that are on this slide, so I'll use this opportunity
11 to just leave a few thoughts.

12 We know that support exists for low-income customers
13 but there's debate on whether that's accessible and
14 meaningful. As the Board continues to consider this issue,
15 it is extremely important to ensure that any plans being
16 contemplated are not only effective, efficient, and
17 meaningful, they must also be consistent with the stated
18 policies of government.

19 I believe the Board could play a role in being a
20 central source of information for low-income programs, as
21 Mr. Wetston talked about earlier the week, a virtual kiosk,
22 but even this may end up over time moving to be more
23 limited in terms of utility information. I say that simply
24 because the number of agencies out there, if you look at
25 the fact that there are rental properties out there
26 communicating with them, oil, propane customers, it can all
27 be very, very challenging to maintain.

28 I think demographics is another important issue to

1 consider. So we've heard that within the low-income areas,
2 the demographics of that, we have immigrants that comprise
3 a portion of that, so communicating in a way that's
4 effective and efficient for them so that they can get the
5 relief that's required is important, but there are costs
6 again associated with doing that and logistics associated
7 with doing that.

8 In closing, I'd just like to say that I found the
9 information that's been made available through the
10 Concentric report and the discussions here through this
11 consultation, I think, have been really valuable and
12 enlightening, and I think the Board could actually consider
13 doing a scan of best practices out there in terms of
14 customer care for low-income customers on a more regular
15 basis, whether that's annually or periodically.

16 I think that scan could be shared with all
17 stakeholders. And I think the Board could also consider
18 the development of a flexible process that would enable
19 utilities to come forward voluntarily with a plan to
20 implement, where appropriate, certain elements of those
21 best practices and to also secure approval for the
22 associated cost.

23 So once again, in closing, I would just like to say I
24 kind of look at it as four things that need to be done
25 here, just to get going on this initiative, and that's to
26 gain greater understanding. So what are the drivers behind
27 some of the things that have been done in other
28 jurisdictions, and really peeling back the layers of the

1 onion to understand what those are, what those best
2 practices are, and to ensure that they're aligned with
3 stated government policies.

4 I think a task force could be developed that could
5 look at some of those best practices, and also the
6 implementation aspects and the costs associated with that.

7 I think it would also be appropriate for the Board to
8 set expectations, in terms of best practices around low-
9 income programs and customer care associated with that.

10 And then finally, as I mentioned, some sort of
11 enabling process that would allow utilities to come
12 forward, not necessarily having to wait for their IR
13 rebasing periods, be able to come forward before that,
14 where appropriate, but then also, once those expectations
15 with the Board are set, they know that when they come
16 forward for rebasing that these are considerations that
17 they have to take into account.

18 Those are my comments. Thank you.

19 MS. HARE: Thank you.

20 Next, Dana Silk, from EnviroCentre.

21 **PRESENTATION BY DR. SILK:**

22 DR. SILK: Dana Silk, EnviroCentre.

23 The data that we've got -- first of all, let me say
24 how pleased I was to hear Mr. Kaiser request that we get
25 much better information on low-income funding programs in
26 Canada. The data that we -- and certainly that's the kind
27 of thing that I think that Enbridge was referring to as
28 well, getting more a best practices, case studies, on what

1 is actually happening in Canada, or certainly Ontario.

2 MS. GIRVAN: Excuse me. I can't hear you very well.

3 DR. SILK: I'm sorry?

4 MS. GIRVAN: I can't hear you very well.

5 DR. SILK: It's on. It's on.

6 The data, however, from the United States and
7 Australia that were provided by the Concentric report are
8 not very encouraging. They indicate that in the United
9 States only 6 percent of low-income energy-assistance
10 programs were invested in energy efficiency. And in
11 Australia it's less than 1 percent.

12 So one might argue that that funding has been poorly
13 invested. One might also argue that it's not very
14 equitable, because most of the funding appears to have been
15 used to pay off the debts of utilities and their
16 shareholders. That's, again, a serious issue.

17 Although a little outdated, and possibly partisan, an
18 opposition Member of the Provincial Parliament testified or
19 asked questions before the Standing Committee on Social
20 Policy of the Legislative Assembly in 2004. It was the
21 response, however, to his question from the late Honourable
22 Charles Caccia that I think should be of more interest to
23 the Board. And here it is. I paraphrased it a bit, but
24 Charles Caccia said four years ago, before he died this
25 winter, I think -- for those of you who don't know, Charles
26 Caccia was a longstanding member of Parliament from
27 Toronto, a former Environment Minister, very highly
28 regarded.

1 According to Charles Caccia:

2 "We consider electricity as being a free,
3 limitless good, only a matter of supply. While
4 this may have been true in the 1970s, when
5 Ontario Hydro was urging everybody to consume,
6 now we have entered a completely different phase,
7 and electricity is no longer that good. We have
8 to decide where to draw the line and how. And
9 the sooner, the better."

10 So EnviroCentre believes that the Board should not
11 focus first on requiring more energy conservation programs,
12 but rather regulate the electricity and natural gas sectors
13 by ensuring that rates reflect more accurately the true
14 cost to society, and by ensuring that the rates and other
15 programs are implemented in the public interest.

