



Suite metering – a new start in 2011

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Who's calling for suite/Smart metering of electricity service in apt. buildings?

Ontario government

- reduce electricity peak demand (peak is now in summer)
- allow tenants to share in benefits of energy savings
- promote "Culture of Conservation" among all energy consumers and establish Smart Grid system

Landlords

- want to transfer in-suite utility costs directly to tenants, argue that tenants and the environment will benefit

Suppliers

- Suite metering providers and Smart Meter manufacturers see business opportunity in multi-residential rental sector

Ontario's energy crisis



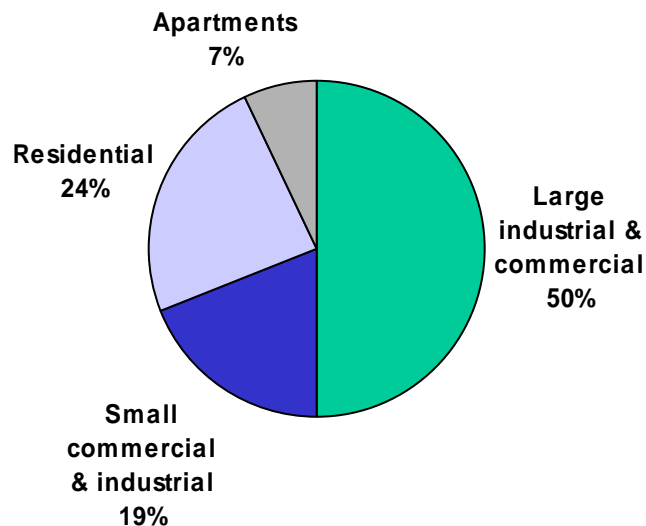
- ◆ Need to refurbish, rebuild, replace or conserve more than 80% of Ontario's current electricity generating capacity
- ◆ Coal-fired plants to close by 2014
- ◆ Ontario's Long-Term Energy Plan (2010-2030) targets conservation savings of 7100 MW and decrease in demand of by 28 TWh (terawatt-hours)

Rising energy prices

- ◆ Real cost-to-customer increases of Ontario's Long-Term Energy Plan – projected at 3.5% per year over 20 years
- ◆ BUT, **7.9% per year increases over next five years** (and Ontario Clean Energy Benefit takes 10% off electricity bills over next 5 years)
- ◆ **Important factor in tenant's consideration of whether to consent or not to suite metering**



What percentage of electricity use in Ontario is from apartments?



- ◆ Our best estimate is that bulk-metered apartments, i.e. those that are candidates for sub-metering, comprise only 7% of Ontario's annual electricity consumption



How many tenants; where do they live?



- ◆ 28.8% of all Ontario households are renters (1,312,295 tenant households)
 - 40% live in apt. buildings with five or more storeys
 - 29% live in apt. buildings with fewer than five storeys



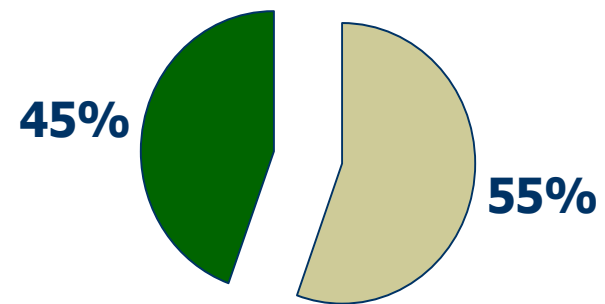
Housing affordability and tenants



- ◆ The median income of Ontario's renter households is less than half of homeowner households (\$33,447 vs. \$74,712) - 2006 Census
- ◆ Ontario renter households represent 28.8% of all Ontario households, but comprise 63.5% of Ontario households in core housing need (2006 Census)

Housing affordability and tenants

- ◆ 45% of Ontario's tenant households pay 30% or more of their household income on shelter costs (including utilities)
- ◆ 20% pay 50% and over of their household income on shelter costs - and are at risk of homelessness
- ◆ **Impact of rising energy costs and suite metering....**





Tenants and electricity use



Currently:

- ◆ most tenants in multi-residential private rental sector pay for utilities in their rent
- ◆ estimated that 85% to 90% of multi-residential buildings are bulk-metered, and most Ontario apartment buildings are not electrically heated
- ◆ most social housing tenants pay for utilities in their rent; only 18% of tenants pay electricity bills directly



Smart Meters; sub-meters; suite meters

Smart meters

- Record how much, and at what time of day, electricity is used (unlike current mechanical/analog meters).

Sub-meters

- Installed behind master or bulk meters; measure electricity consumed in-suite in order to individually bill tenants. Electricity sub-meters can also be smart meters.

