

Low Income DSM Programs for Toronto Hydro for Fall 2004

Background prepared by:

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Project Summary

The four project proponents, Advocacy Centre for Tenants Ontario, Canadian Environmental Law Association, Income Security Advocacy Centre and Toronto Environmental Alliance are requesting funding from Toronto Hydro to work with them through the mobilization of the Low Income Energy Network (LIEN) to develop a set of ready to implement low income DSM programs that Toronto Hydro can implement in the fall of 2004. When this work is completed, the project proponents would like to seek additional funding from Toronto Hydro to work on developing a set of ready to implement low income programs that Toronto Hydro can implement in time for the 2005-2006 heating season. Our project objectives will be achieved through:

1. Outreach and capacity-building for LIEN to broaden its membership and improve its networking ability in order to provide, to the extent possible, a one-window access to Toronto's low income advocacy groups and communities on energy issues.
2. Sponsoring research on the design of, and delivery options for, a comprehensive set of low income energy programs. This will include the development of a set of ready to implement low income DSM programs that Toronto Hydro can implement in the fall of 2004. Subsequent work (Phase 2) will involve the development of a set of ready to implement DSM programs that Toronto Hydro can implement in time for the 2005-2006 heating season.
3. Organizing and hosting a LIEN conference to raise awareness of, and refine recommendations regarding, program design and delivery for the low income energy programs for the fall of 2004. A subsequent conference will be held to discuss the recommendations for the DSM programs for the 2005-2006 heating season (Phase 2).
4. Preparing and submitting a report, endorsed by LIEN members, to Toronto Hydro on a set of ready to implement DSM programs for Toronto Hydro for the fall of 2004.

Project Description

Background

Energy for home heating and the safe preparation and storage of food is a basic necessity. Ensuring that low income households in Toronto have access to the energy that they need and that this energy is used *as efficiently as possible* creates a 'win-win-win' scenario where we simultaneously achieve social, economic and environmental gains.

Assistance to low income families, both in paying energy bills and in reducing bills through conservation, is critical to the City of Toronto, where 22.6% of the population is living below the

poverty line.¹ A recent report by the United Way reveals the dramatic rate at which poverty is increasing in Toronto, the desperate inadequacy of many poor peoples' income in the city, the way in which poor people are already stretched to the breaking point and the increasing 'ghettoization' of poverty.

Special programs are needed for this client group to respond effectively to their specific needs as this group lacks the resources to invest in traditional opportunities for energy conservation/energy efficiency (DSM). This represents a major challenge for assistance as well as a major opportunity for energy savings which in turn will help the City of Toronto to achieve its GHG reduction goals.

Our project directly addresses this major challenge and opportunity. It will build on the initial work of the Low Income Energy Network (LIEN), an informal group of over 30 non-governmental organizations interested in low income energy issues representing a cross-section of environmental, energy, tenant and low income advocacy groups. This group was formed to address the April 1, 2004 electricity price hike and its implications for low income families. The group wants to raise awareness regarding the impacts on low income families and to suggest solutions. These solutions included emergency income support for people having trouble paying their energy bills, but focused on longer term programs to reduce the energy burden through energy conservation and related initiatives. The first act of this informal group was to hold a press conference and to garner media attention regarding these issues at the time of the price hike. LIEN was successful in doing this.

The proponents of this project, the Toronto Environmental Alliance (TEA), Canadian Environmental Law Association (CELA), Advocacy Centre for Tenants Ontario (ACTO) and Income Security Advocacy Centre (ISAC) are founding members of LIEN. These founding members have an extensive history in the field of program design for social, environmental and energy policy at both the local and provincial levels.

Prior to the formation of LIEN, the ISAC and ACTO had made submissions to the provincial government on the implications of an electricity rate hike. Also before LIEN was formed CELA participated in the Ontario Energy Board (OEB) consultation process on DSM and prepared a submission to the OEB and the government on the need for DSM programs specifically for low income consumers.² CELA was invited to meet with Energy Minister Duncan to discuss its recommendations at a meeting with the Minister on March 12, 2004. At that meeting the Minister requested that CELA provide recommendations to the both Minister Duncan and Minister Papatello on immediate actions the government could carry out to provide low income households with assistance in dealing with the April 1, 2004 electricity price rise. Because of the urgency of this matter, Minister Duncan requested that CELA provide those recommendations before April 15, 2004. CELA asked TEA to work with it and to take a leadership role in the preparation of the recommendations to the Minister.³ Through a donation from Enbridge Gas Distribution, TEA was able to commission a report to respond to the Minister's request and submitted the recommendations to both Ministers on April 8, 2004.⁴

¹ United Way, *Poverty by Postal Code: The geography of neighbourhood poverty*, (April 2004), p. 66. The number of poor families in the city of Toronto increased by almost 69% between 1981-2001. In the same period, the number of higher poverty neighbourhoods in the City rose from 36 to 120 neighbourhoods.

