Sent: Thursday, March 25, 2004 7:08 PM
To: Mary Todorow (ACTO); 'Micha Shapcott'; 'Carolyn Lovas'; rbunker@indeco.com; Sarah Miller (CELA); fgloge0902@rogers.com; Theresa McClenaghan (CELA); Sarah Blackstock (ISAC); 'David Hulchanski'
Subject: Green Communities Association on low-income efficiency programs

LIEN-ers:

The Green Communities Association has been doing working on a national low-income retrofit strategy for a couple of years - info attached.

Keith

-----Original Message-----
From: Bruce Pearce [mailto:bpearce@roadrunner.nf.net]
Sent: Wednesday, March 24, 2004 2:06 PM
To: Clifford Maynes; Keith Stewart
Subject: Re: Confidential: Anti-poverty and environmental groups respond to April 1 electricity rate hike

Hi Keith:

Great to hear about your work on this issue.

I agree that the Helios numbers on per unit energy savings could be strengthened through a redesigned program approach (I think this would be a must to make the program more attractive to partners). As Clifford indicates, GCA is engaging stakeholders in this discussion now and over the coming months, in order to come up with an approach that best meets everyone's needs.

I have attached a paper discussing New England state/utility low income efficiency programs prepared by a colleague Amelia Ravin of MIT. It may contain useful info for you, Keith.

I've also attached the invitation/overview of the session GCA is hosting at the Canadian Housing & Renewal Assoc's 36th congress in Vancouver on April 1. If you have interested contacts in that region who wish to attend the session, please forward the info to them. The session is free, but people must pre-register with me first.

Thanks,
Bruce

Bruce Pearce, Vice Chair
Green Communities Association
Home: 91 Pleasant Street, St. John's, NL A1E 1L5
T: (709) 689-9615 F: (709) 739-3520
Email: bpearce@roadrunner.nf.net <mailto:bpearce@roadrunner.nf.net>

Web: www.gca.ca <http://www.gca.ca>

----- Original Message -----
From: Clifford Maynes <mailto:cmaynes@gca.ca>
To: Keith Stewart <mailto:keith@torontoenvironment.org>
Cc: Pearce, Bruce <mailto:bpearce@roadrunner.nf.net>
Sent: Wednesday, March 24, 2004 2:33 PM
Subject: Re: Confidential: Anti-poverty and environmental groups respond to April 1 electricity rate hike

Hi keith

Please include Bruce in the loop as he is the lead on this.

The Social Planning council report was pretty sophisticated; I am not sure Peterborough is that sophisticated (you know us better than that!)

My understanding is that the average numbers in the Helios report are very low, because of a program element that includes minimal savings in apartments; however, the report overall doesn't do a bad job of indicatingh the potential.

Certainly, we have found in the single family homes average savings as great as 36 per cent. Not bad. I want to take another look at what can be achieved through various program designs.

Bruce, any thoughts?

By the way, if you go beyond Ontario, we are working with Sidney Ribaux, Equiterre (Montreal), on this.

Are you focussing just on electricity, or energy bills generally? I'd suggest the latter, since all energy is going to be increasingly expensive.

CM

----- Original Message -----
From: Keith Stewart <mailto:keith@torontoenvironment.org>
To: Clifford Maynes <mailto:cmaynes@gca.ca>
Sent: Wednesday, March 24, 2004 10:31 AM
Subject: RE: Confidential: Anti-poverty and environmental groups respond to April 1 electricity rate hike

Excellent. This is initial press conference is intended to to get the provincial government to admit that
a) the electricity rate hike is a problem for low-income folks;
b) they'll do something about it;
c) they'll talk to affected communities and organizations active in the field about how to solve the problem.

We've had some success with the Energy Minister (who is, admittedly, rather busy), more with Community and Social Services, and comforting noises from the Premier's office. Once we get to (c) we'll absolutely need GCA, Green$aver, etc. to figure out what would work. We've been circulating PTBO Social Planning Council's September 2002 Energy Assistance Plan for Low Income Households in Peterborough City and County: Background Report amongst ourselves and you folks seem further along than the rest of on this.

On the retrofit front, I was going to use some numbers from the Helios study GCA commissioned (rough summary attached) at the press conference - are these still good or is there anything better?

Keith

-----Original Message-----
From: Clifford Maynes [mailto:cmaynes@gca.ca]
Sent: Tuesday, March 23, 2004 10:03 AM
To: Keith Stewart
Cc: Pearce, Bruce
Subject: Re: Confidential: Anti-poverty and environmental groups respond to April 1 electricity rate hike

Keith

We need to talk. GCA has been working on estqablishing a low-income energy efficiency program for several years and is currently stepping up our campaign.

It is going to take a broad national coalition to make this happen. We are bringing in FCM, Canadian Housing and Renewal and others ...

Can't talk now, but wanted you to know.

Bruce Pearce on our board is driving this.

CM

----- Original Message -----
From: Keith Stewart <mailto:keith@torontoenvironment.org>
To: Keith Stewart <mailto:keith@torontoenvironment.org>
Sent: Monday, March 22, 2004 9:11 PM
Subject: Confidential: Anti-poverty and environmental groups respond to April 1 electricity rate hike

Dear Friends:

Being unable to afford your utility bills is the second largest economic cause of homelessness in Ontario. The impending increase in electricity rates will have a disproportionate impact on low income households, who spend the largest share of the income on energy, usually live in the least energy efficient and often electrically-heated homes, and who are least able to respond effectively with investments in energy conservation to lower their bills.

Equity and environmental concerns demand that the provincial government address the consequences of their decision to raise rates for low-income Ontarians. Recently, an informal group made up of the Advocacy Centre for Tenants Ontario, Canadian Environmental Law Association, Community Social Planning Council of Toronto, Income Security Advocacy Centre, Toronto Disaster Relief Committee, Toronto Environmental Alliance and Share the Warmth started meeting to discuss how we could respond to this problem.

We have formed the Low Income Energy Network (LIEN) and will be calling on the provincial government to respond with income support programs and a province-wide energy efficiency retrofit program for low-income housing. To this end, we will be holding a press conference in Toronto on Monday March 29, based on the attached press release.

PLEASE DO NOT RELEASE THIS TO THE MEDIA BEFORE THE 29TH, but if you would like to add your organization's name to the list of endorsing groups and/or if you would also like to prepare a local press release or press conference in your community for March 29, please contact Carolyn Lovas at Share the Warmth, (416) 736-9005 or clovas@sharethewarmth.org <mailto:clovas@sharethewarmth.org> , so that we can coordinate our efforts. We can also provide you with a backgrounder with more detailed facts and figures.

My apologies for the late notice on this (we're just getting our act together), but we would welcome your participation in further discussions, consultations and actions on this issue . Just let us know, as we're hoping to expand LIEN as we continue to push for these measures.

