



Low-Income Energy Network

August 31, 2007

The Honourable Dalton McGuinty
Ontario Premier
Room 281, Main Legislative Building,
Queen's Park
Toronto, ON M7A 1A1

The Honourable Dwight Duncan
Minister of Energy
900 Bay Street, Hearst Block, 4th Floor
Toronto, ON M7A 2E1

The Honourable Laurel Broten
Minister of the Environment
135 St. Clair Avenue West, 12th Floor
Toronto, ON M4V 1P5

The Honourable John Gerretsen
Minister of Municipal Affairs and Housing
777 Bay Street, 17th Floor
Toronto, ON M5G 2E5

The Honourable Madeleine Meilleur
Minister of Community and Social Services
80 Grosvenor Street, Hepburn Block, 6th Floor
Toronto, ON M7A 1E9

Dear Premier and Ministers,

Re: **Addressing energy poverty in Ontario**

I am writing on behalf of the Low-Income Energy Network (LIEN) regarding the pressing need for your government to implement a permanent energy rate affordability program and energy conservation programs for low-income residential consumers. A rate affordability program is one of the key components in the comprehensive strategy that LIEN has been recommending since 2004 to address energy poverty in our province, along with:

- targeted low-income energy conservation/efficiency programs at no-cost to participants, and with as extensive measures as practicable to provide deep reductions in energy use,
- extensive consumer education about energy conservation and available programs to support conservation activities, and
- adequately funded emergency energy assistance to help low-income households in short-term financial crisis.

c/o Advocacy Centre for Tenants Ontario (ACTO)
425 Adelaide St. West, 5th floor, Toronto, ON M5V 3C1
Phone: 416-597-5855 ext. 5167 1-866-245-4182 Fax: 416-597-5821

We have been encouraged by the Ontario Premier's indications that tackling climate change and improving the lives of low-income people are two of his top priorities. Reducing low-income consumers' energy use not only benefits the environment, it also benefits low-income consumers, many of whom struggle to manage their energy bills and often face difficult choices such as whether to pay for electricity service or buy groceries or pay the rent.

LIEN acknowledges that some energy poverty reduction initiatives have been launched and that there has been some movement on conservation programs with pilots targeted to low-income consumers, but the progress has been painfully slow. This was made particularly evident to us with respect to the circumstances currently being investigated in the possibly heat-related deaths in early August of two Sarnia tenants who were in receipt of social assistance, one of whom reportedly could not afford the \$50 monthly fee to air-condition her apartment.

We welcomed Minister John Gerretsen's quick response to this tragic event, expressed in correspondence with Sarnia Mayor Mike Bradley. The Minister committed to review ways to help tenants, including both vulnerable and low-income tenants, to stay cool in the rental housing in the summer. The Minister also said he would consider changes to the *Residential Tenancies Act* regarding rules about landlords imposing extra charges on tenants for providing air-conditioning and electricity for air-conditioning. We look forward to the results and recommendations from that review.

The government established a "one-time" \$2 million Emergency Energy Fund (EEF) in 2004 to assist low-income consumers with energy utility arrears, security deposits and reconnection costs. The Ministry of Community and Social Services subsequently was assured that the fund would be annualized at \$2.1 million until 2008/09 – and there was a one-time increase in 2006/07 of the EEF to \$4.2 million. However, the varying eligibility criteria, application processes and funding allocations among the municipal service managers that are the delivery agents means inequitable access for low-income households. In addition, the Emergency Energy Fund does not address the ongoing energy affordability problem facing Ontario's low-income consumers who are vulnerable to increases in shelter and utility costs.

LIEN wrote to Energy Minister Dwight Duncan on May 9, 2007, requesting that he issue a Ministerial Directive to the Ontario Energy Board (OEB) to hold a generic hearing on the impact of energy prices on low-income and vulnerable consumers. At such a generic hearing, LIEN wants the OEB to consider and implement solutions that would include a low-income energy rate assistance program. We would very much appreciate a response to this request, and would be happy to meet with Ministry of Energy staff.

Low-income consumers are eager to participate in provincial efforts to reduce energy consumption. However, low-income consumers do not have the financial resources to make the investments required to produce significant energy savings. Measures such as insulating and upgrading heating equipment and other appliances are out of the financial reach of most low-income consumers. In addition to financial barriers, the majority of low-income consumers are also faced with the dilemma that they are tenants¹ and as a result have little, if any, control over

¹ There are 759,590 Ontario households with at least one low-income person present (using Statistics Canada's pre-tax, post transfer payment Low-income Cutoffs (LICOs) to define low income), the majority of which (65%) are renters.

their physical home. Typically, landlords are responsible for appliances, heating equipment, fuel type and the general state of the unit.

Through the Ontario Power Authority (OPA), pilot energy conservation programs are underway to reduce energy demand and consumption in the low-income residential and social housing sectors. The OPA is currently involved in developing a Multifamily Buildings Program to be launched in 2008. LIEN has been working with the OPA on these pilot programs that we anticipate will lay the groundwork for a permanent, ongoing program that will be available and delivered in all communities across Ontario to eligible low-income households. However, funding allocations beyond 2010 for these types of programs is still to be determined.

On April 27, 2007, we met with Minister Laurel Broten's policy advisor regarding the impending Ontario climate change plan announcements to reduce greenhouse gas emissions. We advocated for the inclusion of funding for low-income energy conservation programs with a firm time-frame for retrofitting a targeted number of homes of Ontario's low-income households annually. Your government's climate change plan assumes that 40% of housing in the province will be retrofitted by 2020, with an average savings of 30%. Achieving this savings rate has to involve tackling a significant portion of low-income housing, generally the least energy-efficient and ripe for cost-effective reductions. These reductions in energy use/greenhouse gas emissions in the low-income residential sector will not happen without significant financial investment – yet, to date, there has not been a specific announcement related to low-income energy conservation in the climate change announcements.

A long-term, comprehensive plan does require significant government commitment and funding. However, the costs of failing to address energy poverty are serious. We will see greater depths of poverty (and the associated costs), more homeless people (and the associated costs) and more pollution (and associated costs). Now is the time for action to ensure all people have access to affordable energy and the opportunity to fully participate in the province's "Culture of Conservation".

As Ontarians go to the polls in the next provincial election, the issues of energy, poverty and health are of critical importance. We are asking for your immediate response to the issues raised in this letter with your commitments and comments. We will be sharing this letter, and your response, with our colleagues who are working on housing, environment, energy, poverty and health issues, and with others in the lead-up to the October vote. We would be pleased to meet with you to discuss this in more detail.

Yours truly,
Low-Income Energy Network
Per:

Original signed by,

Mary Todorow
Research/Policy Analyst
ACTO

cc: Gerald Butts, Principal Secretary, Office of the Premier
Aaron Dobbin, Finance & Economic Policy, Policy and Research, Office of the Premier
Marion Fraser, Senior Policy Advisor (Energy) to the Minister of Energy

Lois Corbett, Senior Policy Advisor (Air) to the Minister of the Environment
Mark Mascarenhas, Special Policy Advisor (Housing and Infrastructure) to the Minister
of Municipal Affairs and Housing
Gurpreet Malhotra, Senior Advisor to the Minister of Community and Social Services