



LOW-INCOME ENERGY NETWORK

Rising energy costs and low-income consumers

December 6, 2005

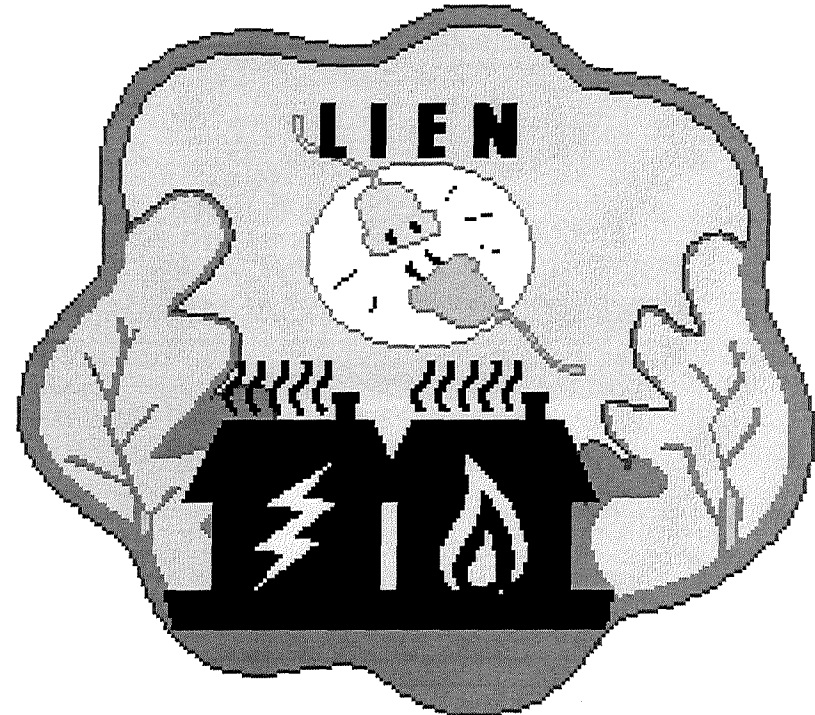
**Theresa
CELA for LIEN**

Presentation overview

1. Energy Crisis
2. Low-income energy burden
3. Barriers to energy conservation
4. Low-Income Energy Network (LIEN)
5. Helping low-income consumers

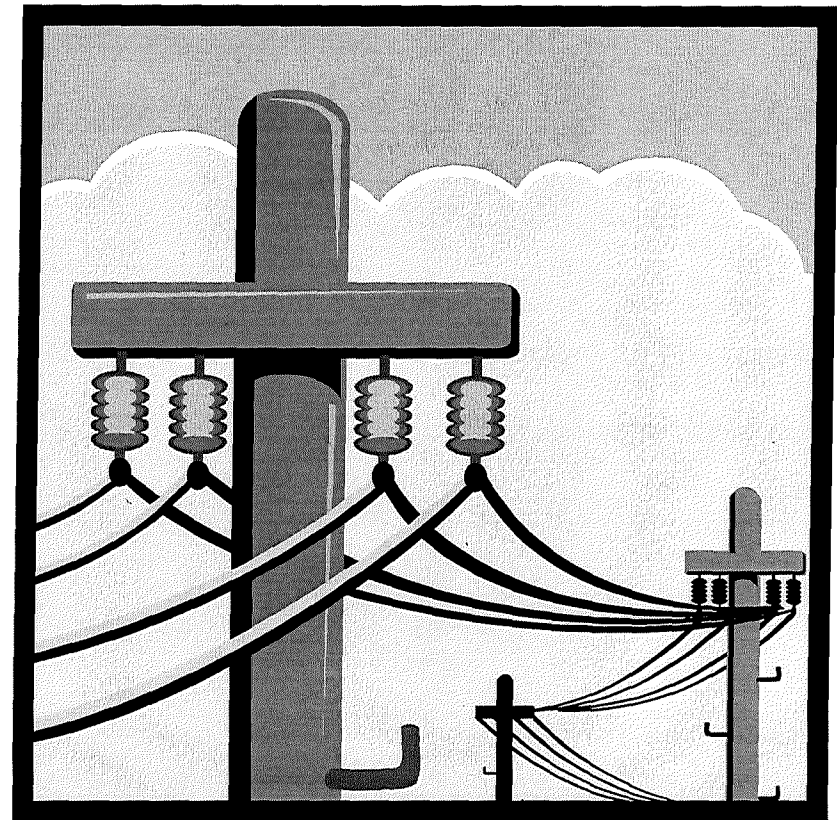
The Low-Income Energy Network

- ◆ Formed 2004
- ◆ 52 member organisations, including housing, environmental, and social justice
- ◆ plus individual and corporate supporters