Keith Stewart
Smog and Climate Change Campaigner
Toronto Environmental Alliance
30 Duncan St., Suite 201
Toronto, Ontario M5V-2C3
tel. 416-596-0660
fax 416-596-0345
e-mail: keith@torontoenvironment.org
<mailto:keith@torontoenvironment.org>
webpage: www.torontoenvironment.org <http://www.torontoenvironment.org/>

From: "Mary Todorow (ACTO)" <todorom@lao.on.ca>
To: "Theresa McClenaghan (CELA)" <mcclenat@lao.on.ca>, "Paul Muldoon (CELA)" <muldoonp@lao.on.ca>, "Kathy Laird (ACTO)" <lairdk@lao.on.ca>, "Sarah Blackstock (ISAC)" <blackstocks@lao.on.ca>, "Jacquie Chic (ISAC)" <chicj@lao.on.ca>
Cc: "'rbunker@indeco.com'" <rbunker@indeco.com>, "'jsimon@indeco.com'" <jsimon@indeco.com>
Subject: New time for our meeting on Wednesday, March 24th re: electricity price increase and low income consumers
Date: Fri, 19 Mar 2004 15:34:47 -0500

As you know, we had scheduled a meeting of CELA, ACTO and ISAC staff to discuss a possible joint submission to Energy Minister Duncan/ComSoc Minister Pupatello re: recommendations for energy assistance plan for low-income consumers.

Theresa has asked to have the meeting time on Wednesday, March 24th moved from 10:00 a.m.in the morning to 1:00 p.m. in the afternoon.

Please let me know if you will be able to attend at this new time (the meeting will be here at the ACTO office, at 425 Adelaide St. West, 5th floor).

Look forward to hearing back from you. Thanks.

Mary Todorow
Policy Analyst
Advocacy Centre for Tenants Ontario (ACTO)
425 Adelaide St. West, 5th floor
Toronto, Ont M5V 3C1
(Tel) 416-597-5855, ext 5173
(Toll free) 1-866-245-4182, ext 5173
(Fax) 416-597-5821
(E-mail) todorom@lao.on.ca

I was thinking that we should encourage groups outside of Toronto to add a quote from a local individual or organization (or, for example, replace Keith Stewart with a local green saying the same thing) and send it out to the local media. It means less control on our part over what gets said elsewhere, but possibly more reach and more engagement.

I should have raised this yesterday, but how do people feel about this?

Keith

From: "Mary Todorow (ACTO)" <todorom@lao.on.ca>
To: "'rbunker@indeco.com'" <r[illegible]nker@indeco.com>,
edegale@sharethewarmth.org, keith@torontoenvironment.org,
"Mary Todorow (ACTO)" <todorom@lao.on.ca>, "Sarah Blackstock (ISAC)"
<blackstocks@lao.on.ca>, "Sarah Miller (CELA)" <millers@lao.on.ca>,
michael.shapcott@utoronto.ca, cingravalle@sharethewarmth.org,
fgloge0902@rogers.com, clovas@sharethewarmth.org
Cc: "Theresa McClenaghan (CELA)" <mcclenat@lao.on.ca>
Subject: RE: Action items from Mar 18 meeting
Date: Fri, 19 Mar 2004 12:06:00 -0500

And here's another report authored by Jerrold Oppenheim and Theo MacGregor which includes the April 1999 analysis.

-----Original Message-----
From: rbunker@indeco.com [mailto:rbunker@indeco.com]
Sent: Friday, March 19, 2004 11:31 AM
To: edegale@sharethewarmth.org; keith@torontoenvironment.org; todorom@lao.on.ca; blackstocks@lao.on.ca; millers@lao.on.ca; michael.shapcott@utoronto.ca; cingravalle@sharethewarmth.org; fgloge0902@rogers.com; clovas@sharethewarmth.org
Cc: mcclenat@lao.on.ca
Subject: Action items from Mar 18 meeting

Hi all,

Thanks for the great meeting yesterday. Please find below, information and
attachments related to my action items from yesterday's meeting.

1. Draft principles
My original draft principles are included in the attached handout which I
had intended to bring yesterday -(for those that missed the story, there
was a fire alarm just as I left my office yesterday and I managed to leave
them on my desk in the commotion).

The additional principles I have in my notes from yesterday were:
Process for developing LI energy conservation strategy should be based
on consultation.
No claw back â€“ any direct energy assistance monies that low income
customers receive should not be deducted from monies received from other
sources.
All low income households should receive direct energy assistance,
including those that pay utilities in their rent.

2. Reference of US study on additional benefits of low-income DSM programs:

Oppenheim, J. and J. Howat. April, 1999. Analysis of low-income benefits in
determining the cost-effectiveness of energy efficiency programs.
http://www.consumerlaw.org/initiatives/energy_and_utility/non_energy_benefits.shtml
[accessed November 3, 2003].

The following paragraph is from our November 2003 report submitted by CELA
to the OEB ("DSM for low income consumers in Ontario").

Oppenheim and Howat concluded that based on the "benefits to society, individuals, utilities, and ratepayers from the delivery of comprehensive
low-income energy efficiency programs, a benefit adder of between 17 percent and more than 300 percent could reasonably be incorporated to represent the incremental value of a low-income focus beyond the general societal, economic and environmental programs of efficiency programs."

All the best for a great weekend,

Raegan

Raegan Bunker
Senior Consultant
IndEco Strategic Consulting Inc.
2 Pardee Ave, Suite 302
Toronto, ON M6K 3H5
tel: (416) 532-4333 Ext.106
fax: (416) 532-5485

(See attached file: CELA march 18 handout.doc)

Saving energy saves money, reduces smog and creates jobs

The rationale for programs which improve energy efficiency in low-income dwellings is rooted in five main factors:
(1) that energy, and in particular home heating in Canada, is an essential service and critical to human health and wellbeing;
(2) that low-income tenants and home owners, for reasons respectively of split incentives and lack of access to credit, typically occupy the least-efficient dwellings and, as such, stand to benefit, on a per-household basis, far more than the average from energy efficiency improvements;
(3) that savings from energy efficiency improvement measures often outweigh any implementation costs and as such can constitute a particularly cost-efficient tool for poverty reduction;
(4) that such improvements also generate significant ancillary environmental benefits which, in turn, reduce health care costs and greenhouse gas emissions; and
(5) that they also, typically, generate other benefits including net employment gains.

A low-income energy efficiency improvement program could provide significant economic, environmental and employment benefits in Ontario. A recent assessment of the potential impacts of such a program at the national level found the following:

Energy savings
- Electricity savings of 2.3 TWh (To put this in perspective, the entire residential sector in Ontario uses approximately 50 TWh per year)
- Natural gas savings of 1.3 billion m^3
- Heating oil savings of 351.7 million litres

Economic costs and benefits
- Total lifetime direct costs of $347.0 million, or $43.4 million per year on average
- Total lifetime direct benefits (bill savings) of between $546.9 and $772.7 million
- Net lifetime direct benefits of between $200.0 and $425.7 million
- Average per-household bill savings of $848 to $1,198
- 645,000 low-income households – comprising roughly 1.4 million Canadians – will
- benefit directly
- Benefit/cost ratio of between 1.58 and 2.23 to 1 (i.e. for every dollar spent by the government, low-income households would save between $1.58 and $2.23)

Environmental benefits
- Total greenhouse gas emissions (GHGs) reduction of 4.0 billion kg CO_2-equivalent
- Air pollution emissions reduction of:
  - 2.8 million kg of NOx
  - 1.9 million kg of SOx
  - 828.0 thousand kg of CO
  - 194.1 thousand kg of VOC (volatile organic compounds)
  - 470.8 thousand kg of PM (particulate matter)
  - 45.1 thousand kg of N2O

Employment impacts

- Between 0 and 5,810 person-years of employment lost in the energy industry
- 13,162 person-years of employment gained throughout the economy
- Net gain of between 7,352 and 13,162 person-years of employment in Canada

