Before the Ontario Energy Board

Hydro One Plan for Re-Allocation of Smart Meter Funds

Submission of the Low-Income Energy Network

1. Hydro One and the intervenors in this proceeding met regarding the revised Conservation and Demand Management ("CDM") program on September 23, 2005. No consensus was reached regarding Hydro One's re-allocation of smart meter funds. However, a number of the intervenors supported a common proposal, which is set out in detail in GEC's submission to the Ontario Energy Board in this matter.

2. The Low-Income Energy Network ("LIEN") supports the common proposal set out in the GEC submission.

3. Specifically, LIEN supports Hydro One's allocation of an additional $0.5 million to low -income and social housing CDM programs and $0.6 million to the MUSH sector. LIEN also supports Hydro One's commitment to distribution loss reduction. However, LIEN does not support the allocation of $6 million of CDM funds to distribution lose reduction.

4. LIEN supports the following proposal for the allocation of the $6 million, which is set out in greater detail in GEC's submission:

   a. Hydro One's distribution loss reduction program to be funded in the capital plan to be included in the 2006 rates proposal;
   b. The OM&A portion, the 2006 depreciation and cost of capital components of distribution loss reduction to be funded from $6 million originally allocated to distribution loss reduction (i.e. approximately $1 million); and
   c. The remaining funds (approximately $5 million) to be apportioned equally (to the extent possible) between low-income CDM programs, MUSH sector and focussed pilots and programs that would assist in responding to the York region transmission constraint.

5. Electricity prices are on the rise, and all indications suggest that they will keep going up. Ontarians with low-incomes are particularly vulnerable to the negative impacts of rising electricity costs, and many will be forced to chose between heating, eating and paying the rent/mortgage.

6. Low income consumers in Ontario, who represent a significant proportion of the provincial population, face a much higher energy burden than do higher income consumers.

DSM for low income consumers in Ontario, IndEco Strategic Consulting Inc, November 7, 2003 at 4 - 5

7. Due to their higher energy burden, low income consumers have needs related to DSM programs that are significantly different from those of higher income consumers, just as large industrial consumers have different needs than do small commercial enterprises.

> DSM for low income consumers in Ontario, IndEco Strategic Consulting Inc, November 7, 2003 at 9

8. Low income consumers are generally not able to participate in typical CDM programs, such a purchasing energy efficient appliances or investing in building envelop upgrades. Even if the programs are partially subsidized by the utility or government, the requirement for a capital outlay, of any size, presents a barrier to the low-income consumer.

> DSM for low income consumers in Ontario, IndEco Strategic Consulting Inc, November 7, 2003 at 7

9. However, there are significant energy efficiency opportunities in low income households. Low-income consumers are more likely to be using inefficient electric heating and appliances, and live in a low quality of housing. As low-income consumers are not likely to invest in energy efficiency, there are significant opportunities for reducing energy use through deep CDM programs aimed at low-income consumers.

> DSM for low income consumers in Ontario, IndEco Strategic Consulting Inc, November 7, 2003 at 7

10. The benefits to low-income consumers of deep low-income CDM programs are numerous. Low-income CDM programs:

a. help people with low-incomes keep the lights on;

b. reduce risk of homelessness;

c. reduce negative health effects of having to chose between heating and eating; and

d. reduce the health and safety risks of being forced to use cheap, alternative sources of heating and power.

11. In addition to the benefits for participants, there are several non-participant benefits of low income CDM programs:

a. reduction of cost to utilities associated with late or non-payment of bills (e.g. collection, termination, reconnection);

b. reduction of costs to utilities associated with emergency calls;

c. reduction of the social costs of homelessness and health and safety risks associated with not having adequate access to electricity; and

d. reduction of demand for electricity, and thus contribution to meeting Ontario's energy goals.

DSM for low income consumers in Ontario, IndEco Strategic Consulting Inc, November 7, 2003 at 7

12. Reducing distribution loss is of vital importance. It benefits Hydro One, consumers and Ontario as a whole. LIEN takes the position that the most

efficient way to achieve distribution loss reduction is as proposed by, i.e. by financing it from the capital fund, and using some CDM funds to cover the operating and financing costs. This proposal allows Hydro One to achieve distribution loss reduction AND more investment in low-income programs, MUSH sector and York Region, without impacting on 2006 rates.

13. LIEN applauds Hydro One's commitment to low-income and social housing programs, and welcomes the opportunity to work with Hydro One in its development and roll out of programs.

All of which is respectfully submitted this 14th day of October, 2005.

Julia McNally
On behalf of the Low-Income
Energy Network