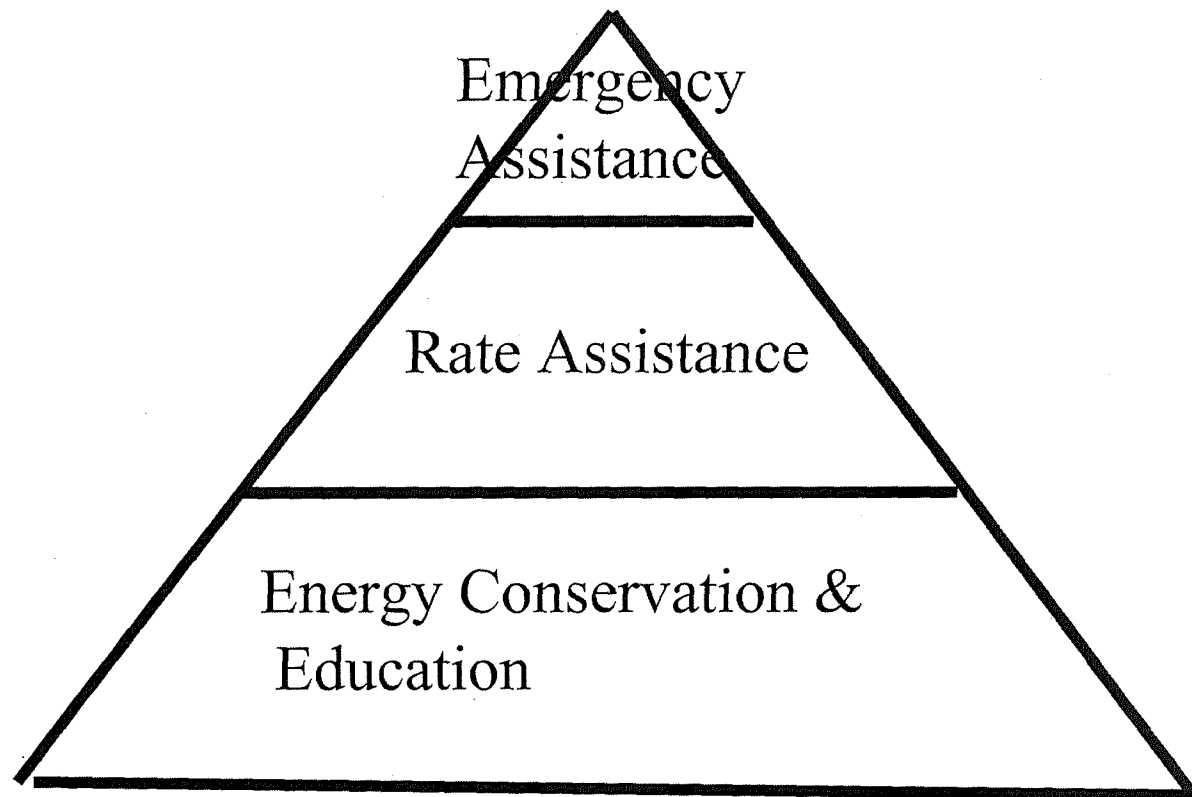


Universal Access to Energy

- ♦ Electricity and heat are basic necessities and universal access to energy must be ensured for all Ontarians, including low-income households.
- ♦ This need must be met while minimizing the impacts on health and on the local and global environment.