Source: Philippe U. Dunsky, *Results of Modelling a Proposed National Low-Income Energy Efficiency Improvement Programme: Economic, Environmental and Employment Impacts*, (Helios Centre for Sustainable Energy Strategies: February 2001)

Date: 16-Mar-2004 12:29
From: SARAH (Sarah Miller)
To: mcclenaghan@execulink.com,THERESAM
Subject: Energy funding

Judy Simon called Tuesday am to say that she has secured funding of $5,000.00 from Endridge to prepare the background paper for Dwight Duncan on Protecting the Poor. The Globe and Mail front page this morning had the government saying they will be soon announcing incentives for conservation.
****

Sarah Miller
Canadian Environmental Law Association
130 Spadina Avenue
Suite 301
Toronto, ON M5V 2L4
tel: 416-960-2284 x 213
fax: 416-960-9392
e-mail: millers@lao.on.ca
CELA web site: www.cela.ca
CELA library web site: www.ecolawinfo.org

****

From: "Mary Todorow (ACTO)" <todorom@lao.on.ca>
To: "Theresa McClenaghan (CEL)" <mcclenat@lao.on.ca>,
"'mcclenaghan@execulink.com'" <mcclenaghan@execulink.com>
Subject: FW: April 1st Campaign- Recap
Date: Fri, 12 Mar 2004 16:46:23 -0500

FYI
-----Original Message-----
From: Keith Stewart [mailto:keith@torontoenvironment.org]
Sent: Friday, March 12, 2004 3:16 PM
To: Carolyn Lovas; millers@lao.on.ca; michael.shapcott@utoronto.ca; 'Mary Todorow (ACTO)'; 'Sarah Blackstock (ISAC)'; 'Fred Gloger'
Cc: Cris Ingravalle; Edward de Gale
Subject: RE: April 1st Campaign- Recap

Hi Carolyn:

I think our key messages are:

-access to safe, affordable energy, including that required for heating space and water, cooking, refrigeration and lighting is an essential service and represents a significant portion of the cost of housing.

-The rate hike will disproportionately hurt low income households in Ontario
  -already having trouble making ends meet, context of increasing income polarization, cuts to social assistance, etc.
  -utility bills are the second largest economic factor (after rent) causing homelessness
  -tend to live in inefficient buildings with older, inefficient appliances
  -disproportionately electrically heated
  -seniors need AC to protect against smog / heat waves

-the provincial government has made the decision to raise rates, and has a moral obligation to address the economic impacts on low income Ontarians
  -we're only talking about a small fraction (approx. 3%) of overall electricity use in the province

-we are here to propose solutions to this problem
  1) Launch a province-wide program to retrofit low-income housing to make it more energy efficient and more comfortable (I'll provide some data for the backgrounder)

  2) Provide income support for low-income consumers so that they aren't forced to choose between eating and heating.

Keith Stewart
Toronto Environmental Alliance

-----Original Message-----
From: Carolyn Lovas [mailto:clovas@sharethewarmth.org]
Sent: Wednesday, March 10, 2004 5:11 PM

To: millers@lao.on.ca; michael.shapcott@utoronto.ca; 'Mary Todorow (ACTO)'; 'Sarah Blackstock (ISAC)'; '[illegible]ed Gloger'; 'Keith Stewart'
Cc: Cris Ingravalle; Edward de Gale
Subject: April 1st Campaign- Recap

Hello All,

Thank-you very much for taking the time to brainstorm with us this afternoon- we're very excited by our new partnership with all of you.

Just to recap:

Working Names:

1. Low Income Heat and Assistance Coalition (LIHAC)

2. The Coalition for Equal Access to Affordable Energy (CEAAE)

3. Low Income Coalition for Energy (LICE)

Tasks:

- Keith & Sarah M. > discuss presser date with reporter contacts (deadline: Monday March 15)
- Sarah B. > secure location for presser (deadline: Thursday March 18)
- Michael & Mary > source senior spokesperson for presser (deadline: Thursday March 18)
- Mary > energy stats forwarded (deadline:??)

Dates and Deadlines:

- Thursday March 18th > next meeting at CUCS 1-3 p.m.
- Tuesday March 30th or Wednesday March 31> News Conference
- Monday March 15th > first draft of release to coalition
- March 15th to March 18th > submissions for backgrounder to Carolyn
- March 15th to March 19th > forward all media lists/ contacts to Carolyn
- Wednesday March 24 > first draft of backgrounder to coalition

Keith: Please submit a couple of quotes for the release and how you would like to see the key messages crafted.

Thanks.
Carolyn

Saving energy saves money, reduces smog and creates jobs

The rationale for programs which improve energy efficiency in low-income dwellings is rooted in five main factors:
(1) that energy, and in particular home heating in Canada, is an essential service and critical to human health and wellbeing;
(2) that low-income tenants and home owners, for reasons respectively of split incentives and lack of access to credit, typically occupy the least-efficient dwellings and, as such, stand to benefit, on a per-household basis, far more than the average from energy efficiency improvements;
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- Average per-household bill savings of $848 to $1,198
- 645,000 low-income households – comprising roughly 1.4 million Canadians – will
- benefit directly
- Benefit/cost ratio of between 1.58 and 2.23 to 1 (i.e. for every dollar spent by the government, low-income households would save between $1.58 and $2.23)

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- Air pollution emissions reduction of:
  - 2.8 million kg of NOx
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  - 828.0 thousand kg of CO
  - 194.1 thousand kg of VOC (volatile organic compounds)
  - 470.8 thousand kg of PM (particulate matter)
  - 45.1 thousand kg of N2O

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Source: Philippe U. Dunsky, *Results of Modelling a Proposed National Low-Income Energy Efficiency Improvement Programme: Economic, Environmental and Employment Impacts*, (Helios Centre for Sustainable Energy Strategies: February 2001)

From: "Theresa McClenaghan" <mcclenaghan@execulink.com>
To: "Sarah Miller" <millers@la on.ca>
Cc: <mcclenat@lao.on.ca>
Subject: NOTE LOCATION Fw: Planning meeting - March 10th at 1 p.m.
Date: Tue, 9 Mar 2004 22:34:35 -0500

Sarah please note the new location for this meeting (I forwarded it to you earlier but didn't highlight that change). Re: removal of price caps, we DO support removal of price caps on electricity rather than having them subsidized by tax payers and ultimately the same ratepayers (through extra charges on the utility bill) at an artificially and misleading low price. People are being fooled with their own money. HOWEVER, we are strenuously advocating low income energy programs to deal with access to conservation programs for people who would have a hard time accessing upfront costs etc., and also are very supportive of programs for rate support to ensure people don't lose their homes and so on. If you can, take a look at our Brief No. 456, the report Indeco did for us, and my cover letter re: same which we recently submitted to the OEB, which has great information on impact of energy costs on low income consumers. Much of the information used by Indeco on the Canadian stats came from Mary Todorow of ACTO through me to Judy's firm. Also the report is a very nice exploration of some of the programs in place in other jurisdictions, especially U.S. states. If it comes up tomorrow about the OEB's March 3rd report to the Minister, we are NOT supportive of the central agency idea they are recommending. I can discuss further, but I perceive it as turf protection by the OEB, more administration and costs to be borne by additional charges on all ratepayers. Of course we do support the part of the report that talked about programs for low income consumers since that was our recommendation and after some badgering, they finally put it into the report. I am discussing our (CELA's) take on the OEB report at 10:00 by phone call with Judy Simon if you are in then. I need that discussion prior to the afternoon meeting with the Minister; you might find it useful too. Don't worry about trying to read the OEB report, but if you want to, the Executive Summary is a pretty fair synopsis of the whole report. However for your purposes, the OEB report is only about Demand Side Management and Demand Response (part of the conservation picture) and not about the issue of commodity rates and removal of the cap. You also need to know that the Minister has not been responding very well on the low income issue so far and I will be raising it with him in our meeting. The reason that we support removal of rate caps in general, subject to dealing with low income issues, is that we desperately need new renewables supply in Ontario as well as aggressive conservation, in order to phase out coal and nuclear - that is the subject of the report we're doing with Pembina for TAF and EJLB. With the artificial price cap, even though suppliers are still getting "market" rates, there's been a huge dampening of new entry of additional renewables because that new development is more expensive (wind, biomass, solar etc.). I am able to participate on April 1st but you should indicate that you will take whatever is being discussed as an event back to CELA staff / Board for confirmation of our participation. I want to make sure that we're ok with the form of the event. Thanks a lot for doing this. Theresa

