



# Low-Income Energy Network

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June 12, 2006

Mr. Peter H. O'Dell  
Assistant Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge St., 27<sup>th</sup> floor  
Toronto, Ontario M4P 1E4

Dear Mr. O'Dell,

Re: Review of LDC CDM 2005 Annual Reports – Board file number RP-2004-0203

I am writing on behalf of the Low-Income Energy Network (LIEN) which was formed in 2004 to raise awareness of the impact of rising energy prices on low-income consumers and to work with policy-makers and the utility sectors on solutions to energy poverty.

LIEN has been intervening and participating in Ontario Energy Board (OEB) hearings and proceedings regarding the electricity and gas sectors on behalf of low-income consumers. To ensure equitable access to affordable energy, we are advocating for aggressive Conservation and Demand Management (CDM), Demand-side Management (DSM) and fuel switching programs available province-wide to reduce energy consumption and costs for low-income consumers, as well as for rate policies and rate schedules to lower the energy bills of low-income consumers. In support of our advocacy at the OEB, LIEN developed a model for a Low-Income Energy Efficiency Program for homeowners and tenants who pay for electricity directly that could be piloted by local distribution companies (LDCs), starting in 2005. In addition, a proposal for a ratepayer funded home energy affordability program for low-income households was developed for LIEN and submitted to the OEB recently in a gas distribution rate hearing.

Currently, targeted low-income and/or social housing CDM programs have been encouraged by the OEB, but are not mandatory. Just over 30 LDCs have included targeted low-income and/or social housing programs in their CDM plans, with total spending of approximately \$9 million. This amount comprises about 5% of the total OEB-approved spending of \$163 million by LDCs to invest in CDM activities.

In contrast, utilities in U.S. jurisdictions spend roughly 10% to 15% of their DSM budgets on low-income programs<sup>1</sup>. These DSM programs targeted to low-income consumers have proven to be cost-effective measures and important in controlling utility costs (i.e. reduced arrears, reduced working capital, reduced credit and collection expenses).

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<sup>1</sup> Generic DSM hearing for gas utilities (EB-2006-0021) Exhibit L at Tab 10.

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With respect to the OEB's public review and audit of the first year reports (2005) by the LDCs, LIEN offers the following comments:

- The OEB should ensure, in its selective audits of CDM plan reports, that it includes a good representation of LDCs that are implementing low-income and/or social housing programs.
- According to the filed reports, only \$625,893 has been spent of the total proposed low-income and/or social housing program spending of about \$9 million – that's only 7% in the first year. Although LIEN recognizes that there is going to be some delay in implementing new programs (the reasons for which are outlined in some of the "Lessons Learned" sections of the reports), we are concerned that – at this rate – funding and programs that could assist the most vulnerable consumers in reducing their electricity consumption and costs may not be rolled out in a timely manner and that more priority needs to be given to the delivery of these targeted programs. For example, over a third of the LDCs have spent nothing or under-spent their projected low-income and/or social housing CDM program budgets for year-one.
- In assessing the effectiveness of targeted low-income and/or social housing programs and identifying best practises, LIEN is concerned that there may not be enough transparency or detail in the annual reports. For example, Enersource Hydro Mississauga has combined its Social Housing Initiative with some of its mass market programs and it is difficult to determine if the spending will be captured in the Social Housing Initiative results. It would be useful to have reported spending broken out further so it is transparent to the reader as to the intention and effectiveness of the measures, and as to how much is being allocated to categories such as administration, measures, consultants' reports and services, etc.
- The "Lessons Learned" sections of annual reports could be an extremely useful resource for improving the delivery and effectiveness of low-income and/or social housing CDM programs, especially if these sections were to include recommendations going forward. For example, Hydro One Networks Inc. notes in the "Lessons Learned" section of its annual report that there was considerable time spent (nine months) in negotiating contracts with its federal delivery partners for the Low-Income Home Energy Efficiency Grant program – but does not offer insight on why it took this long or how – in future – these type of negotiations could be streamlined.

The OEB may want to consider convening a working group of interested stakeholders, such as LIEN, the Social Housing Services Corporation and the Conservation Bureau, to work together with LDCs on how best to share program information and outcomes in the annual reports.

- Some LDCs have commented in their reports that the Total Resource Cost (TRC) tool/model may need modification or adjustment to take into account education and foundation-type programs. LIEN is also concerned that the TRC model may not only be an ineffective tool/model to measure low-income and/or social housing CDM programs generally, but may actually act as a deterrent to

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the creation and/or delivery of effective and accountable low-income programs specifically. The TRC tool/model rewards programs with the fewest and least complicated barriers to delivery as well as programs where effective monitoring and evaluation is not a requirement.

As the delivery of low-income programs often requires that they overcome a significant number of additional barriers that do not exist for other market participants (upper and middle income), it is perhaps understandable why so many LDCs, assessing proposed programs using the TRC measuring stick, have yet to effectively design or deliver low-income programs to their customer base.

Thank for the opportunity to submit these comments for your consideration. If you have any questions, please do not hesitate to contact me.

Sincerely,  
Low-Income Energy Network  
Per:



Mary Todorow  
Research/Policy Analyst  
Advocacy Centre for Tenants Ontario