

LIEN Network

Advocacy Centre for Tenants
Ontario (ACTO)

Canadian Environmental
Law Association (CELA)

Community Social Planning
Council of Toronto

Income Security Advocacy
Centre (ISAC)

Share the Warmth (STW)

Toronto Disaster Relief
Committee

Toronto Environmental
Alliance (TEA)

Supporting Members

Centre for Urban and
Community Studies,
University of Toronto

DisAbled Women's Network
Ontario (DAWN)

Prof. Valerie Tarasuk,
Faculty of Medicine,
University of Toronto

Guelph-Wellington Coalition
for Social Justice

Centre for Social Justice

Renters Educating &
Networking Together (RENT)

The Rainy River District
Community Legal Clinic

Energy Action Council of
Toronto (EnerACT)

GreenSaver

Community Legal Assistance
Sarnia

Community Homelessness
Initiative Network- Sarnia

Kenora Community Legal
Clinic

T.H.R.I.V.E., Essex County

Public Interest Advocacy
Centre (PIAC)

For Immediate Release

Lights out for low-income hydro consumers?

TORONTO- March 29, 2004- In 72 hours, many Ontarians will experience a double-digit increase in the price of household electricity, yet there is no plan in place to protect low-income hydro consumers. Today, the Low-Income Energy Network (LIEN), a group of advocates and environmentalists, warns that low-income hydro consumers will be left in the dark unless the Ontario government acts immediately in the face of escalating electricity rates.

"Many of the seniors I know are already having a tough time holding onto their homes," says Mary Pappert a member of RENT in Kitchener-Waterloo

The inability to pay utilities is the second leading economic cause of homelessness. The poorest 20% of Ontarians already spend 44% of their pre-tax income on shelter costs including utilities.

"To stave off homelessness, low-income families often have to make impossible choices between eating and heating. Now more than ever, we need a permanent energy assistance fund in times of crisis," says Edward de Gale, Executive Director of Share the Warmth.

LIEN estimates that over 50,000 households a year have their energy disconnected in Ontario.

Ontario's lowest income households are three times more likely than higher income earners to use electric heat. Low-income households with electric heat will be unable to avoid using more than the 750-kW/month cut-off point for the higher rate. This means an increase of more than \$200 annually for electricity – which can have serious consequences for those on the financial edge.

"Conservation is the fastest, cheapest and cleanest solution to our electricity crisis, but the up-front investments are often out of the reach of low-income consumers," says Keith Stewart of the Toronto Environmental Alliance. "We are calling on the McGuinty government to protect low-income consumers' access to this basic necessity by launching initiatives that will save us all money, reduce smog and create good jobs while easing the stress on our overburdened electrical system."

LIEN is asking the government to safeguard low-income consumers by including the following provisions in its energy plan:

1. Direct energy assistance for low-income households unable to absorb the higher cost of power or those in emergency circumstances.
2. A conservation program to make energy-efficiency up-grades accessible to low-income households, in line with recent recommendations made by the Ontario Energy Board.

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CELA

Supporting Members Continued

Canadian Mental Health Association-Thunder Bay Branch

Conservation Council of Ontario

Canadian Auto Workers

The Ontario Coalition for Better Child Care

Catholic Family Development Centre-Thunder Bay

Sistering-Toronto

Canadian Mental Health-Huron/Perth

NorWest Community Health Centres-Thunder Bay

Stuart Bailey, the Director of the Nipissing Community Legal Clinic

Ontario Coalition for Social Justice

Parry Sound District Social Services

North Lanark Community Health Centre

Woolwich Community Services-Waterloo Region

Etobicoke Housing Help Centre

Albion Neighbourhood Services-Toronto

LIEN

PRINCIPLES FOR REDUCING LOW-INCOME ENERGY BURDEN

1. **Eligibility**- the screening process for identifying eligible participants should be clear, effective and targeted in order to reach all households in need.
2. **Direct assistance**- no “clawbacks” of monies. Energy assistance monies that low-income consumers receive should not be deducted from monies received from other sources.
3. **Co-operation**- gas and electric utilities should be encouraged to jointly deliver low-income energy efficiency programs.
4. **Comprehensive**- long term energy conservation program should include appliances, building envelopes, heating systems (efficiency and fuel switching), cooling for seniors and other vulnerable groups
5. **No capital outlay**- required for low-income participation in energy efficiency upgrade programs.
6. **Consultation**- the process for developing a province-wide low-income energy conservation strategy should be based on consultation with LIEN and other low-income consumers and advocacy organizations across Ontario.