Theresa McClenaghan, Counsel,
Canadian Environmental Law Association
New Street Address as of October 1, 2002
301-130 Spadina Ave., Toronto, ON M5V 2L4

No changes to phone and fax:
T:416-960-2284 ext.218 F:416-96 392
mcclenat@lao.on.ca <mailto:mcclenat@lao.on.ca>

Home office email mcclenaghan@execulink.com
<mailto:mcclenaghan@execulink.com>
Home office telephone 519-442-1589

CELA's Library website: www.ecolawinfo.org <http://www.ecolawinfo.org>

Confidentiality Note: This message may
be subject to solicitor - client privilege.
If you have received this message in error,
please let me know by reply email, and
delete your copy. Thank you.

----- Original Message -----
From: Mary Todorow (ACTO) <mailto:todorom@lao.on.ca>
To: Theresa McClenaghan (CELA) <mailto:mcclenat@lao.on.ca> ;
'mcclenaghan@execulink.com' <mailto:'mcclenaghan@execulink.com'>
Sent: Monday, March 08, 2004 6:14 PM
Subject: FW: Planning meeting - March 10th at 1 p.m.

Hi Theresa: More infomation re: the planning meeting this Wednesday....

-----Original Message-----
From: Michael Shapcott [mailto:michael.shapcott@utoronto.ca]
Sent: Monday, March 08, 2004 5:03 PM
To: 'Carolyn Lovas'; 'Mary Todorow (ACTO)'; 'Keith Stewart'; 'shelley';
'John Campey'; 'Fred Gloger'; 'David Hulchanski'; 'Cathy Crowe';
mmccutcheon@pspc.on.ca <mailto:mmccutcheon@pspc.on.ca> ; 'Melinda Rees
(PETE)'; 'Sarah Blackstock (ISAC)'
Cc: Jennifer Ramsay; Ann Fitzpatrick; Bill Morris; Harvey Cooper; Murray
MacAdam; Peter Clutterbuck; Susan MacDonnell
Subject: Planning meeting - March 10th at 1 p.m.

Yes, Carolyn and others. . .

We can meet on the fourth floor at the CUCS offices, 455 Spadina (at College). People can call me at 416-978-1260 for more directions or information.

The focus of this meeting is working together to build an event or action on or about April 1st regarding the removal of the cap for electricity rates and its impact on low-income households.

I'm adding Jennifer Ramsay of ACTO, Ann Fitzpatrick of Children's Aid, Bill Morris from the Ontario United Ways, Harvey Cooper from the Co-operative Housing Federation of Canada, Murray MacAdam from the Anglican Church and ISARC, Peter Clutterbuck and Susan MacDonnell from the Toronto United Way to this list.

Others should feel free to invite additional groups/individuals who would be interested in participating, but please confirm participation with Carolyn (so that we can make sure that we have enough chairs to accommodate everyone).

If any of the new people (or the original recipients) want copies of material that has already been produced by various groups including TEA, CSPCT, ACTO and the Peterborough group, please send a note to me and I will fire off the various electronic documents.

- Michael

* * * * * * *

Michael Shapcott, Research Co-ordinator
One Percent Solution project,
Toronto Disaster Relief Committee

and, Co-ordinator,
Community / University Research Partnerships Unit,
Centre for Urban and Community Studies,
University of Toronto,
4th floor, 455 Spadina Avenue,
Toronto, ON, Canada M5S 2G8
Telephone - 416-978-1260
Facsimile - 416-978-7162

-----Original Message-----
From: Carolyn Lovas [mailto:clovas@sharethewarmth.org]
Sent: Monday, March 08, 2004 3:27 PM
To: 'Mary Todorow (ACTO)'; 'Keith Stewart'; 'shelley'; 'John Campey'; 'Fred Gloger'; 'David Hulchanski'; 'Cathy Crowe'; mmccutcheon@pspc.on.ca; 'Melinda Rees (PETE)'; 'Sarah Blackstock (ISAC)'; michael.shapcott@utoronto.ca
Subject: Share the Warmth- April 1st Campaign

Hello All!

Michael Shapcott has been kind enough to start the ball rolling on our little idea to make a big statement on April 1st around the lifting of the hydro price cap and the impact it will have on low-income Ontarians.

We are very excited that so many of you are keen to participate in our public awareness campaign. I would like to harvest this enthusiasm as soon as possible and suggest a face-to-face planning session for:

WHEN: Wednesday March 10th between 1-3 PM
WHERE: The Centre for Urban and Community Studies
University of Toronto
455 Spadina Ave. (at College)
Room 426 A

Please confirm your availability ASAP.

We look forward to meeting...and working with all of you.

Sincerely,
Carolyn Lovas
Communications Officer
Share the Warmth

(416) 736-9005

From: "Mary Todorow (ACTO)" <todorom@lao.on.ca>
To: "Theresa McClenaghan (CE)" <mcclenat@lao.on.ca>, "'mcclenaghan@execulink.com'" <mcclenaghan@execulink.com>
Subject: FW: Planning meeting - March 10th at 1 p.m.
Date: Mon, 8 Mar 2004 18:14:21 -0500

Hi Theresa: More infomation re: the planning meeting this Wednesday....

-----Original Message-----
From: Michael Shapcott [mailto:michael.shapcott@utoronto.ca]
Sent: Monday, March 08, 2004 5:03 PM
To: 'Carolyn Lovas'; 'Mary Todorow (ACTO)'; 'Keith Stewart'; 'shelley'; 'John Campey'; 'Fred Gloger'; 'David Hulchanski'; 'Cathy Crowe'; mmccutcheon@pspc.on.ca; 'Melinda Rees (PETE)'; 'Sarah Blackstock (ISAC)'
Cc: Jennifer Ramsay; Ann Fitzpatrick; Bill Morris; Harvey Cooper; Murray MacAdam; Peter Clutterbuck; Susan MacDonnell
Subject: Planning meeting - March 10th at 1 p.m.

Yes, Carolyn and others. . .

We can meet on the fourth floor at the CUCS offices, 455 Spadina (at College). People can call me at 416-978-1260 for more directions or information.

The focus of this meeting is working together to build an event or action on or about April 1st regarding the removal of the cap for electricity rates and its impact on low-income households.

I'm adding Jennifer Ramsay of ACTO, Ann Fitzpatrick of Children's Aid, Bill Morris from the Ontario United Ways, Harvey Cooper from the Co-operative Housing Federation of Canada, Murray MacAdam from the Anglican Church and ISARC, Peter Clutterbuck and Susan MacDonnell from the Toronto United Way to this list.