16 To be a little bit clearer here, we do not think we
17 should be legislating from the bench or from the Board.
18 And those in the room who believe that government must
19 assume its responsibility in this field, I think, are quite
20 right.

21 But by regulating appropriate lifeline rates for both
22 electricity and natural gas for qualified low-income
23 households, the Board would respect its public interest
24 mandate by helping low-income households deal with
25 increasing energy prices and by helping them to reduce
26 greenhouse gas emissions from all sectors and classes of
27 ratepayers.

28 Now, let me say, if the Board doesn't want to go to a

1 separate rate class -- and I'm beginning to understand some
2 of the reasons why perhaps the Board and other intervenors
3 do not -- it would be relatively easy to apply a lifeline
4 rate to all clients, to all customers, but it would have to
5 ensure that the second level of the inverted rate structure
6 more adequately reflects the real costs, so that the
7 higher-income clients would actually be paying more, and
8 therefore one could not argue that they are being
9 subsidized by the low rate, as long as we worked that into
10 the calculation.

11 By assuming its responsibilities in this way, the
12 Board would set the stage for a more responsible use of
13 market, social, and political forces to invest in energy
14 efficiency upgrades, and not just in low-income housing,
15 but that would be, obviously, the best place to start.

16 Let me say that -- in concluding that this
17 presentation was based partly on a workshop that we held
18 with six members of Ottawa's -- it's called the Committee
19 Hydro. It's a group of francophone women who have been
20 working on low-income energy issues in Ottawa for many
21 years.

22 I was surprised that one of their main requests was
23 for better customer relations with utilities. Some of the
24 recommendations that follow were generated by this group.

25 The first recommendation is for the Board to regulate
26 appropriate lifeline rates and levels for electricity and
27 natural gas for qualified low-income households. We're
28 also recommending that the Board regulate prices for

1 consumption above the lifeline rates that more adequately
2 reflect the real cost to society.

3 Here's a positive one, which I hope no one would
4 disagree with: The Board should establish an ombudsperson
5 for utilities and energy retailers in Ontario. The Board
6 should require better customer service relations at all
7 utilities. The Board should provide better protection from
8 energy retailers who prey on low-income households.

9 We would urge the Board to ensure, or to try at least
10 to get better cooperation between Ministries and agencies
11 in Ontario dealing with energy and low-income issues.

12 We're also encouraging the Board to promote priority
13 weatherization and upgrades of low-income homes -- and
14 appliances, I might add.

15 We are recommending that the Board order low- or no-
16 interest charges on arrears for qualified low-income
17 households.

18 Now, the Board can't do this by itself, but I think
19 the Board could support an exemption from the debt-
20 retirement charge for qualified low-income households. The
21 Board could, and we are recommending that the Board
22 prohibit utility disconnections during the heating season
23 and for medical conditions.

24 We're recommending that the Board waive the fixed
25 monthly charges for qualified low-income households, and
26 that the Board also waive reconnection charges for
27 qualified low-income households. This gets into the debate
28 between fixed charges and the variable charges.

1 If we go back to -- sorry. One last recommendation,
2 which isn't quite up there: It would be for the Board to
3 ensure a more reasonable distribution of DSM and CDM
4 funding between low-income and higher-income households.

5 I believe an analysis of this program -- of this
6 funding in Ontario would reveal that most of the money is
7 being used to subsidize higher-income households to make
8 cost-effective investments in their home.

9 One might well ask why ratepayers' funding or
10 government funding is being used to enable -- well, not to
11 enable, to incent higher-income households to make cost-
12 effective investments. That does not seem to make sense,
13 and there is a considerable -- I think an analysis of the
14 data would reveal that in this field there are very high
15 levels of free-riders.

16 Now, free-riders for the higher-income households are
17 -- I don't think would be supported by the Board. There
18 are no free-riders for the low-income households, because
19 they cannot afford to make these cost-effective
20 investments.

21 Finally, I know that I've been a little critical of
22 the Concentric report, but I wanted to focus on some of
23 their concluding observations and their summary that I
24 think are worth focusing on.

25 Although I believe the report exaggerates the
26 difficulty of regulatory agencies trying to balance the
27 mandate for just and reasonable rates, and with the social
28 pressure to help those in need, the Concentric report

1 rightly hints that the Board should implement policies that
2 prohibit disconnection during certain times of the year and
3 protect those, quote, "with medical conditions from
4 disconnection."

5 The report urges the Board to consider rate discounts
6 or waivers of the fixed monthly service charge, and the
7 report urges the Board to place renewed emphasis on
8 financial incentives for energy efficiency programs, and
9 cites European progress in upgrading the low-income housing
10 stock.

11 Finally, I'd like to note that the Concentric report
12 was quite right to conclude that the most effective
13 progress in this field will be made by the result of
14 cooperation and consultation, and we applaud the Board for
15 holding this consultation, and we urge it to consider more
16 collaborative ways to implement its mandate of regulating
17 energy prices in the public interest.

18 Thank you.

19 MS. HARE: I'd like to suggest that we break for lunch
20 until 1:30, and then we'll come back and hear from Hydro
21 One and from CELA. Then we'll have an opportunity for
22 discussion.

