



## **LOW-INCOME ENERGY NETWORK**

# **Energy Poverty in Ontario: LIEN advocacy update**

***LIEN Annual Conference  
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**Mary Todorow**

**LIEN is a project funded by Legal Aid Ontario  
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## Presentation overview

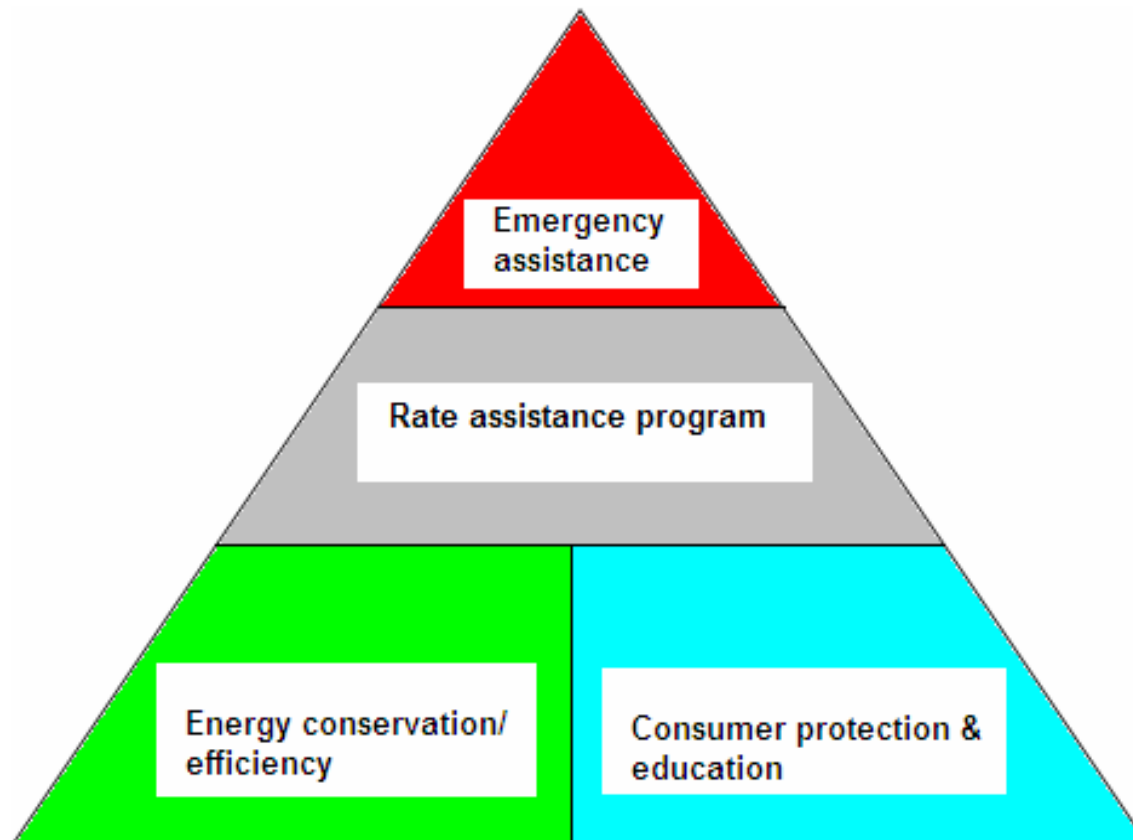
1. Introduction to LIEN
2. LIEN's "pyramid" to address energy poverty
3. Energy costs and low-income consumers
4. Brief re-cap on how we got to LEAP
5. Advocacy update

# About LIEN



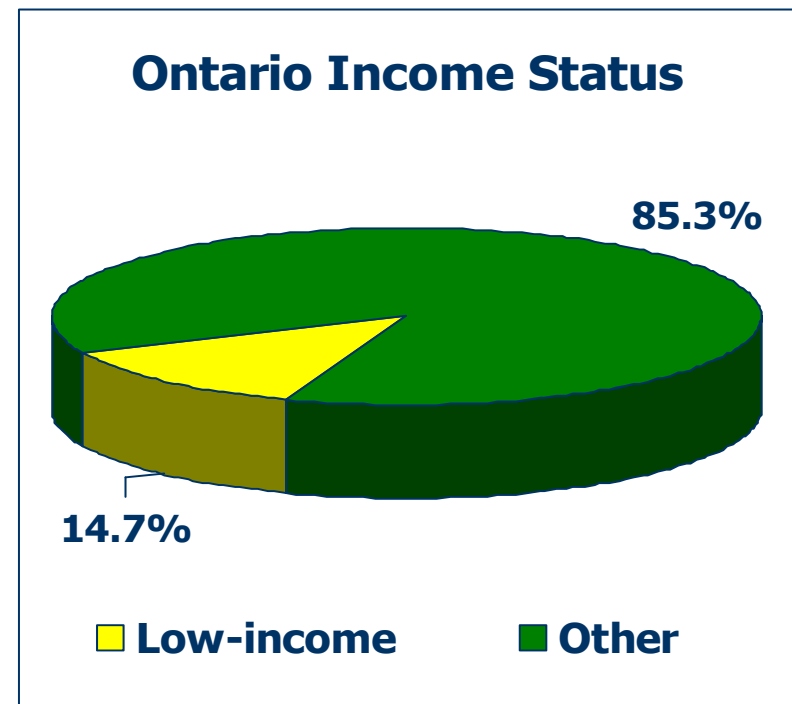
- ❖ LIEN was formed in 2004 and is a network of 90 environmental, anti-poverty and affordable housing advocacy groups
- ❖ We seek to raise awareness of, and propose effective, environmentally sustainable solutions to, energy poverty through:
  - outreach to community groups;
  - outreach to the public, e.g. through the media;
  - participating in OEB hearings and legislative processes on issues relating to low-income consumers.
  - working with policy-makers and local utilities to develop workable solutions.