Others should feel free to invite additional groups/individuals who would be interested in participating, but please confirm participation with Carolyn (so that we can make sure that we have enough chairs to accommodate everyone).

If any of the new people (or the original recipients) want copies of material that has already been produced by various groups including TEA, CSPCT, ACTO and the Peterborough group, please send a note to me and I will fire off the various electronic documents.

- Michael

* * * * * * *

Michael Shapcott, Research Co-ordinator
One Percent Solution project,
Toronto Disaster Relief Committee

and, Co-ordinator,
Community / University Research Partnerships Unit,
Centre for Urban and Community Studies,

University of Toronto,
4th floor, 455 Spadina Avenue,
Toronto, ON, Canada M5S 2G8
Telephone - 416-978-1260
Facsimile - 416-978-7162

-----Original Message-----
From: Carolyn Lovas [mailto:clovas@sharethewarmth.org]
Sent: Monday, March 08, 2004 3:27 PM
To: 'Mary Todorow (ACTO)'; 'Keith Stewart'; 'shelley'; 'John Campey'; 'Fred Gloger'; 'David Hulchanski'; 'Cathy Crowe'; mmccutcheon@pspc.on.ca; 'Melinda Rees (PETE)'; 'Sarah Blackstock (ISAC)'; michael.shapcott@utoronto.ca
Subject: Share the Warmth- April 1st Campaign

Hello All!

Michael Shapcott has been kind enough to start the ball rolling on our little idea to make a big statement on April 1st around the lifting of the hydro price cap and the impact it will have on low-income Ontarians.

We are very excited that so many of you are keen to participate in our public awareness campaign. I would like to harvest this enthusiasm as soon as possible and suggest a face-to-face planning session for:

WHEN: Wednesday March 10th between 1-3 PM
WHERE: The Centre for Urban and Community Studies
University of Toronto
455 Spadina Ave. (at College)
Room 426 A

Please confirm your availability ASAP.

We look forward to meeting...and working with all of you.

Sincerely,
Carolyn Lovas
Communications Officer
Share the Warmth

(416) 736-9005

From: "Mary Todorow (ACTO)" <todorom@lao.on.ca>
To: "Theresa McClenaghan (CE` `)" <mcclenat@lao.on.ca>,
"'mcclenaghan@execulink.com'" <mcclenaghan@execulink.com>
Subject: FW: Electricity service/prices/conservation and low-income consumers
Date: Tue, 2 Mar 2004 13:50:55 -0500

Hi Theresa: I spoke to Carol Goar at the Toronto Star this afternoon and she's definitely interested in meeting to discuss our concerns re: electricity prices/conservation and low-income consumers in more detail. I thought it might be a good idea to have you at this meeting - what do you think?. Have you seen Carol's two recent op ed pieces on energy conservation? If not, I can send you copies.

file
LIEN

P.S. I noticed you were quoted in a news story recently about the Environment Minister's announcement on source protection.

> -----Original Message-----
> From: Mary Todorow (ACTO)
> Sent: Monday, March 01, 2004 6:53 PM
> To: 'cgoar@thestar.ca'
> Subject: Electricity service/prices/conservation and low-income
> consumers
>
> Hello Carol: I've noticed your recent editorials on energy
> conservation and thought you might be interested in the concerns
> raised both by the Advocacy Centre for Tenants Ontario (ACTO) and the
> Income Security Advocacy Centre (ISAC) - two specialty legal aid
> clinics funded by Legal Aid Ontario - regarding access to electricity
> service for low-income consumers in Ontario who face a
> disproportionate energy burden. Attached is the letter ACTO and ISAC
> sent to Energy Minister Dwight Duncan back in November 2003. We've
> received a reply from Minister Duncan who did not directly respond to
> the issues we highlighted in our correspondence.
>
> The Canadian Environmental Law Association (CELA - another specialty
> legal clinic) also made a submission to the OEB on demand-side
> management for low-income consumers in November 2003 regarding the
> barriers faced by these households in accessing energy efficiency
> programs.
>
> I hope you'll have a few minutes to discuss this with me tomorrow.
> I'll give you a call.
>
> <<ACTO & ISAC letter to Dwight Duncan re hydro prices.pdf>>
>
> Mary Todorow
> Policy Analyst
> Advocacy Centre for Tenants Ontario (ACTO)
> 425 Adelaide St. West, 5th floor
> Toronto, Ont M5V 3C1
> (Tel) 416-597-5855, ext 5173
> (Toll free) 1-866-245-4182, ext 5173
> (Fax) 416-597-5821
> (E-mail) todorom@lao.on.ca
>

From: "Mary Todorow (ACTO)" <todorom@lao.on.ca>
To: "Theresa McClenaghan (CI A)" <mcclenat@lao.on.ca>,
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> Policy Analyst
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> (E-mail) todorom@lao.on.ca

>

ACTO TDCP
Advocacy Centre for Tenants Ontario
Centre ontarien de défense des droits des locataires

November 24, 2003

The Honourable Dwight Duncan
Minister of Energy
900 Bay St.
Hearst Block, 4th Floor
Toronto, Ont.
M7A 2E1

Dear Minister,

RE: **Electricity pricing and low-income households**

We are writing on behalf of the Advocacy Centre for Tenants Ontario and the Income Security Advocacy Centre, specialty legal clinics funded by Legal Aid Ontario, which advocate on behalf of low-income people across the province on issues related to affordable housing and income security. We are writing to you regarding the review of the electricity price freeze which was announced by the Premier on October 30th and the plan for a responsible approach to electricity pricing which you are drafting for presentation to the Cabinet.

We wish to share our concerns with you about the energy burden (i.e. proportion of household income spent on energy) faced by Ontario's low-income households and tenants and our recommendations on addressing, in your plan, the disproportionate effect an increase in the price of electricity will have on these vulnerable consumers.

We believe that a responsible approach to electricity pricing must recognize that electricity is a basic necessity of daily life in our province and that universal, non-discriminatory access to electricity service must be ensured for all Ontarians. It is essential that the provincial government give explicit direction – and take a lead – on consumer protection and non-discriminatory access with respect to low-income consumers in the preparation of the plan to move to a higher, regulated electricity rate. The Ontario Energy Board (OEB) appears reluctant to address these issues despite their legislative authority to do so as set out in section 1, paragraphs 2 and 3 of the *Ontario Energy Board Act, 1998*. Recently, both the Advocacy Centre for Tenants Ontario (ACTO) and the Vulnerable Energy Consumers' Coalition (VECC) made submissions and recommendations on behalf of low-income consumers in the OEB's written hearing on consumer security deposit matters. The OEB's interim response in the proceeding, released on November 10th, was silent both on the low-income consumer issues raised by ACTO and VECC, and the amendments put forward for the Board's consideration.

425 Adelaide St. West, 5th floor, Toronto, Ontario M5V 3C1
Phone: 416-597-5855 1-866-245-4182 Fax: 416-597-5821

In Ontario, 11.7 per cent of the population was living in poverty in 2001[1], the majority of whom are tenants. For these individuals and families, an increase in electricity costs will adversely impact, or even prevent them, from accessing electricity. It is a daily struggle to pay for the basic necessities of life. Low-income households are particularly vulnerable to increases in shelter and utility costs – increases which are difficult to absorb and which could put their housing in jeopardy. According to a Statistics Canada study released in 2002, the typical low-income family had only a $300 "cushion" to buffer income interruptions or deal with unexpected expenditures.[2]

Statistics Canada's *Survey of Household Spending in 2001*[3] shows that Ontario households in the highest income quintile spent 13% of their pre-tax income on shelter, including utilities. In comparison, those in the lowest quintile spent 41% of their pre-tax income on shelter - more than triple the proportion as those in the top quintile.

