



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

November 10, 2003

Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 26<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Attn: Paul Pudge, Assistant Secretary

**Re: RP-2003-0144 - Written Representation**

Pursuant to the Minister's Directive RP-2003-0144 on demand-side management and demand response to the OEB, and to the Board's letter of October 16, 2003 regarding the process for filing a written representation, the Canadian Environmental Law Association is pleased to submit the following briefing and its accompanying report "DSM for low income consumers in Ontario" for consideration. Copies of the references listed on page 27 of the IndEco report will be provided under separate cover.

The Canadian Environmental Law Association (CELA) is a non-profit, public interest organization established in 1970 to use existing laws to protect the environment and to advocate environmental law reforms. It is also a free legal advisory clinic for the public, and will act at hearings and in courts on behalf of citizens' groups who are otherwise unable to afford legal assistance. Funded by Legal Aid Ontario, CELA is one of 79 community legal clinics located across Ontario, 18 of which offer services in specialized areas of the law.

In examining the Minister's Directive RP-2003-0144 on demand-side management and demand response to the OEB, CELA determined that there was a need to explore DSM programs for low-income consumers in other jurisdictions in order to determine whether programs of this type would be beneficial in the Ontario context. Toward that end, CELA commissioned IndEco Strategic Consulting Inc, to review low-income DSM programs in other jurisdictions. This attached report presents the findings of IndEco's work. Several important conclusions can be drawn from the report:

**There is a need for low income DSM programs in Ontario.**

Low-income consumers in Ontario face a higher energy burden than median and high-income consumers (Table 1). They are also more likely to use electric heating (which is more expensive than other fuels) and to have older, less efficient appliances. The result is that low income consumers would benefit relatively more from energy efficiency upgrades than higher income consumers; however they are less likely to invest in energy efficiency on their own. The lack of low-income DSM programs in Ontario is now a lost opportunity that should be captured because of the benefits to the participant, the utility and society as a whole.

**Table 1 Ontario average household energy expenditure as percent of average income, by income quintile, 2001**

	All Ontario households	Lowest Quintile	Second Quintile	Third Quintile	Fourth Quintile	Highest Quintile
<b>Fuel Use</b>						
Water, fuel and electricity	3.6%	9.9%	5.8%	4.5%	3.2%	2.0%
Fuel	1.8%	6.5%	3.3%	2.2%	1.5%	0.9%
Electricity	1.7%	5.2%	2.9%	2.1%	1.5%	0.9%

Source: Calculated from data in Statistics Canada Survey of Household Spending, 2001

**There is an opportunity to learn from U.S. experience with low income DSM programs, both on the gas and electricity utility side**

There is a considerable range in the design of low-income DSM programs in the US (Table 2). For example, in some jurisdictions low income programs are designed and developed by the utilities; in other jurisdictions, the programs are offered by the utility through a third party delivery agent such as a community action group. In some states, utility low-income DSM program delivery is ‘piggybacked’ onto federal and statewide low-income energy assistance programs.

Typical low-income programs include energy audits, weatherization services, appliance replacement, primarily refrigerators and furnace repair or replacement. Some jurisdictions such as Vermont also have a program for replacement of electric heating with natural gas, propane or fuel oil.

Ontario’s natural gas and electric utilities and the OEB can learn from and build on the US experience. This experience can be drawn upon to develop and implement DSM programs tailored to the Ontario regulatory setting and the specific needs of low-income consumers across Ontario.

**Table 2 Delivery and administration of low income DSM programs by jurisdiction**

Jurisdiction	Delivery agent	Program Accountability	Federal Program Links
California	Utilities	Utilities	None
Connecticut	Local community action groups	Utilities	None
Illinois	Local community action groups	Department of Commerce and Community Affairs (Government Department)	Weatherization Assistance Program
Maryland	Utilities	Maryland Office of Weatherization and Maryland Department of Human Resources (Government agencies)	Weatherization Assistance Program
Massachusetts	Local community action agencies	Utilities	Weatherization Assistance Program
Minnesota	Utilities	Utilities	None
Montana	Human Resource Groups	Utilities and Department of Public Health and Human Services	None
New Jersey	Utilities	Central agency (NJ Clean Energy Program)	None
New York	Utilities	Utilities	None
Oregon	Local community action	Utilities	

	group		
Vermont	Central Agency (Efficiency Vermont)	Central Agency (Efficiency Vermont)	None
	Local community action group	Utility	Weatherization Assistance Program

### Recommendations

CELA is proposing the following recommendations for development and implementation of low-income electricity and gas DSM programs in Ontario:

1. There should be a requirement to have DSM programs specifically for low-income consumers in Ontario.
2. The OEB should require gas and electric utilities to develop low-income DSM programs as part of their DSM portfolio. The OEB should also consider allocating a specific amount of money from the utility's total DSM budget to low-income programs.
3. These low-income DSM programs should be developed in consultation with low-income customers and advocacy organizations.
4. The OEB should encourage the development of programs to replace electric space heating units with natural gas (or other sustainable heating source) units where gas (or other) service is available, beginning with low income customers and extending to other consumers over time.

Respectfully submitted,

**CANADIAN ENVIRONMENTAL LAW ASSOCIATION**



Theresa McClenaghan  
Counsel