² See CELA submission to the OEB is available as report 456 at <http://www.cela.ca/publist.htm>.

³ The Toronto Environmental Alliance was also contracted in April 2004 by the Toronto Community Housing Corporation, which has 160,000 low-income tenants, to assist them in developing a corporate Green Plan.

⁴ See IndEco report, *Low income energy conservation and assistance*, April 8, 2004, available as report 464 at <http://www.cela.ca/publist.htm>.

In their April 8 report, TEA recommended that⁵:

- a comprehensive set of DSM programs for low income households be developed that include building envelope, appliances, and heating and cooling systems
- a set of low income DSM programs be developed in a ready to implement format for local distribution companies (LDCs) in time for the 2004-2005 heating season
- a set of low income DSM programs be developed in a ready to implement format for LDCs in time for the 2005-2006 heating season.

Early feedback from Minister Duncan's office is that the report was "great"⁶. A meeting with the Ministers' staff of both Energy and Community and Social Services, TEA, CELA, ISAC and ACTO took place on April 23, 2004 as a pre-meeting to the meeting with both Ministers. The project proponents received a favourable response regarding the TEA report at the April 23rd meeting. We are optimistic that we will receive funding from both Ministries to assist with the financing of this project.

Because of the timing of Minister Duncan's request, it was not possible to mobilize all the resources of LIEN in preparing the recommendations.⁷ Capacity-building of LIEN is needed in order for it to be a more responsive and effective unified voice on low income households and energy issues as the provincial policy and regulatory framework for energy unfolds.

New energy legislation is expected to be tabled in June 2004, with passage of the bill in the fall 2004.⁸ The details of the DSM framework at the local level are expected to be presented in a directive to the OEB in the next couple of weeks by the Energy Minister.⁹ In the directive, there will be some direction on how LDCs such as Toronto Hydro will be able to carry out energy efficiency programs for their customers - what will be considered prudent DSM expenditures and how the variance account for DSM may work¹⁰.

The project proponents, ACTO, ISAC, TEA and CELA have joined forces together to seek funding to develop the capacity of LIEN to become a sustainable and broad-based voice representing low income energy interests in Toronto.

Building on the initial work in creating LIEN, the project proponents want to develop a more comprehensive, detailed energy strategy on low income energy assistance and conservation. In particular, over the next six months (June – December 2004) we want to mobilize LIEN to develop a set of ready to implement low income DSM programs that Toronto Hydro can implement in the fall of 2004. Once these set of programs have been developed, we would like to continue to work with Toronto Hydro to develop a set of ready to implement low income DSM programs that Toronto Hydro can implement in time for the 2005-2006 heating season. We hope to work with Toronto Hydro in the development of these programs.¹¹

⁵ There were also other recommendations regarding social assistance including the need for an energy rebate to low income families implemented in the fall 2004 to assist with paying the higher electricity bills; the removal of the requirement for low income households to pay security deposits to their electric LDC; and a no-cut-off policy for electricity for low income households.

⁶ Email to Judy Simon, IndEco, from Marion Fraser, Minister Duncan's office, April 13, 2004.

⁷ However, extensive comments on the draft report were received from ACTO, ISAC, Green Communities Association and others.

⁸ The Honourable Dwight Duncan, Minister of Energy, *Choosing what works for a change*. Speech to The Empire Club. April 15, 2004.

⁹ The Honourable Dwight Duncan, Minister of Energy, *Opening remarks to Ontario Energy Association*. April 26, 2004.

¹⁰ The April 15, 2004 Minister Duncan speech made it clear that Toronto Hydro and other LDCs will have DSM responsibility at the local level which would be regulated by the OEB.

¹¹ We are also seeking financial assistance from Toronto Atmospheric Fund and the Ministries of Energy and Community and Social Services for developing the DSM programs.