# LIEN's approach to low-income energy conservation & assistance



# Poverty

- ◆ 14.7% of Ontario's population (1,749,965 persons) are living at or below the "poverty line"
  - Households living at or below before-tax LICOs are "financially straitened" and spend more of their income than average on food, shelter and clothing



Source: Statistics Canada, 2006 Census of Population



## Low-income households - where do they live?

732,910 low-income households in Ontario

- 469,215 are renter households (most live in multi-storey buildings)
- 263,670 are homeowner households (most in single-family or semi-detached homes – over a third are senior-led)



## Low-income households - who are they?

- ◆ Ontario's low-income households are disproportionately:
  - Single mothers
  - New immigrants
  - Racialized communities
  - Disabled
  - Seniors

# Rising energy prices....

- ◆ Real cost-to-customer increases of Ontario's Long-Term Energy Plan – projected at 3.5% per year over 20 years (2010-2030)
- ◆ BUT, **7.9% annual increases over the first five years** from 2010-2015 - for total increase of 46%
- ◆ Natural gas and oil prices have been volatile over the past decade





## ....and energy price mitigation

Ontario Clean Energy Benefit takes 10% off electricity bills over five years from 2011-2015

- \$299.82 million (2010-11)
  - \$1.032 billion (2011-12)
  - \$1.07 billion (estimated 2012-13)
- Ontario Trillium Benefit includes:
    - **Ontario Home Energy** & Property Tax Credit (up to \$214 for H.E.)
    - **Northern Ontario Energy Credit** (\$139 for single/\$214 for family)
    - Ontario Sales Tax Credit



## ....and energy price mitigation

- ◆ Provincial **Emergency Energy Fund**: served 37,757 households (average grant \$468) from 2004/05 to 2011/12 – total of \$18.55M
- ◆ **CSUMB**: accessed by 11,000 OW and 4800 ODSP cases monthly
- ◆ Combined into **Community Homelessness Prevention Initiative (CHPI)** – municipalities set local priorities for spending





# Ontario long-term affordable housing strategy

***Building Foundations: Building Futures*** released  
November 29, 2010

- Strategy proposed to consolidate more than 20 provincial housing and homelessness programs, each operating independently of each other and with their own rules
- allow municipalities to use funding in a more flexible manner, tailored to local needs (development of local housing and homelessness plans)
- Of the approximately \$430 million in annual provincial operating funding, almost half to be consolidated by 2013



# **Community Homelessness Prevention Initiative**

## **First phase of consolidation – five homelessness-related programs + 1/2 CSUMB funds:**

- ◆ Emergency energy fund (\$2.1 million annually)
- ◆ Rent Bank (Ontario Poverty Reduction strategy stabilized funding at \$5 million per year)
- ◆ Consolidated homelessness prevention program
- ◆ Emergency hostels
- ◆ Domiciliary hostels



## CHPI and low-income consumers

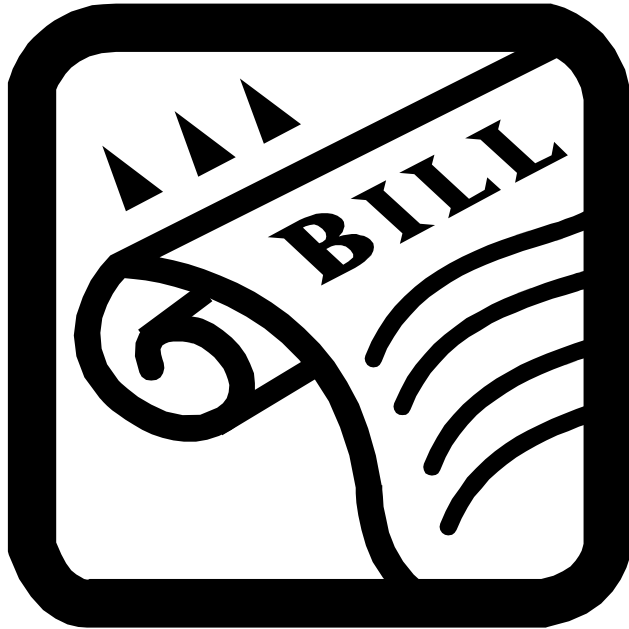


- ◆ Provincial EEF and LEAP EFA worked in tandem
- ◆ When the maximum LEAP EFA grant was not enough to resolve the financial crisis and keep utility service connected, the household could also apply for a provincial EEF grant to sustain their service
- ◆ EEF also used for other fuels - oil, propane and firewood

