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**Ontario Municipal Social Services Association**  
**Submission to Ontario Energy Board Consultation on Energy Issues**  
**Relating to Low Income Consumers**  
**Board File No. EB-2008-0150**  
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The Ontario Municipal Social Services Association (OMSSA) is a non-profit organization representing Ontario's 47 Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs) that are responsible for planning, managing, and delivering human services across the province. Our members are responsible for a broad range of human services, including social housing, homelessness prevention, social assistance, and child care and children's services.

As the deliverers of human services in Ontario, OMSSA's members have a fundamental interest in promoting and advocating for supports and benefits for low-income people to ensure that they, like all Ontarians, can contribute in a meaningful way to our economy and society. Working on the front-lines of human service delivery in this province, we have a unique perspective on the economic circumstances currently facing low-income citizens and the impacts that increased in basic living expenses can have on their ability to escape poverty.

We are pleased, therefore, to offer the Ontario Energy Board our first-hand understanding of the role of energy costs in the lives of low-income consumers.

## **Background**

Consolidated Municipal Service Managers and District Social Services Administration Boards plan, manage, and deliver human services at the municipal level across Ontario. Among the services they oversee are the distribution of three funds pertaining to energy costs.

- **Emergency Energy Fund.** A provincially funded program worth \$3.7 million annually. Intended as direct support to low-income households to offset energy costs.

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- **Rent Bank Fund.** A provincially funded program worth \$5 million annually. Intended as direct support to low-income households to assist with rental costs.
  - **Provincial Homelessness Fund.** A provincially funded program worth \$20-30 million annually. Intended as programmatic money for municipalities and districts based on local community plans.

Each of these funds is 100 percent provincially funded and 100 percent municipally managed.

We have some concerns related to these funds. First, the funding levels were established when costs were considerably lower than presently. There has been minimal adjustment for inflation or increased demand from eligible families. In addition, allocation does not reflect need or usage by municipality.

## Challenges

In their efforts to help low-income individuals and families cope with energy costs, municipalities face four challenges:

- **Rising demand because of rising costs.** Individuals and families are facing rising energy costs and are having increasing trouble fitting those costs into their monthly budgets. As a result, when they turn to the municipalities for assistance, they are asking for higher and higher amounts of money.
- **Rising demand because of rising awareness.** As more people find out about the availability of emergency energy funding, they are coming forth. This is not necessarily a bad thing, in so far as municipalities can assist more people who need assistance. Nonetheless, increased awareness has led to increased demand.
- **A more competitive energy environment.** Energy companies have become increasingly quick to cut utility services when a customer misses a payment. As well, energy resellers often embark on high-pressure sales pitches to customers to purchase locked-in energy contracts, even when those customers have little education and understanding about what they are agreeing too. The result are many low-income households

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being locked into energy contracts at rates well above the non-contract market rate—thus adding to their sense of energy poverty.

- **A more competitive housing environment.** Vacancy rates in many Ontario communities are very low. In such a seller's market, tenants have little leverage when they confront financial difficulties that impede their ability to pay rent. Landlords have become quicker and quicker to issue eviction notices—even if a tenant is a single day late in paying rent.

## Positive initiatives

These challenges notwithstanding, CMSMs and DSSABs are also aware of positive efforts in regards to low-income energy programs. For example, local energy companies across the province have developed their own programs to help to fight energy poverty. Retrofit programs, weatherization programs, and other similar efforts to increase home energy efficiency are good tools for this task.

Municipalities themselves, as managers of locally owned social housing, know first-hand the impact that energy-efficient changes can have on tenant and landlord budgets.

But there needs to be more. There needs to be a more comprehensive and concerted effort from all parties, including the province, the Ontario Energy Board, energy companies, and local municipal stakeholders to respond to the demand and supply pressures in the area of energy costs.

## Issues raised at the Consultation

As the voice for municipal social services, OMSSA can speak to several issues that were raised at the Consultation.

- I. **Energy poverty must be addressed within the broader context of poverty reduction.** Poverty reduction is a responsibility of all parts of society, not just government. It is logical that all parties involved in energy delivery take responsibility for assisting low-income customers.