Our project

The four project proponents will undertake to build the capacity of LIEN to make it a more effective and sustained voice for low income energy issues in Toronto and in Ontario. Through their efforts, LIEN will engage with provincial and municipal policy-makers, social housing providers, existing delivery agents of social as well as energy programs in Toronto, and Toronto Hydro in order to explore best practices and develop concrete solutions to the dilemma facing low income energy consumers. This will be achieved through:

1. Outreach and capacity-building for LIEN to broaden its membership and improve its networking ability in order to provide, to the extent possible, a one-window access to Toronto's low income advocacy groups and communities on energy issues.
2. Sponsoring research on the design of, and delivery options for, a comprehensive set of low income energy programs. This will include the development of a set of ready to implement low income DSM programs that Toronto Hydro can implement in the fall of 2004. Subsequent work will involve the development of a set of ready to implement DSM programs that Toronto Hydro can implement in time for the 2005-2006 heating season.
3. Organizing and hosting a LIEN conference to raise awareness of, and refine recommendations regarding, program design and delivery for the low income energy programs for the fall of 2004. A subsequent conference will be held to discuss the recommendations for the DSM programs for the 2005-2006 heating season.
4. Preparing and submitting a report, endorsed by LIEN members, to Toronto Hydro and to the Ministers of Energy and Community and Social Services on a set of ready to implement DSM programs for Toronto Hydro for the fall of 2004. These programs could be used by other LDCs across Ontario.

Identifying and Addressing the Problem

This project address two problems in Toronto which can be seen as contradictory in the absence of a well-informed, strategic policy response: maintaining universal access to energy as a basic necessity and reducing energy consumption in order to prevent pollution. It addresses these problems by building capacity in LIEN and using this new capacity to develop ready to implement low income DSM programs that Toronto Hydro can implement in the fall of 2004.

Rising energy prices have put the spotlight on the issue of maintaining access to energy for low income consumers, who face a much higher 'energy burden' (i.e. percent of household income devoted to energy costs) than median and higher income households. High energy bills can force low income households to make an unacceptable choice between eating and heating. Inability to pay utility bills is a leading cause of homelessness.

These high bills are in part a reflection of the fact that low income consumers tend to live in older, less energy efficient buildings and are three times more likely to live in electrically-heated homes. Electric heat is the most expensive and environmentally harmful form of home heating.

Low income households, the majority of whom are tenants, also face significant institutional barriers to participation in traditional energy conservation programs.¹²

In Ontario, 14.4 percent of the population has a pre-tax, post-transfer income below Statistics Canada's Low Income Cut Off line, a widely recognized indicator of poverty, and poverty levels are even higher in Toronto. Combined with the disproportionately high energy use, it is clear that low income households in Toronto represent a large, untapped resource for environmental gains through improved energy efficiency.¹³

Given that the regulatory framework for Ontario's electricity system is being redesigned over the next few months, there is a strategic opportunity for influencing public policy on this issue. The provincial government has also made it clear that local utilities will play a key role in DSM at the local level, so it is equally important to engage Toronto Hydro, the largest municipal utility in the province, and its owner, the City of Toronto. LIEN would like to encourage and work with Toronto Hydro to help the LDC become prepared to roll-out low income DSM programs for the fall of 2004. Our assistance will reduce the risks for Toronto Hydro in program development, help to foster a positive and lasting relationship between Toronto Hydro and Toronto's low income advocacy groups and communities, and help to position the Toronto Hydro and the City of Toronto as a leader in DSM generally, and for low income households, in particular.

Barriers

The principal barrier to be overcome is the separation of social and environmental impacts of changing energy policy. The value in LIEN is that it can help to bridge this separation.

In developing the TEA report to the Ministers on low income energy conservation and assistance (April 2004), TEA and CELA gained a better understanding of social assistance issues facing low income households and ACTO and ISAC gained a better understanding of the effects of changing energy policy on their constituency. What became clear to all the project proponents is that more information exchange and sharing, and more communication and dialogue are needed among environmental/energy groups and social assistance groups in order to develop effective energy programs to address in the most effective manner the needs of low income households. Through capacity building in LIEN, this dialogue can continue in a more broad-based and successful manner. This will enable low income advocates to become a more effective voice to break out of organizational and institutional silos and create win-win solutions. This cooperation will lead to greater improvements in energy efficiency, lower bills for low income households and a better environment for Torontonians.

Workplan

The workplan for the first phase of LIEN's work (June to November 2004) has four main elements:

1. Outreach and capacity-building for the Low Income Energy Network
 - Recruit new LIEN members to broaden its membership.
 - Form steering committee to oversee LIEN activities and research.

¹² A more detailed discussion can be found in *Low income energy conservation and assistance*, April 2004, available as report 464 at <http://www.cela.ca/publist.htm>.

¹³ These include reductions in GHGs emitted from Toronto sources, improved air quality in Toronto and improved indoor comfort (e.g. reduction in drafts, more uniform air temperatures in households) for low income residents in Toronto.

