



So your landlord wants to sub-meter electricity service in your apartment building...

Here's what tenants should know

1. What is sub-metering?

Electricity use in most high-rise apartment buildings is master or bulk metered, with the landlord paying the electricity bill for the whole building (common areas and the individual rental units) and tenants paying monthly rent that includes electricity service.

Sub-meters are installed "behind" the bulk meter and measure the electricity used in each rental unit in order to individually bill tenants for their in-suite electricity use.

Electricity sub-meters can also be smart meters. Smart meters record how much, and at what time of day, energy is used. This allows for different electricity prices to be charged for different times of the day (known as time-of-use rates). Electricity prices will be highest during peak hours when energy consumption is the highest, e.g. on summer weekdays, from 11:00 a.m. to 5:00 p.m.ⁱ

2. My landlord wants to install sub-meters in the building where I live. Is that allowed?

Yes, the landlord can install sub-meters, but **you do not have to agree** to take on the cost of electricity service to your apartment. If utilities are now included in your rent, **this cannot be changed without your agreement.**ⁱⁱ

If you agree to pay for your in-suite electricity use when the building is sub-metered, the landlord must reduce your rent. You will then pay the reduced rent to your landlord and the electricity bill separately.

Part VIII of the *Residential Tenancies Act, 2006* (RTA) would allow landlords to install smart meters **without the agreement** of sitting tenants, provided

certain requirements are met, **but this part of the Act has not been proclaimed in effect.**

3. How is the rent reduction calculated if I agree to pay a bill separately for my electricity?

Calculating a fair rent reduction is complex, and there is little direction or detail in the RTA regulation about how it should be done.

Ask your landlord for the details about how rent reductions will be calculated. For example, will the rent reduction:

- account for differences between units based on location in the building?
- compensate for the sub-metering administrative fee?

You should also consider how the reduced rent plus the electricity sub-metering bill will affect your overall monthly housing costs, and ask if there a way to further reduce rent to account for the rising cost of electricity.

More study is needed about how a rent reduction should be calculated to fairly compensate tenants who directly take on the cost of their in-suite electricity use.

4. You may pay more if you agree to electricity sub-metering.

Beware: You may pay more in overall housing costs after sub-metering than you were paying before.

In one 110-unit building, the sub-metering company's own data showed that 41% of tenants were paying more, 12% of tenants were breaking even, and 47% of tenants were paying less.

We don't know why those 41% are paying more. For example, is it because they:

- have a corner unit (corner units are generally colder than units in the interior)?
- have a north-facing unit (north-facing units are generally colder than south-facing units)?
- have an air-conditioner/many electrical appliances?
- are home often (e.g. retired, families with children)?

Sub-metering companies generally charge an administrative fee to tenants - this is in addition to the charge for the electricity used in your apartment. The administrative fee can vary (e.g. tenants have reported fees ranging from \$11.00 to \$13.75 fee per month) and may be subject to annual increases. Sub-metering companies have also been known to require a security deposit from tenants.

5. Once electricity sub-metering is installed, landlords may not want to improve the energy efficiency of the building.

If tenants pay directly for their electricity use, there will be little financial incentive for landlords undertake energy efficiency measures and retrofits that would assist tenants in reducing their energy use in individual rental units.

These measures and retrofits could include:

- replacing old refrigerators and other appliances with newer, more energy efficient ones
- draft-proofing units
- replacing heating, ventilation and air-conditioning systems that are not energy efficient
- replacing incandescent lights with compact fluorescent lights (CFLs)
- installing programmable thermostats
- installing energy efficient windows

You, as a tenant, have a role to play – along with all energy consumers - in addressing the energy supply/demand crisis facing the province, but so does your landlord.

5. If your landlord is proposing electricity sub-metering in your building, you should ask:

- Will the landlord undertake a comprehensive energy audit in the building and implement the recommended energy efficiency measures (e.g. replacement of energy inefficient fridges, weatherization to seal air leaks and insulate in order to reduce energy use for heating and cooling)?
- Will the landlord replace, free of charge to tenants, all incandescent lights in their apartments with compact fluorescent lights (CFLs)?
- Will the landlord provide in-depth energy conservation education to tenants?
- Will the landlord install programmable thermostats?
- Will the landlord pay the administrative costs of tenants' electricity sub-metering bills and any additional costs such as security deposits?