LIEN's approach to low-income energy conservation & assistance



The energy crisis

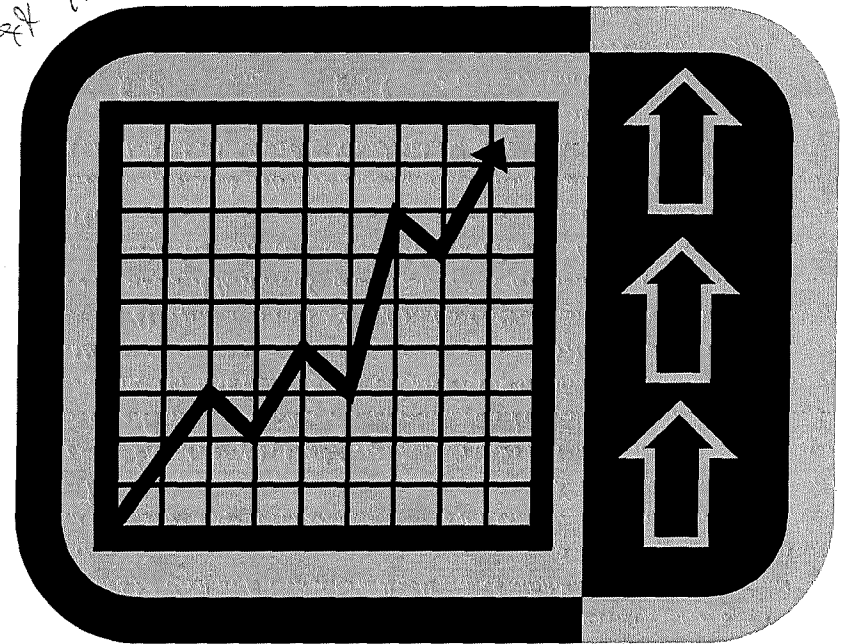


- ♦ Ontario/ the world faces an energy crisis
- ♦ Need to refurbish, rebuild, replace or conserve 25,000 MW of generating capacity by 2020.
- ♦ The Worlds finite reserves of oil and gas are running out

Rising energy prices

- ◆ As of April 1, 2005 - OEB's Regulated Price Plan increased electricity prices
- ◆ prices are expected to go up again next year
- ◆ natural gas prices and oil also on the rise

*May 1/06
next incr.*



Energy use and the environment

- ◆ Electricity generating stations are big polluters.
 - 20% of greenhouse gases
 - 15% to 23% of smog-causing pollutants
 - Radioactive wastes we don't know how to deal with
- ◆ home energy use is responsible for 15% of greenhouse gas emissions in Ontario.
- ◆ Environmentalists call for higher energy costs to spur conservation, but higher prices will increase the energy burden on low-income people

Low-income energy burden



- ◆ Low-income energy consumers face a disproportionate energy burden
- ◆ Energy burden refers to the amount of household income spent on energy
 - some experts say 6% is an affordable burden
 - U.K. fuel-poor household defined as spending more than 10%

Low-income energy burden

- ◆ With the April 1st, 2005 rate increases, electricity bills for an average residential customer range from \$94 to \$159 per month.
 - For a single mother with two children on social assistance, this represents 17% to 28% of her maximum shelter allowance of \$571.
 - For a single person working 35 hours a week at minimum wage (\$7.45) this represents 8% to 14% of this worker's total monthly pre-tax income of \$1129.92.

Rising energy prices and low-income consumers

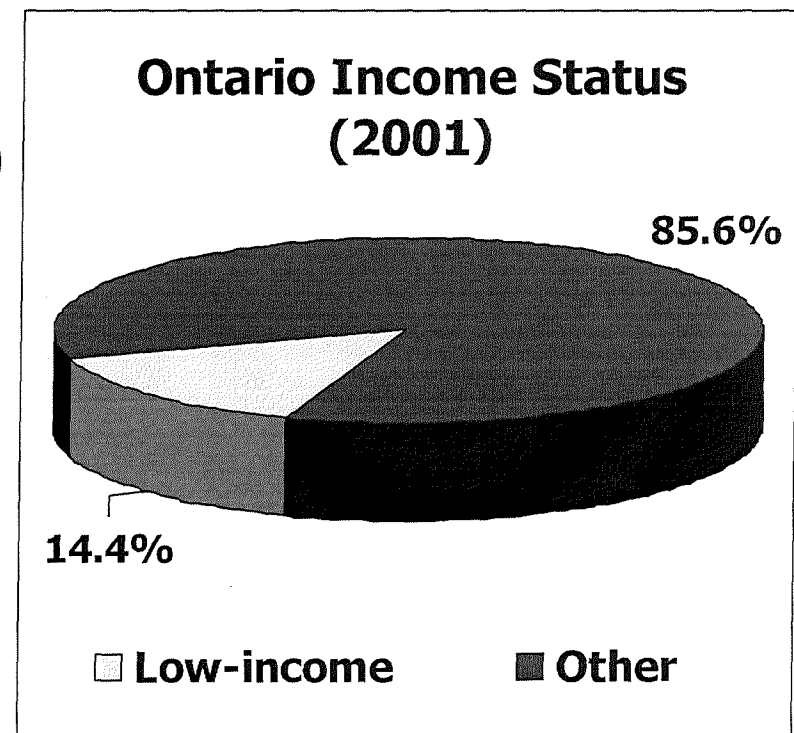


- ♦ Low-income households are particularly vulnerable to increases in shelter and utility costs - put housing in jeopardy.
- ♦ High energy costs are the second reason for economic evictions in Ontario, right after unaffordable rents, according to Share the Warmth.
- ♦ Heating, eating or paying the rent will be choice faced by many.
- ♦ Reductions in energy use may be at the expense of socially acceptable standards of living.