- Raise awareness of the issues around home energy consumption by low income households.
 - Engage affected community and organizations in developing solutions. This includes interviews with LIEN members and others to identify existing (non-utility) low income energy DSM programs in Toronto.
 - Ongoing communication with LIEN members would be maintained through email and telephone conferences.
2. Research on the design and delivery options for a comprehensive set of low income energy programs. The research process will be overseen by the steering committee.
 - Literature research (IndEco and secretariat) on existing energy programs in Toronto (and in Ontario, where not available in Toronto) delivered by social and environmental groups (e.g. Share the Warmth, Green\$aver, Green Communities Association).
 - Telephone Interviews (45 minute interviews with 5-10 groups) will be conducted by IndEco and members of the steering committee, where possible, with key groups. The interviews will be used to supplement the research on the groups' existing low income energy programs and to obtain feedback on program design and delivery where Toronto Hydro would be accountable for the programs.
 3. Organize and host a one-day LIEN conference in Toronto in early September to raise awareness of, and refine the recommendations regarding, program design and delivery for low income energy programs that are in a ready to implement format for Toronto Hydro to implement in the fall of 2004. The logistics will be carried out by LIEN Secretariat. IndEco will provide guidance and advice on the agenda and format for obtaining quality feedback on the draft recommendations. IndEco will draft materials to be handed out in advance to participants regarding the draft recommendations. Other materials will be prepared by the steering committee. IndEco staff will facilitate the sessions at the conference dealing with obtaining feedback on the recommendations. IndEco will assist the steering committee and the LIEN secretariat in the preparation of the short brief on the conference.
 - Develop an agenda and format suitable to provide and share information on low income and energy issues and to obtain quality feedback on the draft recommendations for low income DSM programs that Toronto Hydro can implement in the fall of 2004.
 - Prepare materials to be handed out in advance to participants to facilitate feedback on the draft recommendations.
 - Arrange the logistics for the conference (registration, venue, equipment, food, signage)
 - Deliver the conference including the facilitation of participants in providing feedback on the draft recommendations.
 - Document in a short brief the recommendations resulting from the conference.
 4. Prepare and submit the final report (IndEco) to Toronto Hydro and the Ministers of Community and Social Services and Energy.
 - Recommend a comprehensive set of low income energy efficiency programs, based on research and consultation process that can be implemented by Toronto Hydro in the fall of 2004.
 - Prepare a draft report for discussion at the LIEN conference on DSM programs.
 - Revise and finalize the recommendations and the report based on the feedback obtained.
 - Ensure that the proposed programs including their delivery mechanisms are endorsed by as many LIEN members as possible within the project timeframe and budget.
 - Make the final report available to other interested parties such as the Ministers of Energy and Community and Social Services, other local utilities, social housing providers, and municipal governments.

- Conduct appropriate follow up with Toronto Hydro and the Ministers to promote the understanding and implementation of the recommendations. This could include attending meetings and making presentations.

Partners

We anticipate increasing the membership of LIEN as a core element of the workplan. The founding members are the Toronto-based groups who undertook the initial educational and policy work; supporting are those who endorsed LIEN's core principles.

The founding members of LIEN are:

- 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
- Share the Warmth

Supporting members of LIEN include:

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| • Centre for Urban and Community Studies, University of Toronto | • Community Homelessness Initiative Network- Sarnia |
| • Etobicoke Housing Help Centre | • Kenora Community Legal Clinic |
| • Albion Neighbourhood Services – Toronto | • T.H.R.I.V.E, Essex County |
| • Energy Action Council of Toronto (EnerACT) | • Public Interest Advocacy Centre (PIAC) |
| • Green\$aver | • Canadian Mental Health Association – Thunder Bay Branch |
| • DisAbled Women's Network Ontario | • Conservation Council of Ontario |
| • Prof. Valerie Tarasuk, Faculty of Medicine, University of Toronto | • Canadian Auto Workers |
| • Guelph- Wellington Coalition for Social Justice | • The Ontario Coalition for Better Child Care |
| • Centre for Social Justice | • Catholic Family Development Centre – Thunder Bay |
| • Renters Educating & Networking Together | • Stuart Bailey, Director of the Nipissing Community Legal Clinic |
| • Rainy River District Community Legal Clinic | • Ontario Coalition for Social Justice |
| • Community Legal Assistance Sarnia | • Parry Sound District Social Services |
| | • North Lanark Community Health Centre |
| | • Woolwich Community Services – Waterloo Region |