For more information, you can read the May 2005 report titled ***Zapping Tenants: a critical analysis of sub-metering in the residential rental sector*** which is available on: Low-Income Energy Network's web site (www.lowincomeenergy.ca) or the Advocacy Centre for Tenants Ontario's web site (www.acto.ca).

See *Residential Tenancies Act 2006* (RTA) and O. Reg. 516/06 excerpts below in footnote ii.

ⁱ For more information about Smart Meters and time-of-use rates, visit::

Smart Meters Ontario web site
<http://www.smartmetersontario.ca/>

Ministry of Energy web site
<http://www.energy.gov.on.ca/index.cfm?fuseaction=electricity.smartmeters>

Ontario Energy Board web site
[http://www.oeb.gov.on.ca/OEB/Industry+Relations/OEB+Key+Initiatives/Smart+Metering+Initiative+\(SMI\)/Smart+Metering+Initiative+\(SMI\)](http://www.oeb.gov.on.ca/OEB/Industry+Relations/OEB+Key+Initiatives/Smart+Metering+Initiative+(SMI)/Smart+Metering+Initiative+(SMI))

Independent Electricity System Operator web site
<http://www.smi-ieso.ca/index.asp>

ⁱⁱ *Residential Tenancies Act, 2006*, section 125: A landlord shall decrease the rent charged to a tenant for a rental unit as prescribed* **if the landlord and the tenant agree** that the landlord will cease to provide anything referred to in subsection 123 (1) with respect to the tenant's occupancy of the rental unit. 2006, c. 17, s. 125.

*O.Reg. 516/06 – General (made under the *Residential Tenancies Act, 2006*) – governs the rent decrease

Prescribed services, facilities, etc.

16. (1) The following services, facilities, privileges, accommodations or things are prescribed for the purposes of subsection 123 (1) and section 125 of the Act:

1. Cable television.
2. Satellite television.
3. An air conditioner.
4. Extra electricity for an air conditioner.
5. Extra electricity for a washer or dryer in the rental unit.
6. Blockheater plug-ins.
7. Lockers or other storage space.
8. Heat.
9. Electricity.
10. Water or sewage services, excluding capital work.
11. Floor space.
12. Property taxes with respect to a site for a mobile home or a land lease home. O. Reg. 516/06, s. 16 (1).

(2) If there is an agreement under subsection 123 (1) or section 125 of the Act, the maximum increase in rent or minimum decrease in rent shall be the actual cost to the landlord of the service, facility, privilege, accommodation or thing, other than floor space, that is the subject of the agreement or, where the actual cost to the landlord cannot be established or where there is no cost to the landlord, a reasonable amount based on the value of the service, facility, privilege, accommodation or thing. O. Reg. 516/06, s. 16 (2).

(3) If the agreement under subsection 123 (1) or section 125 of the Act is to provide or cease to provide floor space, the maximum increase in rent or minimum decrease in rent shall be proportionate to the change in floor space. O. Reg. 516/06, s. 16 (3).

(4) If an amount determined in accordance with subsection (3) would be unreasonable given the nature and quality of the floor space added or taken away, the maximum increase in rent or minimum decrease in rent shall be a reasonable amount based on the nature and quality of the floor space and the amount of the change in the floor space. O. Reg. 516/06, s. 16 (4).

(5) Despite subsections (2), (3) and (4), where a service, facility, privilege, accommodation or thing was provided in accordance with a previous agreement under section 123 of the Act, section 132 of the Tenant Protection Act, 1997, section 46 of the Rent Control Act, 1992 or subsection 96 (4) of the Residential Rent Regulation Act, the minimum decrease in rent on ceasing to provide the service, facility, privilege, accommodation or thing shall be equal to,

- (a) the most recent amount of the separate charge for the service, facility, privilege, accommodation or thing; or
- (b) where there is no separate charge, the increase in rent which the landlord took when the service, facility, privilege, accommodation or thing was first provided, adjusted by the percentage increase in the rent being charged for the rental unit from the date the service, facility, privilege, accommodation or thing was first provided to the date the landlord ceased to provide it. O. Reg. 516/06, s. 16 (5).