23 We'll resume at 1:30.

24 --- Luncheon recess taken at 12:18 p.m.

25 --- Upon resuming at 1:33 p.m.

26 MS. HARE: Good afternoon. We're going to resume now
27 with Andy Poray, from Hydro One.

28 **PRESENTATION BY DR. PORAY:**

1 DR. PORAY: Thank you, Marika, and good afternoon to
2 everyone.

3 I'm going to depart a little bit here from the
4 presentation that we submitted. And it's mostly because I
5 feel that most of the issues that I was to speak to have in
6 fact been spoken to by some of the presenters, certainly on
7 this topic, and I think throughout the three-day period so
8 far we've raised this issues and concerns.

9 So what I'd like to do is make a couple of points.
10 One is a sort of a view of things, and the other one is
11 thinking forward, in terms of where we can go.

12 In terms of a view on things, we see assistance as
13 really comprising two parts. There is the issue of
14 consistency of the service that utilities provide and
15 whether that's achieved through the codes or through the
16 conditions of service.

17 These are certainly areas over which the Board has
18 jurisdictions and where some improvements can be made to
19 ensure that there is consistency of treatment, because
20 we've heard throughout the proceedings that utilities are
21 not entirely consistent in the approaches that they take.
22 I think a lot of us are trying to be helpful and to work
23 with our customers, but there is inconsistency of
24 treatment.

25 The other aspect of assistance is, of course, the
26 funding issue, and that's a much more complicated issue,
27 some of which the Board has jurisdictions, obviously, in
28 setting rates, but there are other issues that speak to

1 that.

2 We certainly echo the comments that were made by
3 Enbridge and others throughout the past few days, in terms
4 of: We need to know what's out there. We need to
5 understand the level of funding. And Mr. Kaiser has asked
6 for some information, that that be provided.

7 We've heard examples that LIEN has given, in terms of
8 programs running out of funding right at the outset. And
9 we're not into December yet, and yet we know that there are
10 some families that need to switch on their heating and the
11 funding isn't there.

12 And also at the other end of the scale we heard that
13 there are surplus funds that are available at the end of
14 the program, that obviously speak to the fact that the
15 efficiency of the programs, perhaps, is not at its optimum,
16 and then that needs to be addressed.

17 So I think those sort of things point to the fact that
18 we need better information and better coordination.

19 And so with that in mind, I'd like to make a
20 concluding remark, and it's with an observation which
21 speaks to the point that Mr. Wetston remarked, and that was
22 that the issues that are facing us and that the Board is
23 discussing really offer opportunities for action.

24 And if I may refer you to page 39 of the consultant's
25 report, and if you permit me, there's a passage that I
26 would like to read. It's specifically under Section F,
27 which is on the -- dealing with coordinating payment
28 assistance with public assistance agencies and charities.

1 That starts on page 38.

2 But the specific item I want to talk to is on page 39,
3 in the second paragraph, and about three sentences down, it
4 says:

5 "Those countries --"

6 And this is specifically to European countries, and it
7 particularly mentions France and Finland.

8 It says:

9 "Those countries have designed low-income energy-
10 assistance programs that are coordinated with
11 other social welfare activities, including
12 programs that attempt to address chronic
13 unemployment, homelessness, inadequate housing
14 conditions, and insufficient household income
15 levels. In contrast, North American countries
16 are more concerned with designing programs that
17 specifically target the needs of low-income
18 energy consumers through direct rate assistance
19 or rebates for energy-efficiency efforts."

20 And the point that I would like to make is I think
21 we're at a crossroads now. It seems that energy prices are
22 trending in only one direction. The whole world is facing
23 the issue of affordability of energy, and so consequently
24 prices are going up, and therefore more and more energy
25 consumers -- and I'm speaking from the broad perspective of
26 energy consumers, not just electricity consumers -- are
27 finding it harder and harder to pay their bills.
28 Certainly, at Hydro One we are seeing more and more

1 instances of those having problems in paying their bills.
2 The rate is increasing.

3 Now, I think Ms. Allen mentioned in her presentation
4 on topic number 2 that in 2006, we had some 80,000
5 incidents of difficulties of payment. In 2007, that went
6 over 100,000. So it seems to be that the issue is growing.

7 And so it seems to us that we're at a crossroads where
8 perhaps this is an opportunity to look at this in the
9 broader perspective of: How do we address this issue of
10 fuel poverty or energy affordability?

11 And the thought that I would like to leave with the
12 Board and with the stakeholders is that we need to really
13 coordinate the effort, and the consultant report speaks to
14 some of that coordinating effort involving other agencies.

15 We do have other agencies in place in Ontario, in
16 Canada. I think we need to bring the government more on
17 board to address this issue. But to us it seems that it
18 has to be a united effort to address this, rather than
19 papering over it with just dealing with rates issues.

20 So it's a broader aspect, and I think Enbridge spoke
21 to the fact that they see some need -- that perhaps setting
22 up a task force where we could work jointly with all the
23 various entities to try and address this.

24 I don't think this is a quick solution. I think this
25 will take time. But to us, it seems that this is an
26 opportune time to start addressing that issue.