Poverty

- ◆ 14.4% of Ontario's population (1,611,505 persons, estimated 810,000 households) are living at or below the "poverty line".
 - The majority of these persons live in tenant households, and in the private rental market

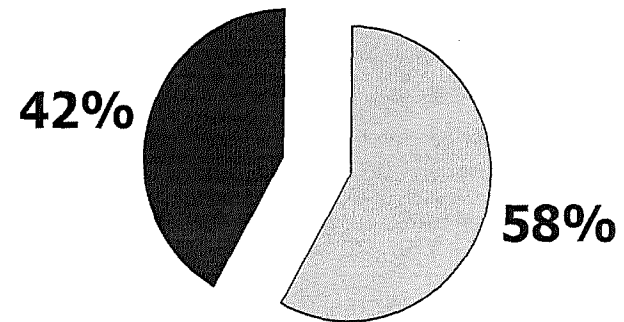
** 36% of all households
below the poverty line.*



Source: Statistics Canada, 2001 Census of Population

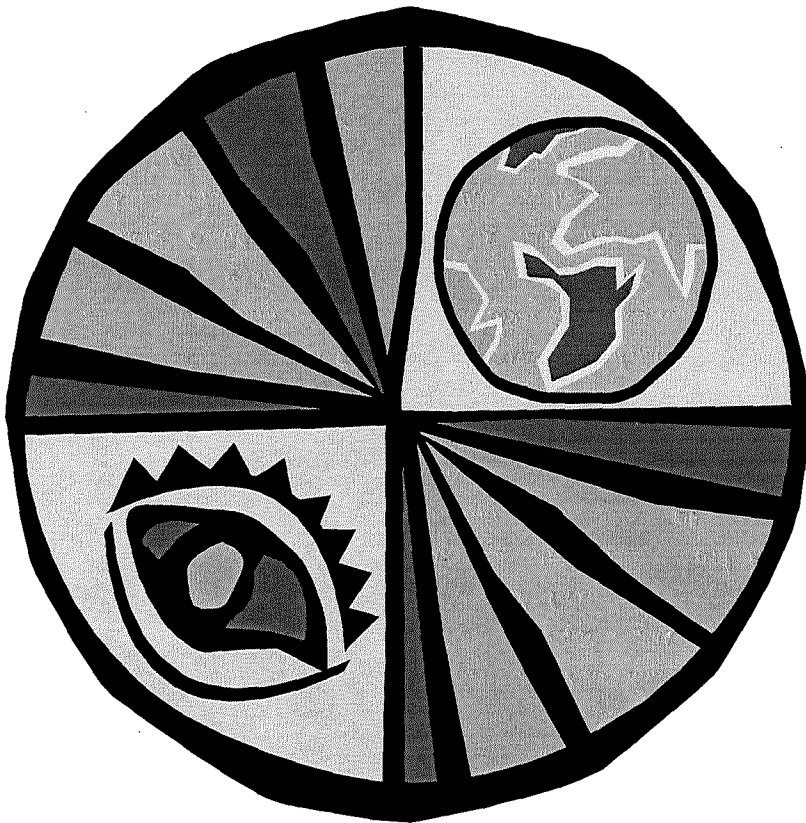
Housing affordability

- ◆ 42% of Ontario tenant households (564,735) pay 30% or more of their household income on shelter costs (including utilities).
 - 20% pay 50% and over of their household income on shelter costs.
- ◆ 66.4% of Ontario households in core housing need are tenant households - a significantly disproportionate share.



■ Pay less than 30%
■ Pay more than 30%

Energy conservation and low-income consumers



- ◆ Conservation and energy efficiency is a cheap, clean, and sustainable solution to the energy crisis.