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Helping low-income customers need not solely involve direct financial assistance. There are other, non-financial mechanisms available to energy companies to join in the first to reduce poverty. For example, energy companies could engage in a higher degree of customer relations, whereby they are less quick to disconnect delinquent customers. Doing so can go a long way to keeping low-income customers from losing more ground in their efforts to succeed. Most customers want to pay their bills and want to continue to be “regular and reliable” consumers. When they do face financial constraints, energy companies should be willing and able to work with these customers to help them maintain service—rather than cut them off and push them further to the margins. By placing themselves as the most demanding and least flexible vendors to low-income families, landlords and energy companies have looked after their own interests but not necessarily the public interest. Facing this inflexibility, low-income families must concentrate their money on energy costs and away from proper diets, clothing, recreation and other healthy activities.

2. **We cannot overemphasize the negative impact that locked-in energy contracts have on low-income customers.** Many comments arose at the Consultation regarding the need for consumers to educate themselves as to the costs and benefits of locked-in contracts. While this is generally true, it is faulty to assume that all low-income customers have the education and knowledge to understand the intricacies of locked-in energy contracts.

The citizens served by OMSSA’s members often have little or not education and many have mental health issues. English is not always these people’s first language. To expect them to understand the complicated implications of locking in their energy rates at rates higher than the current market prices—to put the onus on them to “be more educated about the issues” as one Consultation participant declared—is patronizing and elitist.

3. **Sources of program funding.** As discussed above, municipalities have a limited pot of money to use for low-

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income energy programs, all of which come from the province. There is little flexibility to find other local sources of public funding for such programs, because the main source of local funding—property taxes—is already stretched to capacity. Therefore, any government funding must come from provincial sources. The easiest response, therefore, would be for the province to increase the existing funding for the Emergency Energy Fund.

- 4. Uses of funding.** One of the strange ironies of emergency energy funding is that, while helpful to households in the short term, it does nothing to solve the problem of energy poverty. Using emergency funding to pay bills for households that are in arrears does nothing to solve the problem of those households being in arrears in the first place.

OMSSA sees two solutions to this issue. First, we must all understand the extent to which energy poverty is not an isolated issue but is intricately tied to larger poverty concerns. A systemic approach to poverty reduction will necessarily address energy poverty as well, since it is a key part of affordable housing.

Second, by focusing on energy efficiency—including new and old homes, owner- and tenant-occupied homes—we can achieve a longer-term solution. Landlords who upgrade their properties to include the most energy efficient measures will ensure the long-term sustainability of their property. Current residents will benefit from the reduced energy costs, but so will future residents. Municipalities, as landlords for local social housing properties must do their part in upgrading the energy efficiency of their properties as well.

- 5. Smart metering can hurt low-income residents.** Electric meters tied to time-of-usage rate charges hurt residents who spend much of their days at home. Seniors, disabled individuals, or parents at home with children will by necessity use electricity during the day when rates are at their peak. It would be foolhardy—and even dangerous—to

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expect these people to reduce electricity (particularly in electrically heated residences) when they are at home. In theory, smart meters are one tool for promoting energy conservation but universally mandating them will hurt Ontario's most vulnerable citizens.

## **Conclusion**

Canadians pride themselves on being a caring, community-minded people who live in a country with a high standard of living. They are shocked when they hear how many children go to school hungry, how many people are stuck in the cycle of poverty, how many people struggle to make ends meet. The presence of poverty is a reflection of the community as a whole. It is a reflection of how we think about our fellow citizens and our responsibilities to them.

Particularly in a time of economic uncertainty in Ontario, Canada, and across the globe, OMSSA believes that reducing poverty in Ontario must become a priority, as nearly a third of our low-wage workers do not earn sufficient income to make ends meet. The reason is not that people are not working hard enough—or long enough—but that they do not make enough to cover even the basic costs of living and working in our province—with energy costs becoming a larger and larger part of those costs.

Poverty reduction does more than simply raise the income levels of our communities' lowest-earning Canadians. Reducing poverty strengthens individuals and families, helps our schools and businesses, and gives more people the opportunity to make meaningful contributions to our society.

OMSSA hopes that all the participants in Ontario Energy Board's consultation on low-income customers will work together to bring those opportunities to our most vulnerable neighbours, thus improving the quality of life for all Canadians.

For more information on OMSSA or on municipal efforts to reduce poverty, please contact Etan Diamond, OMSSA's Manager of Policy and Research, at [ediamond@omssa.com](mailto:ediamond@omssa.com) or at 905-629-3155, ext. 245.