## CHPI and low-income consumers

- ◆ Less funds available for those on social assistance – consolidated program serves broader base of low-income people (more demands on LEAP initiatives likely)
- ◆ MSMs and DSSABs to develop spending priorities - BUT local housing and homelessness plans not required until January 2014
- ◆ Unclear how municipalities will allocate funds to address their local needs – get involved in the public consultations!

# Energy and the Cost of Housing



- ◆ Rising utility costs have a disproportionate impact on low-income consumers
- ◆ Erodes housing affordability and ability to pay for other daily necessities such as food, clothing, medicine and transportation

# Low-income energy burden



- ◆ Energy burden refers to the amount of household income spent on energy
- ◆ U.K. fuel-poor household defined as spending more than 10% of income
- ◆ LIEN's position is that **6%** is an affordable burden



# Understanding Home Energy Burdens

Home energy burden =  
Home energy bill / Household income

- ◆ Total shelter burdens affordable at 30% of income
- ◆ Utility costs should be no more than 20% of shelter costs
- ◆ Utility costs affordable at 6% of income

$$(30\% \times 20\% = 6\%)$$

## Low-income energy burden

Monthly electricity bill for a Toronto Hydro residential customer (using 800 kWh/month, on TOU) - \$118.54

For a single mother with two children on social assistance, this represented 19% of her maximum shelter allowance of \$641

- For a single person working 35 hours a week at minimum wage (\$10.25) this represented 8% of this worker's total monthly pre-tax income of \$1555
- ◆ The typical low-income family in Ontario has a very thin financial "cushion" to buffer income interruptions or deal with unexpected expenditures.



## A permanent low-income energy rate assistance program

- ◆ LIEN's proposal for an *Ontario Home Energy Affordability Program* has five major components: rate affordability, arrears management, crisis intervention, conservation and demand management, and consumer protections.
- ◆ It advocates that Ontario's low-income consumers should not be paying more than **6%** of their total household income on energy.

# OEB & low-income rate assistance

- ◆ **Ontario Home Energy Affordability Program** – LIEN tried to make it an issue in Union Gas and Enbridge Gas 2007 rates hearings at the OEB
- ◆ **April 26, 2007 OEB decision – no jurisdiction to set affordable rates for low-income consumers**  
-strong dissent decision by OEB Vice-Chair

## Response:

- ◆ LIEN appealed decision to Divisional Court, and on **May 16, 2008, Divisional Court issues decision in favour of LIEN** - declares that OEB has jurisdiction to establish a rate affordability assistance program

# OEB & consultation on low-income energy consumer issues

**July 2, 2008** – OEB announces consultation process to examine energy issues associated with low-income consumers

**Sept. 22-25, 2008** – OEB stakeholder conference

- ◆ Presentations on issues such as rate assistance, arrears management, disconnection protocols, service charges, energy retailing, smart sub-metering

**March 10, 2009** – OEB issues LEAP report

- ◆ Dismissed rate affordability program, but recognized energy poverty as a significant problem needing a comprehensive and province-wide approach!



# OEB's LEAP



## Low-Income Energy Assistance Program:

- ◆ emergency **financial assistance** for consumers in need
- ◆ access to more flexible **customer service rules** on matters such as arrears payment plans, disconnection notice periods, and security deposit waivers
- ◆ targeted energy **conservation** and efficiency programs to reduce consumption & costs

# LIEN participation at OEB

## Chair's Consumer Advisory Roundtable

- ◆ New bill format, OEB's business plan

## Financial Assistance Working Group

- ◆ Reconvened as forum to address LEAP matters such as delivery and implementation issues and, eventually, evaluation of program initiatives

## Hearings and proceedings

- ◆ Development of customer service rules for low-income electricity/natural gas consumers & reporting requirements
- ◆ Natural gas DSM plans – low-income programs
- ◆ Renewed Regulatory Framework for Electricity



# LIEN and public education

- ◆ Development of LIEN's **Energy Poverty Toolkit** – a “living” resource
- ◆ Attendance at CAMPUT annual conference (utility regulators)
- ◆ Presentations at trainings and conferences - ONPHA, Salvation Army, legal clinics
- ◆ LIEN's ***Currents*** newsletter



# Going forward



- Continuing to advocate for a permanent low-income energy rate assistance program
- Improving LEAP initiatives