LIEN - Backgrounder

Low-income consumers and electricity service

- 14.4% of Ontario's population (1,611,505 persons) are living at or below the poverty line.¹ The majority of these persons live in tenant households.
- Ontario households in the lowest income quintile spent 44% of their pre-tax income on shelter, including utilities. In comparison, those households in the highest income quintile spent 13%.²
- On electricity alone, Ontario households in the lowest income quintile spent 6% of their pre-tax income, nearly five times more than households in the top quintile that spent 1.04%.³
- The lowest household income quintile in Ontario has a far greater proportion of households that:
 - ➔ use electricity as principal heating fuel (27% compared to 8.3% for the highest quintile⁴; and
 - ➔ use electricity as principal heating fuel for hot water (36.3% compared to 18.7% for the highest quintile).⁵
- Approximately 23% of tenant households pay for utilities (hydro, heating, water) directly and separately from their rent.⁶ For the majority of tenants whose rent includes utilities, landlords can currently apply, under the *Tenant Protection Act*, to pass on hydro cost increases in excess of the amount accounted for in the Annual Rent Increase Guideline (in 2004, that is any hydro cost increase in excess of 1.45%).
- 20% of Ontario tenant households pay 50% or more of their household income on shelter costs.⁷
- The risk for homelessness increases where rental costs consume more than 50% of pre-tax household income for a tenant household.⁸
- 96% of Ontario Works' beneficiaries are tenants, but only 16% of these OW beneficiaries who rent live in subsidized housing – the vast majority live in the private rental market.⁹
- 75% of Ontario Disability Support Program beneficiaries are tenants, but only 22% of these ODSP beneficiaries who rent live in subsidized housing.¹⁰
- A single mother with two children on social assistance in Ontario receives a maximum shelter allowance of \$554¹¹. The average rent for a two-bedroom apartment in the Toronto CMA is \$1,040; in the Ottawa CMA, it's \$932.¹² Over half of Ontario's tenant households live in the Toronto and Ottawa CMAs.

¹⁰ Ibid.

¹¹ Ontario Ministry of Community and Social Services

¹² CMHC 2003 Rental Market Report FASTFAX, Toronto CMA and Ottawa CMA.

¹³ Ontario Energy Board

Double-digit increases for low-income consumers
with electric heat, energy inefficient appliances, poorly insulated homes

The examples below are based on charges for the non-electricity parts of the bill as posted on the Toronto Hydro web site:

https://www.torontohydro.com/electricsystem/billing_and_payment/understanding_your_bill/bill_breakdown/index.cfm

Toronto Hydro charges a flat \$14.03 per month "customer charge". LIEN has included the \$14.03 amount in the "other charges" category. For the "new bill", LIEN has also added a 0.2 cents/kWh charge (in the "other charges" category) for the deregulation transition costs that utilities are now allowed to pass on. LIEN does not know whether Toronto Hydro plans to pass on this charge to customers on April 1.

Example 1 - Customer uses 2,000 kWh per month

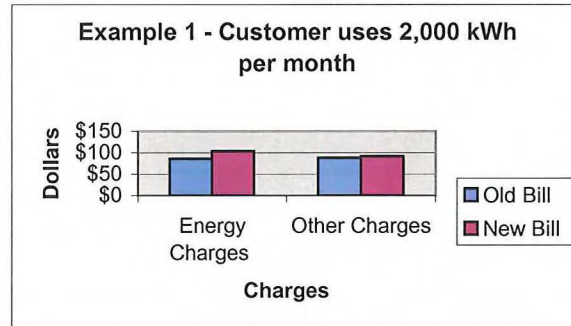
Old bill (pre- April 1, 2004)

energy: \$86, other charges: \$88.03 **total: \$174.03**

New bill

energy: \$104, other charges: \$92.03 **total: \$196.03**

Increase in total bill: **12.6%**, increase in energy charge: **20.9%**



Example 2 - Customer uses 1,500 kWh per month

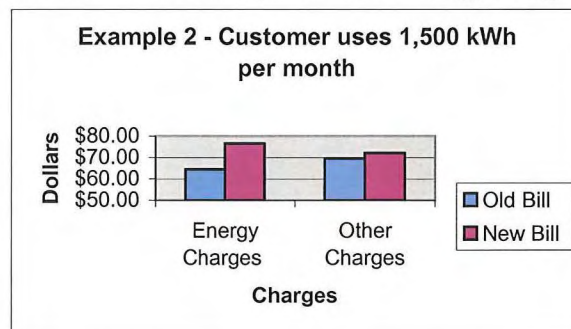
Old bill (pre-April 1, 2004)

energy: \$64.50, other charges: \$69.53 **total: \$134.03**

New bill

energy: \$76.50, other charges: \$72.03 **total: \$148.53**

Increase in total bill: **10.8%**, increase in energy charge: **18.6%**



LIEN -Sample Senior Budget

Source: 2003/2004 Share the Warmth client
Senior living alone in an urban centre