The same survey also indicates that, on electricity alone, Ontario households in the lowest quintile spent 5.2% of their pre-tax income, nearly five times more than households in the top quintile which spent 0.9% of their income on electricity.
Both low-income homeowners and low-income tenants will be affected. According to Statistics Canada 2001 Census data, 20% of Ontario tenant households spend more than 50% or more of their household income on shelter costs. The risk of homelessness increases where rental costs consume more than 50% of pre-tax household income for a tenant household.[4]

Approximately 23% of tenant households pay for utilities directly and separately from their rent.[5] Under the current provisions in the *Tenant Protection Act*, an increase in electricity prices is incorporated into the Annual Rent Increase Guideline and passed on to tenants whose rent includes utilities. As well, landlords can apply to the Ontario Rental Housing Tribunal for an above-guideline rent increase if electricity prices increase by any amount greater than that accounted for in the Annual Rent Increase Guideline.

It is worth noting that according to Statistics Canada's *Survey of Household Spending in 2001*, the lowest Canadian income quintile has a far greater proportion of households that:

- have electric heating equipment (39.3% compared to 16.9% of the highest quintile)
- use electricity as principal heating fuel (44% compared to 20.5% for the highest quintile); and
- use electricity as principal heating fuel for hot water (56.8% compared to 30.5% for the highest quintile).

---

[1] Based on Statistics Canada's Low-Income Cut-Offs (LICOs) using pre-tax, post-transfer household income, which have been adopted by poverty lines by both the Canadian Council on Social Development and the National Council on Welfare.
[2] René Morisette, "On the edge: financially vulnerable families", *Canadian Social Trends*, Winter 2002, page 16. Statistics Canada – Catalogue No. 11-008.
[3] Statistics Canada: Survey of Household Spending in 2001; detailed average household expenditure by household income quintile, Ontario. 62F0032XDB.
[4] Dunphy, Noreen and Lapointe, Linda. *Where's Home: A picture of housing needs in Ontario.* A Project to raise housing awareness in Ontario, sponsored by the Ontario Non-Profit Housing Association and the Co-operative Housing Federation of Canada. March 1999. Page 9
[5] Based on Rent Registry data transferred to the Ontario Rental Housing Tribunal in 1998.

Quite simply, higher electricity costs will increase the energy burden on low-income people who are already struggling to make ends meet. For many low-waged workers and people on social assistance and other income security programmes, it will mean choosing between heating and eating and paying the rent. Social assistance rates and the minimum wage are both far from adequate. A single mother with two children on social assistance in Toronto receives a maximum shelter allowance of $554. The average rent for a 2-bedroom apartment in Toronto, however, is $1,055. A single person working 35 hours a week at minimum wage in a large city lives on an income approximately $6,000 below the Statistics Canada Low Income Cut-offs.

According to Ontario Energy Board staff, electricity bills for an average residential customer consuming 1000 kWh per month range across the province from $80 to $117 per month, with an unweighted overall average bill being approximately $96. Consider paying this bill as a single mother with two children who receives a maximum monthly allowance from Ontario Works of $1,086.00. A monthly electricity bill of $96 represents 8.8% of her income.

OW recipient	Monthly income	Monthly power cost	Electricity bill as % of income
Single mother with two children	$ 1,086.00	$ 96.00	8.8%

Clearly, the Ministry of Energy needs to take decisive measures to ensure low-income households are able to affordably access electricity. A useful starting point is a comprehensive, though not exhaustive, background report titled "Energy Assistance Plan for Low Income Households in Peterborough City and County", prepared by the Peterborough Social Planning Council for the local Affordable Housing Action Committee and released in September 2002, along with recommendations (copies enclosed). The report examined various energy assistance programs and policies across Canada and the United States that support low-income energy consumers at risk of experiencing cost-of-energy crises, and suggested a model for an overall Energy Assistance Plan (see pages 30 to 39). The Plan calls for the greatest amount of resources to be targeted to primary programs which prevent crises for energy consumers, thereby reducing the need for funding for reactive interventions once the consumer is facing disconnection and possible homelessness. A follow-up project to this report will evaluate and identify the most appropriate and effective policies and programs to protect low-income consumers, such as direct financial assistance, rate discounts, energy efficiency and weatherization, rebates and credits, arrears management, and disconnection moratoriums.

The Peterborough background report also reviewed a number of studies in the U.S. on the cost-effectiveness of low-income energy assistance and energy efficiency programs. Overall, the American experience has been that the programs "virtually pay for themselves" through energy savings and by reducing costs associated with arrears, debt collection, termination and disconnection/reconnection, as well as broader societal costs such homelessness.

Thirty days is a very short time frame to thoroughly and adequately assess options for protection of low-income electricity consumers. We believe the Peterborough background report is a good beginning and recommend that the government's new electricity pricing plan include:

1. An explicit acknowledgement that electricity is a basic necessity and that the provincial government has the primary responsibility to ensure universal, non-discriminatory access to electricity service for all Ontarians, including low-income households.

2. A commitment from the government to develop and implement an appropriate and comprehensive energy assistance plan for low-income consumers, defined as those with household incomes levels at or below the Low-Income Cut-offs (LICOs) ublished by Statistics Canada, using pre-tax, post-transfer household income. Until t[illegible] assistance plan is in place, low-income consumers will be exempt from any in[illegible]ase in electricity prices. In addition, until the assistance plan is in place, there sho[illegible]d be a moratorium on disconnection of electricity service for arrears for low-inco[illegible] consumers.

3. A com[illegible]ment from the government that the development and implementation of the energy [illegible]sistance plan will be done in consultation with low-income consumers and advoca[illegible]rganizations. At a minimum, we recommend that 20 focus groups, compris[illegible]f low-income consumers, be held in both rural and urban areas across the provi[illegible]

4. A commit[illegible]t from the government to evaluate the impact of the change in electricity [illegible]ng and the effectiveness of the energy assistance plan for low-income consumers [illegible]in one year of implementation. The evaluation will include consultation [illegible] low-income people and advocacy organizations.

We look [illegible]rward [illegible]e release of the electricity plan, your response to our recommendation[illegible]d the future consultations with you, your Ministry and other interested stakeh[illegible]s to ensure that affordable energy can be accessed by the most economically v[illegible] households in Ontario.

Sincerely,

Kathy Laird
Director of Legal Servi[illegible]
Advocacy Centre for Te[illegible] [illegible]tario

Jacquie Chic
Director of Advocacy and Legal Services
Income Security Advocacy Centre

enclosures

cc: The Honourable Sa[illegible]
The Honourable Ch[illegible]ello, Minister of Community and Social Services
The Honourable Joh[illegible] Minister of Labour
[illegible] Minister of Municipal Affairs
Shane Pospisil, ADM [illegible]ergy Supply and Conservation, Ministry of Energy
Robert Silver, Special A[illegible]ergy, Policy & Research, Office of the Premier

Minister of Energy

Hearst Block, 4th Floor
900 Bay Street
Toronto ON M7A 2E1
Tel.: 416 327 6715
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Ministre de l'Énergie

Édifice Hearst, 4e étage
900, rue Bay
Toronto ON M7A 2E1
Tél.: 416 327 6715
Téléc.: 416 327 6754

Ontario

FEB 0 3 2004

RECEIVED
FEB 0 5 2004

Ms. Kathy Laird
Director of Legal Services
Advocacy Centre for Tenants Ontario
425 Adelaide Street West, 5th Floor
Toronto, Ontario
M5V 3C1

Dear Ms Laird:

Thank you for your recent letter regarding electricity costs for low-income households.