27 Those are my comments. Thank you.

28 MS. HARE: Thank you.

1 Theresa McClenaghan, from CELA and LIEN.

2 **PRESENTATION BY MS. McCLENAGHAN:**

3 MS. McCLENAGHAN: Yes, thank you, Ms. Hare.

4 All right. We were at slide 113 of LIEN's
5 presentations, topic 8. And we are not going to repeat
6 here some of the aspects of this that we dealt with in
7 other topics. There is a certain amount of overlap, for
8 instance with topic 4, for example.

9 What we'd like to do here is outline some of the
10 possibilities, and in particular, as we are advised, some
11 of the possibilities that have been explored in other North
12 American jurisdictions.

13 And so, in terms of program funding mechanisms -- and
14 we'll deal first with rate assistance programs, writ
15 broadly, and then with usage reduction programs -- we are
16 advocating ratepayer-funded programs. And we dealt the
17 other day with the fact that some aspects of that would fit
18 within the cost causality paradigm that the Board
19 traditionally pursues, but also beyond that, in terms of
20 looking at what's appropriate as a broader charge.

21 And stability and predictability are important points
22 -- I'll speak to that in a moment -- as well as equitable
23 access to programs. And we've emphasized that throughout
24 the week.

25 And the point that I would make about the fact that
26 the system as a whole is becoming -- and by this I mean the
27 energy system -- is becoming a very expensive system, and
28 if this isn't addressed, it will be inequitably borne by

1 the most vulnerable of the community. And we've heard
2 extensively why they aren't capable of bearing that.

3 And in my opinion it isn't equitable or fair to be
4 asking them to bear that until they break, so to speak,
5 until they have no choice but to, you know, face a
6 disconnection notice, and then and only then resort to some
7 of the programs that are available.

8 In terms of legislative support, while absolutely an
9 option, the concerns we have are a few things. Some of the
10 experience has been that with legislative funding, it does
11 mean an annual process of determining if the program will
12 continue, and to what extent.

13 And the problem with that is we've heard quite a bit
14 this week about delivery capacity issues across a range of
15 these programs, in terms of actually delivering them on the
16 ground and making sure people know about them, and that
17 they can take them up, and that there are people able to
18 actually do those programs.

19 And so -- and that's not an insignificant issue. If
20 people are going to make career decisions in terms of
21 providing some of these services, if there's ongoing
22 uncertainty year over year about the continuation of the
23 program, it really does impact the ability to retain
24 qualified people and keep them over the long-term,
25 especially as they themselves go on with families and so
26 on. And some of our members who do front-line service
27 delivery have absolutely run into that. For instance, on
28 the DSM and conservation side, where the programs have been

1 pilots, they've been on one year, off another. Similarly,
2 in other sectors like water they've run into that as well.

3 So it doesn't sound like a big point, but when the
4 partners who work on these programs and the agencies and so
5 on have to ramp up, find qualified staff, end it, tell the
6 consumers they don't have anything right now, ramp back up,
7 find qualified staff again -- so the other thing that
8 happens then is that the capacity in that community
9 actually starts to decrease, because the people who would
10 have been doing that work are now backing out of it and
11 going to other avenues.

12 The other issue is in terms of flexibility to respond,
13 weather, for instance, prices -- if prices go up or the
14 weather is severe, rate-based programs do vary with those
15 changes, and vice versa, decrease as well.

16 And then there is the issue of reciprocity, and in
17 terms of legislated-supported programs, provides support,
18 but -- and others made this point today, there would need
19 to be an analysis about where the benefits are falling and
20 is that appropriate.

21 On slide 115 we've just set out some samples of
22 different ways. We've talked generically about rate
23 assistance, and particularly a system benefit charge, which
24 quite a few of the jurisdictions utilize, but they're not a
25 uniform approach to system benefit charges either. And so
26 it's, I think, just part of the process to make sure we
27 understand some of the ways that they've been designed in
28 other jurisdictions.

1 One option is a per-meter -- just a straight per-meter
2 charge. So, for example, a particular amount per month,
3 per meter. And all customers with a meter would pay that
4 charge. It may be that the charge would differ for a
5 residential meter, commercial, and industrial. That
6 happens sometimes. And sometimes it's the case that it's
7 only for customers who use more than a specified volume and
8 have a meter that would pay the per-meter charge. And an
9 example of a per-meter charge was Illinois.

10 Maryland and New Jersey use a volumetric basis way of
11 doing a system benefit charge, and so it's per unit of
12 energy, kilowatt-hour, whatever the case may be.

13 In terms of volumetric charge based on a percent of
14 revenues, so Maine, for example, so it could be a half a
15 percent of the bill, something like that. And then there
16 were mixed volumetric and per-meter charges that could be
17 allocated volumetrically between customer classes and then
18 collected within a customer class on a per-meter basis.
19 Colorado takes that approach.

20 And so, for instance, if the industrial consumers had
21 a third of the volume of usage, that would then be divided
22 into the number of meters accordingly.