Suite meter

- Either a unit smart meter (installed by an LDC) or a unit sub-meter (installed by a sub-meter provider), both of which are installed in a unit of a multi-unit complex and are not connected to a bulk meter.

Tenants and suite metering - split incentive

- ◆ landlords want to minimize costs and make a profit; tenants seek safe, comfortable, affordable home and predictable monthly rent
- ◆ tenants don't have authority to invest/retrofit – or financial resources
- ◆ Suite metering shifts financial incentive on LLs to provide and maintain an energy-efficient building & appliances for tenants – could undermine conservation efforts



Prohibition – discretionary metering

- ◆ Amendment to *Electricity Act, 1998* in Bill 21, *Energy Conservation Responsibility Act, 2006*)
- ◆ Section 58.18 prohibited discretionary metering on or after November 3, 2005 unless authorized
- ◆ Electricity sub-metering activity taking place under both section 125 & 130 of the RTA – illegal
- ◆ Tenants file applications at LTB, complain to OEB

OEB and electricity sub-metering

Enforcement of prohibition on discretionary metering in *Electricity Act, 1998* (section 53.18)

- ◆ OEB issued compliance bulletin on March 24, 2009 halting installation, removal and use of electricity sub-meters

Authorization of discretionary metering

- ◆ ACTO and LIEN participate in OEB written hearing initiated May 5, 2009; Order and decision released August 13, 2009

OEB and electricity sub-metering

Authorization of discretionary metering

- ◆ OEB validates concerns raised by ACTO and LIEN – agree that voluntary, informed tenant consent required
- ◆ Board rules landlord-initiated sub-metering on or after November 3, 2005 is unauthorized/illegal
- ◆ Board sets conditions to transfer electricity service to tenants
- ◆ Energy audits of buildings, how rent reductions calculated, disclosure of all costs associated with electricity usage

OEB and electricity sub-metering

OEB authorization of discretionary metering

- ◆ “Transitional & interim Order” – Board states best mechanism for authorizing sub-metering is provincial legislation
- ◆ Provincial government introduces Bill 235 on December 8, 2009; Royal Assent May 18, 2010; in force January 1, 2011



Bill 235, *Energy Consumer Protection Act, 2009* – Suite metering provisions

- ◆ Sets out the government's framework for the suite metering of electricity service in multi-residential buildings (rental and condo)
- ◆ The intent is to have more consistency between suite meter providers and LDCs
- ◆ Repealed and replaced RTA s. 137 and s. 138 which had never been proclaimed



Bill 235, *Energy Consumer Protection Act, 2009* – Suite metering highlights

- ◆ Landlord must obtain consent of **sitting** tenant in order to transfer electricity costs after suite metering is installed
- ◆ Sitting and prospective tenants given prescribed information
- ◆ Suite metering voluntary in existing buildings, mandatory in new buildings



Bill 235, *Energy Consumer Protection Act, 2009* – Suite metering highlights

- ◆ Rent reductions if tenant agrees to suite metering (exemption for RGI units)
- ◆ Tenants may ask the landlord to adjust the rent reduction (but, no prescribed circumstances in regulation)
- ◆ Landlords required to meet energy efficiency standards for fridges only
- ◆ Landlords can't meter electricity used for in-suite heating



Bill 235, *Energy Consumer Protection Act, 2009* – Suite metering highlights

- ◆ Rules paralleling LDCs on fees, licensing, security deposits and disconnections
- ◆ OEB to approve and fix separate rates for unit sub-metering and unit smart metering – however, only if regulation is issued
- ◆ Government holding back – believes regulation will raise suite metering rates; counting on market forces to regulate suite metering costs



Bill 235, *Energy Consumer Protection Act, 2009* – stakeholder consultation

EBR registry posting - LIEN

MMAH consultation paper - ACTO

- ◆ Suite metering regulations under ECPA and RTA
- ◆ Two stakeholder meetings – private rental and social housing sectors

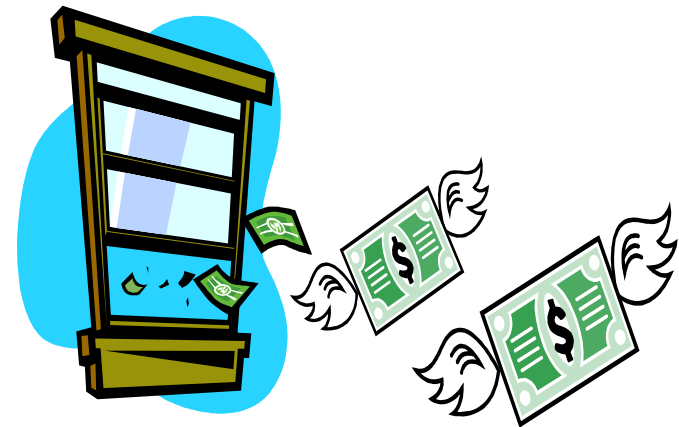
Is Smart Metering the answer, effective conservation?