As you know, former provincial auditor Erik Peters recently found in his report to the government on Ontario's finances, we are facing a $5.6 billion deficit – a deficit that threatens our plan for positive change in our schools, health care system, and communities. The electricity price freeze at 4.3 cents per kilowatt hour did not reflect the true cost of electricity and, as a result, added to this deficit at a rate of hundreds of millions of dollars a year.

After carefully considering many suggestions on electricity pricing from a wide range of Ontario consumers and industry associations, the government introduced the *Ontario Energy Board Amendment Act (Electricity Pricing), 2003*. The Act received Royal Assent on December 18, 2003. This legislation provides a responsible electricity pricing structure that is fair and predictable for consumers, reflects the true cost of electricity, eliminates a subsidy that was fiscally unsustainable, and sends a clear and powerful conservation message to the people of Ontario.

Under our electricity pricing plan, an interim pricing structure will go into effect on April 1, 2004. Pursuant to this plan, the first 750 kilowatt-hours (kWh) consumed by low-volume and designated consumers in any month will be priced at 4.7 cents per kWh. Consumption above that level will be priced at a higher rate of 5.5 cents per kWh. Since this new pricing plan will not take effect until April, consumers have the opportunity to review their energy use, take conservation measures, and, as a result, limit the impact of the price change on their electricity bills.

.../cont'd

Once regulations are filed, the interim pricing plan will stay in place until the independent regulator, the Ontario Energy Board (OEB), develops new mechanisms for setting prices in the future. The plan calls for the OEB's new pricing mechanisms to be in place as soon as possible and no later than May 1, 2005. Transferring the authority to set prices to an independent regulator is a crucial step in ensuring that politics are taken out of electricity pricing.

I should also note that if the interim pricing provided by our legislation turns out to be higher than the average market rate for electricity, all eligible consumers will receive credits on their electricity bills for the period from April 1, 2004 until the time that the OEB implements its new pricing mechanisms.

I appreciate you bringing your views to my attention. I have passed on the enclosed report to my staff. I certainly value the insight and input the Advocacy Centre for Tenants Ontario can provide. Thank you again for writing.

Sincerely,

Dwight Duncan
Minister

c: The Honourable Sandra Pupatello, Minister of Community and Social Services
The Honourable Chris Bentley, Minister of Labour
The Honourable John Gerretsen, Minister of Municipal Affairs
Robert Silver, Special Assistant, Office of the Premier

CANADIAN ENVIRONMENTAL LAW ASSOCIATION
L'ASSOCIATION CANADIENNE DU DROIT DE L'ENVIRONNEMENT

Mr. Howard I. Wetston, Q. C.
Chair, Ontario Energy Board
2300 Yonge Street
Suite 2601
Toronto Ontario

February 1, 2004

Dear Mr. Westston,

On behalf of the Canadian Environmental Law Association, I am writing to express our significant concerns regarding the Staff Report to the OEB. We are concerned not only with the technical content of aspects of the report related to our earlier submission, but also how material related to the choice between two governance models under study, the Central Agency Model and the OEB - Utility Model, was presented in the report. The presentation of the material brings into question the fairness of the treatment of the issues.

Energy Savings Programs Specifically for Low Income Customers are Needed

The Board Staff report cites market transformation as the "longer-term policy objective" of DSM. While we agree that market transformation[1] (i.e. removal of market barriers and to improve energy efficiency) is an important long-term objective it should not be the only one. The achievement of energy savings for certain customer groups (referred to as resource acquisition programs[2]) through the purchase or investment in energy efficient materials, equipment or appliances is as important and should also be included as an equally key policy objective, for both the short-term and long-term.

An August 2003 US report by the University of California Energy Institute on energy efficiency programs across US jurisdictions supports the need for both market transformation and resource

[1] Market transformation is an energy efficiency objective to change the market for energy efficiency goods and services. Different jurisdictions have adopted different market transformation definitions. For example, in Massachusetts, market transformation is defined as "market transformation efforts are designed to create long-term changes that reap continuous energy efficiency savings at low cost." C. Blumstein, C. Goldman, G. Barbose. *Who Should Administer Energy-Efficiency Programs?* University of California Institute. August 2003.

[2] Resource acquisition programs (a term common to DSM in the US) are energy efficiency programs that provide technical assistance, information, and financial incentives to purchase or invest in energy-efficient building materials, equipment or appliances. They were referred to as resource acquisition programs because they were expected to meet energy service demand more cheaply than new generation. Ibid.

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TEL: 416/960-2284 • FAX: 416/960-9392 • WEB SITE: www.cela.ca

acquisition as complementary objectives of energy efficiency. The report concludes: "Third, market transformation and resource acquisition, two program strategies that were once seen as alternatives, are increasingly coming to be seen as complements. Energy-efficiency programs going forward are likely to include elements of both strategies."[3]

In the CELA report submitted to the OEB, *DSM for low income consumers in Ontario*, we demonstrate the need for DSM programs for low income households. Low income residential utility customers face a much higher energy burden than median and higher income households (refer to pp. 4-7 of our report).

Our report shows that there are at least two factors that contribute to this higher energy burden. The first is that there is relatively inelastic demand for household utilities; that is regardless of the price, there is a certain amount of energy required to heat and light a household. Second is the high proportion of household income spent by this group on energy relative to other income groups. Moreover, the lowest income quintile has a far greater proportion of electric space heating, with equipment that is more than 10 years old and electric water heating, making low income households in Ontario likely paying more per unit of energy (since electric heating is more expensive than other fuels for heat) and may be using more energy per household (due to older appliances).

Low income households will be the slowest to benefit from market transformation programs as these customers do not have the resources to benefit in the short or medium term from market transformations in equipment, materials or appliances on the market or from higher standards in new household construction. In fact, a low income customer forced to replace existing equipment because of equipment failure may not even buy new equipment, but purchase cheaper second hand equipment at a lower efficiency standard. This group has special needs that will not be adequately addressed by market transformation programs, alone. Resource acquisition programs targeted at these customers are also needed.

Moreover, in addition to the benefits of energy reductions to these customers of resource acquisition programs, there are non-participant benefits that arise: reductions of costs to utilities with late or non-payment of bills, reductions in costs associate with emergency calls, and reduced need for public expenditures such as health, fire, building inspections, homeless shelters, and housing programs. These non-energy benefits have been estimated to equate to an adder of between 17% and more than 300%. (p. 8, CELA report).

The special needs of low income households was recognized in E.B.O. 169-III. The E.B.O. 169-III report indicates that a DSM portfolio approach that "allows groups that might otherwise be precluded from participating, such as low-income customers, tenants, Aboriginals and farmers to participate in these programs, while minimizing the rate impact on customers." Because programs for low income customers was singled out as a need in the E.B.O. 169-III, it is surprising that Board Staff report did not acknowledge the significant opportunities for energy savings and other benefits from resource acquisition programs for this group. In fact, low income customers were not mentioned at all in the Board Staff report.