23 So there's lots of possibility, is the point, in terms
24 of how they get designed.

25 In terms of slide 116, the point here is that, at
26 least for all the North American jurisdictions, it's nearly
27 universal -- except for Pennsylvania -- that all customer
28 classes contribute. Pennsylvania, which is interesting to

1 us because that's who we heard from the other day, now
2 allocates exclusively to residential, but that decision is
3 under court review at the moment, and that decision is
4 outstanding.

5 In terms of why it would be appropriate for all
6 customer classes to contribute, slide 117, a point to
7 really consider that does require a bit of a paradigm shift
8 is that universal service is a public good, and so that is,
9 in itself, appropriate to consider within the system.

10 Universal service also yields public benefits that
11 benefit all customer classes. So, for example, healthcare
12 costs are reduced; housing is more affordable; employee
13 recruitment is better; and so on. And, you know, there has
14 been recent work, including some in Toronto, about needing
15 workforce housing for successful cities, and this is not an
16 insignificant issue in terms of affordability, in terms of
17 the kind of system we have for energy supply.

18 And there are direct benefits to all customer classes
19 as well from universal service. As well, single customer
20 classes -- no single customer class causes the need for
21 universal service. You wouldn't say that everybody in the
22 residential ratepayer class is causing that any more than
23 in the commercial or industrial ratepayer class.

24 In terms of usage reduction, we set out some examples
25 of funding. As we had indicated, it is important in this
26 category that the eligible participants have access to the
27 programs without having to front the money, which they
28 cannot do.

1 And so one model is a proportion of rates. Another
2 is, again, a universal systems benefit charge. And in some
3 cases there have been additional source funding in
4 different jurisdictions.

5 We don't need to belabour this, because we heard about
6 some of this the other day in topic 6, but examples in how
7 the programs are funded: In Vermont there's an energy
8 efficiency charge on electric bills and then the gas
9 programs are more diverse. In Oregon the DSM budgets are
10 in rates and the state mandates the low-income programs for
11 DSM.

12 In New York, there's an electric efficiency program
13 that includes a system benefit charge that provides for
14 low-income customers. And New Jersey has a societal
15 benefits charge created by legislation, which again is
16 aimed at improving energy affordability through energy
17 efficiency measures.

18 On slide 121, Montana too uses a universal system
19 benefit charge for their weatherization program, and it too
20 is mandated by the state, by legislation.

21 And in Minnesota, there's a percentage of state
22 revenues for gas and electric utilities to energy
23 conservation, and again includes low-income.

24 And in Maryland the electric universal service program
25 assists low-income customers with their bills, and most of
26 the funding from industrial and commercial customers, with
27 the remainder from residential, and in that example, at
28 least at that time -- this report was about 2004 -- the

1 residential customers paid 40 cents per month.

2 And Illinois had the same amount, 40 cents per month
3 for a monthly systems charge, residential gas and electric,
4 and then higher amounts on commercial and industrial, but
5 that was a state fund for low-income energy efficiency.

6 Connecticut too has a systems benefit charge for
7 energy efficiency on all electricity in the state, and a
8 portion is directed to low-income energy efficiency.

9 California has a systems benefit charge for both gas
10 and electric low-income programs.

11 In terms of going forward, I think I will actually
12 leave these comments, given that you indicated earlier that
13 there would be some comments about that and perhaps some
14 questions at the consultation about next steps, but as we
15 have been advocating, we are advocating both conservation
16 programs that are permanent, sustainable, and deep
17 reductions for conservation, and also rate affordability.
18 And we have advocated a generic hearing, but we have said
19 several times that we think there needs to be an
20 intermediate step before a generic hearing where a number
21 of the issues that have been tabled this week and the
22 solutions to those issues would be able to be explored much
23 more stringently, before we're at the point of actually,
24 you know, testing evidence in a hearing context.

25 MS. HARE: Questions? Comments? Colin.

26 MR. McLORG: Thank you, Marika.

27 Thanks very much, Ms. McClenaghan. And my comment,
28 really, just goes to one of the statements on your slide

1 114, and it had to do with the theme on reciprocity.

2 The statement that attracted my interest was:

3 "Legislature support involves no reciprocity.

4 The public provides all the support, but the
5 utilities keep all the benefits from reduced
6 costs."

7 I very much appreciate that the world of ratemaking
8 must be quite opaque to those that aren't embroiled in it
9 as a profession, but I do think that that could be
10 misleading to people generally, because it would imply that
11 somehow utilities are rewarded when customers are able to
12 pay their bills.

13 And the only point I wanted to make was that all those
14 kind of operating costs in a cost-of-service type of
15 regulatory framework, and even in an incentive ratemaking
16 framework, upon rebasing, really are very closely
17 scrutinized by the Board and passed along to customers on a
18 strict pass-through basis.

19 There's no enrichment of utilities as a result of
20 customers actually paying their bills properly. And to the
21 extent that any existing income support of any kind enables
22 customers right now to pay their bills, the same comment
23 would apply.

24 So I just wanted to provide a kind of a counterpoint
25 to that statement that appeared there.

26 MS. McCLENAGHAN: Mm-hmm. Well, I don't have anything
27 further to say on that right now. I would defer in part to
28 the submissions we included in the presentations the other

1 day on cost causality that may be relevant.