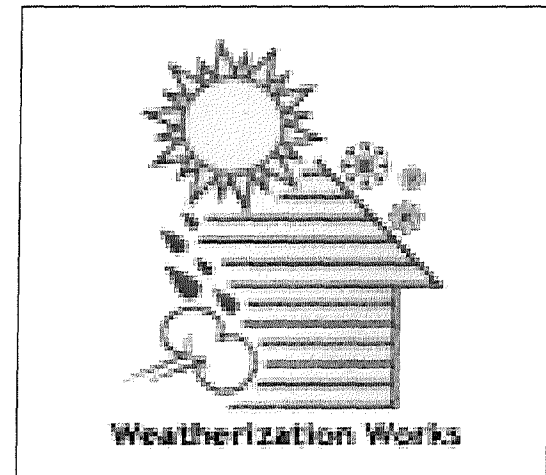
Benefits to Low-Income Household



- Lower energy bills
- Reduce risk of homelessness
- Improve comfort/quality of life
- Reduce pollution, avoid building new expensive electricity generating plants

Benefits for Society

- Reduce demand for emergency assistance (public & charitable funds)
- Reduce need for public expenditures such as health, fire, building inspections, homeless shelters, and housing programs
- Reduce poverty
- Reduce pollution
- Reduce need for new generation

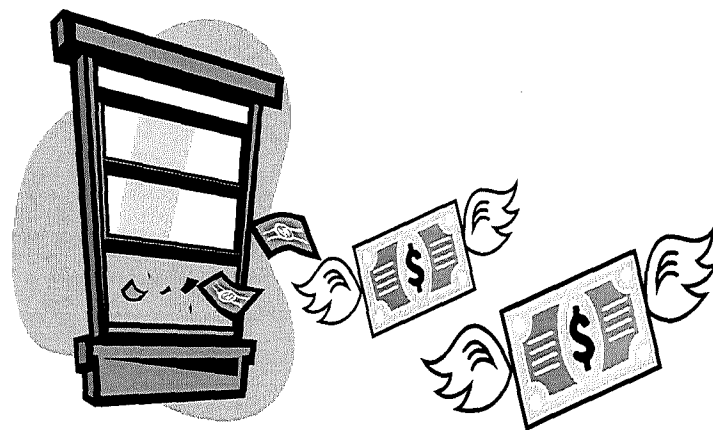


Benefits for Utility

- Reduce costs associated with late payment or non-payment of bills (e.g. collection, disconnection, reconnection)
- Reduce costs associated with emergency calls

Barriers to conservation for low-income consumers

- ◆ Lack of capital to invest in energy efficiency
- ◆ Typically live in older, drafty/poorly insulated buildings with inefficient appliances & heating system
 - Apartment buildings: may not even have thermostat



Barriers to conservation for low-income consumers

- ◆ Split incentive between landlords & tenants
 - tenants don't own building/appliances so can't benefit from long-term investment;
 - tenants don't have authority to invest
 - landlords can pass on higher energy costs under current rent rules/don't directly enjoy improved comfort of less drafty home



Helping low-income consumers

What is currently happening:

- ◆ LIEN produced template for program for low-income homeowners and tenants who pay for utilities (electricity, gas) directl
- ◆ 33 electricity LDCs are doing either targeted low-income or social housing energy conservation programs;
- ◆ Brantford Power piloting "Conserving Homes" program based on LIEN template

Social Housing Services Corporation (SHSC)

very motivated to reduce energy costs/consumption

Energy Management Program pilot and financing of retrofits

Helping low-income consumers

October 6, 2005 Minister's directive gives OPA/Conservation Bureau responsibility for low-income and social housing CDM *Ref. OEB decision No. OPA 600*

- ◆ Discretionary benefits available for OW/ODSP recipients (homeowners or renters) to pay for pre-approved low-cost energy conservation measures
 - payment issued only once to benefit unit, may not exceed \$50
 - for caulking, weatherstripping, insulating pipes, low-flow showerheads, CFLs, etc.
- ◆ Federal government announced \$500 million EnerGuide for Low-Income Households (EGLIH) program *note?*

Union Gas' Role

- ◆ Gas companies have been leaders in CDM
- ◆ continued role for leadership:
 - work with electricity LDC for comprehensive low income programs
 - undertake pilot projects - *go deep*
 - share information

Information about LIEN & its work

- We want to develop and implement a comprehensive, workable low-income energy conservation and assistance program in Ontario.
- Our reports and media release packages can be accessed at the LIEN web site - www.lowincomeenergy.ca, and also at:
 - www.acto.ca
 - www.torontoenvironment.org
 - www.cela.ca

Thank You