- ◆ intended to encourage consumers to shift electricity use to off-peak hours
- ◆ BUT, low-income households have least capacity to shift energy use (families with children, seniors, disabled, unemployed)

If tenants pay directly for in-suite energy use, will they will use less?

- ◆ Landlord controls building envelope (windows, insulation), HVAC systems, energy efficiency of appliances provided such as fridges
- ◆ Tenants control discretionary energy use in-suite, lighting, electronics, appliances
- ◆ Both impact on energy use reduction efforts



If tenants pay directly for in-suite energy use, will they will use less?

- ◆ Suite metering energy savings claims vary –10% to 40%, 15% to 25%, average of 25% to 33% - but, no expert, neutral study undertaken to date with detailed analysis of how suite metering savings are being achieved
- ◆ Study should include cost-benefit analysis of suite metering vs. energy efficiency retrofits vs. energy conservation education and examine:
 - the characteristics of the buildings and individual units where suite meters are installed,
 - who is or is not achieving energy savings and why, and
 - the impact on housing and financial security of the residents



OEB RPP TOU pricing consultation – December 2010

- ◆ OEB considered increasing the price differential between peak and off-peak pricing
- ◆ Experts differ on impact of TOU pricing on low-income consumers
- ◆ Board decided in March 2011 not to make changes to TOU pricing structure or price setting methodology
- ◆ Board initiating smart meter data collection project in summer of 2011



Bill 235, *Energy Consumer Protection Act, 2010*


- ◆ Problems with tenant “protections” in section 137 of the RTA
 - Onus on tenants to enforce (through LTB and MMAH’s I&E unit)
 - Rent reduction benefit for sitting tenant can disappear over time with rising electricity costs
 - Rent reductions disappear for new tenant on unit turnover because of vacancy decontrol
 - Need for sustained incentive on landlord to maintain and further improve energy efficiency of property (lost conservation opportunity....fridges!)



***Should I accept my landlord's offer
to assume responsibility
for my own electricity bill?***

Should you do anything your landlord wants you to do?
To whose benefit is the offer being made?

- ◆ Tenants will lose the RTA protections prohibiting electricity cut off.
- ◆ Tenants will lose predictable rent increases with government oversight.
- ◆ Tenants will experience unpredictable service charges.
- ◆ Tenants can always agree later after they have investigated the experiences of their neighbours.



What do I need to be provided with in order to make an informed decision to accept responsibility for my own electricity bill?


- ◆ The tenant must be given information in writing about the amount of the rent reduction and how it's calculated
- ◆ The tenant must be given a statement in writing that they do not have to consent
- ◆ Information must be provided about the suite meter provider - fees, deposits, planned fee increases, circumstances where electricity will be cut off
- ◆ The landlord must provide information about the date of manufacture and energy-efficiency of the refrigerator in the rental unit; fridge replacements must be manufactured on or after December 31, 2002



What if I agree and then later change my mind?



- ◆ Principles of contract law will apply.
- ◆ Was there fraud or duress?
- ◆ Did the landlord meet the statutory obligations for the tenant to agree and can the tenant prove they did not?
- ◆ Contracts of this type will be hard to repudiate.



I want to rent a unit, but the landlord is giving me only one choice - to assume responsibility for the electricity

- ◆ A tenant is free to walk away from a unit if they do not want to assume responsibility for their own electricity bill.
- ◆ A tenant may be able to negotiate that electricity will be included in their rent for an adjusted rent amount.
- ◆ A tenant is free to negotiate how much rent they want to pay for a unit if electricity is not included.
- ◆ A prospective tenant has a right to information about past electricity consumption in the rental unit
- ◆ Issues like the vacancy rate, location of the apartment, quality of the apartment will determine how much negotiating room there will be between the prospective parties to the lease.

Going forward with electricity suite metering?



LIEN has highlighted concerns about suite metering as a flawed energy conservation strategy

ACTO calling for thorough review of whether suite metering is the most effective and fair way to reduce energy use in rental sector

Going forward with electricity suite metering?



Two crucial programs needed for low-income tenants

1. Low-income energy rate affordability program (not just emergency energy assistance)
2. Low-income conservation programs for multi-residential sector (to reduce impact of AGIs)