2 But in terms of the opaqueness of the ratemaking
3 process, I do want to, as people know, reiterate that we
4 are being very ably supported by some very expert, you
5 know, rate experts, including Ontario and American, for
6 this proceeding in particular, and so we'll find out if
7 there's any clarification of that point that we should be
8 making. But, yeah.

9 MR. McLORG: Thank you.

10 MR. DIAMOND: Etan Diamond, from OMSSA.

11 This has been very fascinating. I wasn't here the
12 past few days, and I'm generally new to the whole low-
13 income energy portfolio, so I've --

14 MS. HARE: Is your mic on?

15 MR. DIAMOND: What? Is it on? Hello? I'll speak
16 louder.

17 MS. CAZALET: Just tilt upwards towards your mouth.

18 MR. DIAMOND: How's that? Okay.

19 I'm not going to comment on the whole issue of who is
20 going to -- like, who should pay. There's obviously a
21 difference of opinion in the room as to where the onus
22 should be, but I wanted to clarify, from the municipal
23 perspective, it's important to make the distinction about
24 funding that municipalities, as service managers for social
25 services, are basically -- they are the managers of the
26 services, but they are not the primary funders.

27 The Province funds most social services at an 80/20
28 percent relationship; that is, that municipalities put in

1 their 20 percent. There are several other programs that
2 the Province puts in at 100 percent. So there are the
3 energy programs the Province funds at 100 percent.

4 So the municipalities, as the deliverer of social
5 services, they -- whatever, their 20 percent that they put
6 in comes out of the property-tax base, which, as you know,
7 is stretched already beyond just social infrastructure to
8 all the other issues that municipalities provide.

9 So to look to municipalities necessarily as one of the
10 parties that should pony up, they're pretty much maxed out
11 on this issue. Many of them will go above and beyond and
12 put in for particular energy -

13 [Off-mic.]

14 Hello? So that's one important point to keep in mind.

15 Now, having said that, municipalities do have -- they
16 have a responsibility -- and there was mention about a
17 program that has been under-utilized, that there are energy
18 programs that are out there that can't find the people, and
19 we are taking a more active role in putting this
20 information out to OW clients and ODSP clients who -- but,
21 you know, there are programs that can help you, and we're
22 trying to make that information available to caseworkers so
23 that they can go out and find families who need it.

24 The other point to make is that, you know, I very much
25 appreciate the comments of the utility companies about, you
26 know, they have a responsibility to shareholders and
27 shouldn't necessarily bear the cost of rate assistance.
28 That's not their job. Their job is to provide energy.

1 But there are -- and they've mentioned several things
2 that companies can do that aren't necessarily money-
3 intensive, but in terms of customer relationships, in terms
4 of being quick to cut off customers when they're in
5 arrears, working more cooperatively with municipalities who
6 are working with the clients to, you know, to help them
7 figure out the solution, because as was mentioned, if
8 they're -- you know, even if they sort of get by and get
9 help, they stay on being provided, they're going to be
10 continuing to pay. The money's going to continue to flow
11 in. And that's much better than them having to be cut off,
12 and there's costs involved in that situation.

13 So there are -- from that customer relationship
14 perspective -- there are opportunities for the utility
15 providers to be a partner.

16 And finally, there were some comments about, you know,
17 we need a task force to look into this issue. There are --
18 and then the comment about, from the -- from the
19 consultant's report that, you know, energy is part of the
20 larger issue of income security, homelessness, and so
21 forth.

22 You know, we talk about poverty reduction, that this
23 is all part of that. And it's important to know -- I mean,
24 there actually is a task force out there. The Minister --
25 the Premier set up the Cabinet Committee on Poverty
26 Reduction, and Minister Matthews out of the Community and
27 Youth Services holds consultations, has been holding
28 consultations.

1 And pretty much, if you have an opinion on this, if
2 you, you know, want to participate and have your voice
3 heard and say: Hey, either we, you know, we provide energy
4 -- we're concerned about this issue. We don't necessarily
5 want to bear the full responsibility, but we see it's part
6 of the larger issue of poverty reduction. You're more than
7 welcome to join in that conversation and say: You know,
8 we'd like to be a collaborator. We'd like to cooperate
9 with this issue.

10 So that task force does exist. It's not necessarily
11 called a task force on low-income energy, but it's an issue
12 on poverty reduction. This is part of that. And, you
13 know, I urge everybody to participate in that.

14 Thank you.

15 MS. HARE: Thank you.

16 Comments? Questions?

17 MS. GIRVAN: I just had a question for LIEN.

18 When you propose -- when you say that you do think
19 that a rate-relief program is appropriate, are you
20 including the commodity cost in that, so it's a full --
21 we've had some discussion about that, about, you know,
22 there's the distribution side and there's the commodity
23 side, and distribution represents 25 percent of the bill.

24 And I just wondered, in terms of your proposals or
25 potential interest in some sort of rate assistance, are you
26 including the commodity cost in that?

27 MS. McCLENAGHAN: Yeah, I think all the jurisdictions
28 we looked at and described over the last few days -- for

1 instance, if it was a discount program, it's a discount on
2 the whole bill. The whole bill is what the customer cares
3 about.