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[3] Ibid.

For the above reasons, we urge the Board to reject Board Staff's recommendation that market transformation be the prime objective for DSM and replace this recommendation with the following:

Recommendation 1: The OEB recommends to the Minister of Energy that DSM have two prime objectives – market transformation and the achievement of energy savings for specific customer groups.

Recommendation 2: The OEB recommends to the Minister of Energy that it make the design and implementation of energy savings programs specifically targeted at low income groups a mandatory requirement.

Rejection of Existing Framework for Natural Gas DSM is Inappropriate

CELA was surprised to see the Board Staff recommendation to dispose of the existing natural gas DSM framework within 3 years. We are aware of the success of the DSM governance model for the natural gas utilities in achieving energy efficiency. We note that Union Gas has reduced natural gas consumption for its customers since it instituted DSM programs in 1997 by more than 200 million cubic meters, compared to what it would have been without DSM; Enbridge Gas Distribution has saved its customers more than $650 million dollars on their utility bills since the company introduced its DSM program in 1995. Because of this success, CELA had assumed in our earlier submission that the natural gas governance model would be extended to the electric LDCs because of its success.

Over the years, the gas utilities have achieved major energy savings for their customers based on cost-effective DSM programs. The only reason cited by the OEB Staff for the elimination of the existing natural gas framework in favour of a central model is that "Implementation of DSM should be the same in gas as in electricity. Otherwise gas distributors could structure programs to their competitive advantage." (p. 22, OEB Staff report). To support this conclusion, one would have expected there to be several occurrences of such a problem over the past eight years since DSM was first implemented by the gas utilities, i.e. gas utilities unfairly structuring DSM programs to their competitive advantage. As well, we would have expected evidence that despite the OEB trying to redress this problem over the years, it was unsuccessful in doing so resulting in the recommendation for a change in the governance model for the gas utilities to level the playing field for the electric LDCs. No such examples were presented in the report and CELA is not aware of any such instances.

In the absence of evidence over the years to clearly demonstrate the existence and importance of this market failure as a result of the natural DSM governance model, and to clearly show that this failure (or any other problems with the natural gas governance model that may be identified in the future) overwhelms the proven success of the LDC model for natural gas, the OEB should not reject the Utility Model for the natural gas LDCs. Moreover, given the success of this model for the gas utilities, it appears on its face to be more reasonable to apply this model to the electric LDCs, rather than the Central Model.

We note that the governance model for natural gas and electricity need not be the same. This is demonstrated in other jurisdictions where the governance model differs between natural gas and electricity. For example, British Columbia, Oregon, Vermont, Connecticut, and Washington have differences in their DSM governance models for gas and electricity.[4]

No governance model will be perfect. Each will have advantages and disadvantages. When a framework is working reasonably well, the focus should be on refinements over time.

For the above reasons, we urge the Board to reject Board' Staff's recommendation to eliminate The OEB – Utility Model for the natural gas utilities and replace this recommendation with the following:

Recommendation 3: In recognition of the success of the natural gas DSM framework in achieving significant benefits to natural gas customers and to society, the OEB recommends the continuation of the natural gas DSM governance model for the natural gas utilities. The focus of the OEB, the natural gas utilities, and stakeholder efforts should be on addressing imperfections in the model through refinements over time.

On the electric side, one challenge for the OEB in recommending a DSM governance model for the electric utilities that is fundamentally different from that which it has applied to the natural gas industry for more than 8 years, is to demonstrate why the gas model would be completely inappropriate for the electric LDCs. While the OEB report goes through in some detail the benefits of a central model and the disbenefits of a LDC driven approach, it does not present a convincing case as to why the specifics of the existing natural gas DSM framework would be inappropriate for the electric LDCs.

For the above reasons, CELA urges the OEB to reject the Board Staff recommendation to adopt the Central Model for electric LDCs and replace it with the following:

Recommendation 4: The OEB recommends to the Minister of the Energy that the OEB test a LDC model for electric utilities similar to that now in place for Ontario's natural gas utilities in a 3 year pilot program. The pilot would apply to the 10 largest electric utilities. The pilot program would yield a set of standard programs that all LDCs could adopt in their service areas as well as standard, simplified approaches to regulatory oversight by the OEB that large and small LDCs could accommodate.

Informal Consultation Processes Must be Fair and be Seen to be Fair

The OEB, a respected quasi-judicial body, is expected to conduct it affairs in a manner that is fair and is seen to be fair. This applies not only to formal proceedings, whether oral or written hearings, but also to informal public consultations. When CELA applies this principle to the OEB Staff report, questions related to the perception of fairness emerge.

In order to have the appearance of fairness, in selecting the governance model of choice, the report should present a balanced view of the advantages and disadvantages of each model and then reasoned arguments for why the set of advantages and disadvantages of one model is

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[4] Enbridge Gas Distribution. *Principles and Frameworks for DSM in Ontario A Policy Paper by Enbridge Gas Distribution.* November 17, 2003.

preferable to the other set. This does not appear to have been done based on the documentation in the report.

The rationale for the choice of the Central Agency Model is presented in Section 3.1.1 of the Board Staff report. Pages 13-15 (top line of 15) discuss the Central Agency Model. The discussion describes the advantages of the model in detail, but does not present any disadvantages. It is hard to accept that any model would have no disadvantages especially in light of the Advisory Group report, *Report of the Advisory Group on Demand-Side Management and Demand Response in Ontario,* which cites the pros and cons of the Central Agency Model in Section 4.6 of the report, with the cons discussed specifically on pp. 40-41 of the report. In the presentation of The OEB-Utility Model on pages 15-17 of the Board Staff report, there is one paragraph with a list of advantages (2nd paragraph page 15), however, the remainder of the section presents concerns about the utility model in a long, bulleted list.

We note that there is mention of some "potential concerns" of the Central Agency Model after the section on the rationale for the Central Agency Model, presented in Section 3.1.2, Potential Concerns. Two concerns are discussed – concerns over bureaucracy in the Central Agency Model and the risk of a Central Agency Model becoming self-perpetuating. The rest of the section dealing with theses concerns provides opportunities to mitigate those problems. No attempts are made in the section on the OEB-Utility Model to mitigate any of the concerns raised. On its face, the section on the rationale for the Central Agency Model does not appear to be based on a balanced examination.

As well, the Board Staff report should pay better attention to the submissions and presentations that the Board received in addition to the input it received at the Advisory Group table to give the appearance that the views of the participants not on the Advisory Group were sincerely taken into account. As discussed earlier, CELA's earlier submission appears to have been ignored as there is no discussion of issues facing low income households.

Because of these concerns and the matters raised earlier in this letter, CELA recommends that the Board give little weight to the Staff Report in its deliberations on the appropriate DSM.

Sincerely,

CANADIAN ENVIRONMENTAL LAW ASSOCIATION

Theresa McClenaghan
Counsel

Date: Thu, 06 May 2004 15:45:00 -0400
From: Theresa McClenaghan [CELA] <mcclenat@lao.on.ca>
To: bpearce@roadrunner.nf.net
cc: mcclenat@lao.on.ca
Subject: cc: endorsement

Dear Bruce

The Canadian Environmental Law Association's Board of Directors formally approved the endorsement by CELA of the Resolution for a National Affordable Housing Energy Efficiency Program.

Regards and thank you.

Theresa McClenaghan
Counsel

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