4 So the answer is that energy poverty, if we're
5 defining it at, say, 6 percent of income, it's on 6 percent
6 of the whole bill, not just on 6 percent of part of it.

7 MS. GIRVAN: Okay. Thank you.

8 MR. McLORG: Marika, I'm sorry to intrude again.
9 Colin McLorg from Toronto Hydro.

10 I wonder, if there is a gap between questions right
11 now, whether I might correct some of the things that I put
12 on the record yesterday, for the benefit of the record in
13 just two quick areas.

14 The first is that I'm sure I left everyone here with
15 the impression that Toronto Hydro intended to participate
16 in the OPA's low-income single-family program, and I guess
17 it's a rapidly changing area, because just in the interval
18 between the preparation of our presentation and Friday,
19 which is when RFP responses was due, I've been informed
20 that Toronto made a decision not to participate in that,
21 but rather to focus on other low-income opportunities.

22 And so I thank Ms. Gagnon from OPA for raising that to
23 my attention, and I did confirm that with my staff. So
24 just to correct the record on that part.

25 And then just with respect to an issue that may still
26 be a point of confusion -- and I quite think that I am the
27 source of that confusion. There was an issue around what
28 happens to the money that utilities take in, or at least

1 that Toronto Hydro takes in, by way of security deposit,
2 and who gets the interest on that money and so on.

3 And I was able to confirm with our customer care staff
4 that that interest goes back to the customer. It's not
5 generally credited to the revenue requirement, but in fact
6 it's tracked on a customer-by-customer basis, and the
7 interest is calculated at the OEB-prescribed rate.

8 And it's -- we're not doing as well as Hydro One,
9 because I think that Hydro One indicated that they were
10 refunding or crediting to the bill the interest accrued on
11 a quarterly basis, but Toronto at present is only doing
12 that on an annual basis, which is effectively at the expiry
13 of the security deposit in most instances.

14 So anyway, I do appreciate your indulgence, just to
15 allow me to correct those two points.

16 MS. HARE: Thank you. That's helpful.

17 Any other questions, comments, or corrections to be
18 made? Christine?

19 MS. DADE: Christine Dade, representing AMPCO.

20 I wanted to just also comment too that I think that
21 the goodwill amongst the participation has been excellent.
22 We'd just like to say too, though, as we have customers and
23 we talk about customer classes, that there are assumption
24 made that maybe, you know, big customers or other people
25 are in the money. But all of these customers, including
26 residential, are good corporate citizens. And the goodwill
27 and universal service that Ms. McClenaghan was talking
28 about, I mean, I think most people feel that part of that

1 is also part of their tax base.

2 And I want to reiterate again what I said at the
3 beginning, is that we want to see the most efficient use of
4 public money, ratepayer money, taxpayer money, and the best
5 way that it's to be spent. We don't want to see waste.
6 Nobody wants to see that. I think that where everybody's
7 concerned about poverty, and we all are, that we want to
8 see that our dollar, no matter what, is spent well and
9 spent reasonably. I just wanted to make that comment.
10 Thank you.

11 MS. HARE: Well, I have one housekeeping matter. As
12 you know, this conference has been webcast, and a copy of
13 that webcast will be on the Board's website. So in
14 addition to looking at transcripts, if you choose, you can
15 listen to it, and it will be on for, I'm told, some time.

16 So I think we're wrapping up. And in doing so -- I'm
17 sorry.

18 MS. LOPINSKI: I wanted to ask. How soon will be
19 transcripts be available?

20 MS. HARE: The transcripts are available on a daily
21 basis.

22 MS. LOPINSKI: Oh, are they?

23 MS. HARE: Well, you've been here, so you might be
24 already getting them.

25 So I'd like to echo the Chair's comments that this has
26 been a very useful process in terms of understanding the
27 various perspectives and complexities involved in these
28 issues. And I think we've had an excellent exchange which

1 was undertaken in a very professional and collegial manner.
2 And it was clear that all participants have given these
3 issues a lot of thought and came very well prepared, so I'd
4 like to thank all participants for their contributions.

5 Now, that leads to next steps.

6 In the Board's letter of September 5, there was
7 indication that written comments would be accepted by
8 October 7, and that would be an opportunity to summarize
9 your perspectives, having listened to the views of others.

10 But during the course of the last four days, there
11 were some requests for additional information, and some of
12 that information may probably take a week or so to get
13 ready.

14 And so it occurs to us that the date that was proposed
15 for those written submissions or written comments of
16 October 7th may actually be not adequate time to prepare
17 your comments. So I'd like to suggest October 21st as the
18 due date, but I invite your comments on that proposed date.

19 Does that seem reasonable to all interested
20 participants?

21 MS. GIRVAN: Marika, I would say that sounds
22 reasonable. I was going to say October 7th is tight, given
23 the volume of information we've all been --

24 MS. HARE: Well, I think what we all appreciate is
25 that there is more information than we had thought there
26 would be.

27 MS. GIRVAN: Yes.

28 MS. HARE: And particularly with some of the requests

1 for the United Way Winter Warmth numbers, for example, the
2 request of Mr. Kaiser this morning. That will take a
3 little time to get together.

4 MS. GIRVAN: Marika, I was going to ask, and sometimes
5 this does help, and it probably helps the Board, in terms
6 of structure of comments. Because I think that if we all
7 left today and went back to our offices and tried to put
8 something together, the Board may well get submissions with
9 issues dealt with sort of all over the place.

10 And certainly it would help us, I think, if the Board
11 gave us some indication of how the comments should be
12 structured. I mean, by issue or by going back to the
13 initial Issues List or by presentation area, some kind of
14 format. Just at the end of day, I think it's helpful if
15 you give us some guidance.

16 MS. HARE: Generally, I think if you follow topics,
17 how we've set them out, I think that would be helpful. But
18 I think we've seen that there is some overlap in the way
19 that that's structured.

20 I don't think the Board would like to constrain any of
21 the parties in any way in terms of how you want to
22 structure your comments. So, Julie, I'd suggest if you
23 follow by topic area, that would be fine. If people want
24 to stray from that and also talk about general themes --
25 because we have heard some general themes over the last few
26 days that are organized in a different way. For example,
27 there was a general theme about education and the need to
28 provide information in a better way.

1 So I'm not being helpful, but I think it might be
2 better just to leave it open. Maybe Ian has a helpful
3 suggestion.

4 MR. MONDROW: No, actually, Marika, I was going to
5 endorse your suggestion that while parties may wish to
6 frame their submissions around the topics, a lot of this
7 discussion is about paradigms, and it seems to me that
8 parties should be at liberty to describe their paradigms
9 and obviously try to make them relevant to the Board's
10 mandate as they perceive it. I think that's quite
11 important in this proceeding in particular, so I'd endorse
12 that. I think some flexibility should be allowed.

13 MS. HARE: Yes.

14 DR. SILK: Dana Silk from EnviroCentre.

15 Marika, would the Board be interested in receiving a
16 submission from, say, a number of stakeholders, perhaps
17 some of the major stakeholders present, that would identify
18 sort of common areas that everybody agrees on, and then
19 maybe highlighting some of the areas that need more
20 attention?

21 MS. HARE: That's always very helpful, if parties do
22 want to get together and indicate that there's, you know, a
23 joint position on these areas. But I leave that to the
24 participants.

25 DR. SILK: Okay. Thanks.

26 MS. HARE: Following receipt of those written
27 comments, the Board will review all of the materials,
28 including the transcripts and the comments, and consider

1 these issues very carefully, and a report will be produced
2 and posted for further comment.

3 I can't promise at this point when that report will be
4 produced, as obviously it will take some time after the
5 receipt of the written comments, but there will be a report
6 posted for, again, further stakeholder input.

7 With that I'd like to call on Mr. Kaiser for final
8 words.

9 MR. KAISER: Thank you, Marika. On behalf of the
10 Board Members assigned to this project, I would like to
11 thank all of you for attending over this past week. This
12 has been a somewhat unusual process from the Board's
13 perspective. As you know, this actually began in a rate
14 case with a slight detour through the courts and has come
15 back to this process. I'm sure we would all agree that we
16 would have never had this kind of detailed information in a
17 rate case. Our decisions are only as good as the
18 information on which they are based.

19 So I thank all of you for the detailed submissions.
20 They were, as Marika has said, thoughtful, respectful and
21 well researched.

22 We had 23 different groups presenting here. We had
23 six utilities, four from this province, two from
24 Pennsylvania. We had all the major consumer groups,
25 representing both residential and industrial customers, the
26 major conservation groups and the major anti-poverty
27 groups.

28 So a first-class representation. As indicated, all

1 presentations are on the website and the complete webcast
2 will be archived there.

3 This is a problem that's not going to go away. If
4 anything, it's going to get worse. These energy prices
5 will go up, and there's a good likelihood the economy will
6 go down. We've seen evidence, as Andy pointed out, that in
7 one year Hydro One saw a 20 percent increase in the number
8 of cases where people failed to pay.

9 When people don't pay, there are costs. And those
10 costs are borne by all customers. There are write-offs.
11 It's not just the distribution costs; commodity costs are
12 written off as well.

13 We have to remember these are complex problems. As
14 the people from Pennsylvania pointed out, there are costs
15 sometimes associated with rate assistance, but there may
16 well be benefits. So we have to look at this in a balanced
17 manner.

18 At the same time, we are not just concerned with new
19 programs. We also need to have a better understanding of
20 our existing ones. What is the overlap, how much money is
21 being given away in Winter Warmth programs, who is
22 benefiting, and is there an unmet demand. Marika is going
23 to undertake further inquiries. We will end up here with
24 an excellent record, which will allow us to go forward and
25 deal with this matter in a more comprehensive manner.

26 When I say a more comprehensive manner, remember we
27 have also seen that new technology, like Smart Meters, may
28 have unintended consequences and discriminate against

1 certain income groups. We have to pay attention to that
2 now, because we will ultimately face the problem. The
3 problem, as I said, won't go away.

4 So I thank you all again. We have had a great canvass
5 of the issues, and look forward to your written
6 submissions.

7 Thank you.

8 --- Whereupon the hearing adjourned at 2:13 p.m.

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