



October 31, 2024

Ontario Ministry of Energy, Conservation and Renewable Energy Division  
77 Grenville Street,  
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Canada

Attention: Gabriel Weekes, Senior Policy Advisor

**RE: ERO # 019-9235 – 2025-2036 Electricity Energy Efficiency Framework**

Through the Environmental Registry, the Ministry of Energy is seeking feedback from stakeholders on Ontario's electricity energy efficiency (EE) framework. The Low-Income Energy Network (LIEN) is a strong advocate for a low-income electricity EE framework (also known as an electricity demand-side management or "eDSM" framework) in Ontario.

**Overview of DSM Approach**

Energy poverty is a growing concern in Ontario. About 10% of the Ontario population is low income with almost a million low-income families, the highest number in Canada. This energy poverty may be exacerbated by energy transition. Low-income energy consumers, forced to choose between eating and heating, are not in a financial position to participate effectively in the transition. Without more aggressive and larger financial support for these consumers through eDSM, they will likely be the last on the non-electric system to move to full electrification and will find themselves responsible for paying for the bulk of any non-electric stranded assets that result from the transition.

While electricity prices may drop over the long term due to electrification, it is likely that in the short and medium term they will rise to pay for needed infrastructure to facilitate the greater demand for electricity and its transmission and distribution. As a result, we can expect that low-income energy consumers, without adequate assistance, will bear a significant disproportionate burden in the transition period. The sooner, through electricity EE programming and other measures (e.g., increased rate assistance, enhancements to LEAP to cover natural gas and increased dollars available per participant) these consumers can transition to decarbonized electricity, the more they will be able to be effective participants in the transition. A comprehensive policy and programming approach to eDSM for low-income energy consumers is needed, buttressed by much larger (e.g., double budgets and targets in next framework) low-income electricity EE programs that focus on energy efficiency and decarbonisation through fuel-switching and other measures such as energy efficiency through deep weatherization retrofits, including energy efficient doors and windows, and more energy efficient electric appliances/lighting.

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Cost-effectiveness of programming is not a current requirement for low-income eDSM, and this policy should continue into the new framework. As well, increased financial and technical assistance to upgrade low-income homes, as needed, should be made available in the DSM programs to remove non-energy constraints (e.g., infestation, hoarding) in order to be able to carry out the energy upgrade. Collaboration with Enbridge Gas Distribution Inc. (EGI) on addressing these matters may improve the cost effectiveness of the approach. Also, IESO should consult with the federal government to see how IESO low-income energy programs can leverage federal dollars available (e.g., FCM, IRAP) for both non-energy and energy related low-income home and multi-residential upgrades.

## **Fuel Switching and Heat Pumps**

To be effective in addressing low-income energy consumer needs, eDSM programs for low-income energy consumers cannot be looked at in isolation. What happens to the price of other fuels and the assets around their transmission, distribution and storage will have a major impact on the overall energy bills these consumers will pay. Electricity EE programs that address this issue are critical.

For example, an eDSM program that includes effective and timely energy-efficient fuel-switching of low-income energy consumers off natural gas for heating to cold-climate heat pumps and to heat pump water heating will be an important initiative. This initiative should be led by IESO and coordinated with EGI, through a government mandate, to ensure the Ontario Energy Board has a clear mandate to keep EGI whole, as necessary, while ensuring timely and effective fuel-switching of low-income energy consumers off fossil fuels. Additionally, this fuel-switching program should apply to low-income consumers on fuel oil, propane and other fossil fuels for heating/cooling.

Cooling is becoming a health and safety issue due to climate change and extreme temperatures. Heat pumps are more energy-efficient than air conditioners as they don't consume as much electricity. Electric heat pumps can replace existing window and central air conditioners in the summer but can also operate in reverse in cooler seasons to provide home heating. IESO's Energy Affordability Program (EAP) should be expanded to ensure deep energy retrofits that include the existing measures as well as heat pumps for heating/cooling and hot water heating, and energy efficient doors and windows.

LIEN strongly supports that cold-climate heat pumps are added as measures for baseboard heated homes and electric furnace homes, and for dwellings with natural gas heating, whose furnace needs to be replaced. A potential gas-electric hybrid system (heat and water, gas and electric) should also be included where appropriate, with gas serving as a back-up when needed.

## **Objectives and Targets**

LIEN strongly supports targeting free retrofit and energy transition programs to low-income energy consumers, with larger eDSM budgets (at least double 2021-2024 Framework budget for next 3-year framework – 2025-2027). Programming should be expanded to include a separate stream for the low-income multi-residential low-income, private rental market – EGI has such a

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stream – and ensure collaboration for cost-effectiveness and easy consumer program access between this new suggested IESO targeted eDSM program offering and EGI’s low-income private rental multi- residential DSM initiative.

Energy efficiency programming for low-income energy consumers should be broadened to include increased focus on energy efficient fuel-switching off of fossil fuels to energy efficient electric measures such as cold-climate heat pumps and heat pump water heaters in combination with deep weatherization measures to improve the building envelope. These measures are expensive in today’s market but will likely drop in price over the new framework period.

Cost-effectiveness of programming is not a current requirement for low-income energy efficiency, and this policy should continue into the new framework. As well, increased financial and technical assistance to upgrade homes, as needed, should be made available in the eDSM programs to remove non-energy constraints (e.g., infestation, hoarding) in order to be able to carry out the energy upgrade. Collaboration with EGI on addressing these matters may improve the cost effectiveness of the approach. Also, IESO should consult with the federal government to see how IESO low-income energy programs can leverage federal dollars available (e.g., FCM, IRAP) for both non-energy and energy related low-income home and multi-residential upgrades.

### **Provide Affordability**

Low-income energy consumer eDSM should be funded by all electricity ratepayers. This is consistent with the current approach through global adjustment funding and the long-standing approach the OEB has taken regarding the funding of low-income energy efficiency programs.

The approach where the OEB, through its CDM Guidelines, provides LDCs the opportunity to seek distribution rate funding for CDM should be maintained. Additional clarity should be provided by the Ministry of Energy through policy to encourage use of this distribution rate vehicle for local energy efficiency programming by directing the OEB to put in place streamlined, fair and transparent approval processes for LDCs to access this funding, which ensures engagement of stakeholders (in the case of low-income programming, low-income stakeholders) in the development and implementation of these programs by LDCs.

Further, LIEN recommends that a budget is added to the IESO’s Energy Affordability Program (EAP) which at least matches the maximum level Enbridge Gas provides per dwelling to address mould, hoarding, infestation, minor repairs needed before insulation and draft proofing and other direct install measures can be implemented. Additionally, there must be larger low-income budget to achieve a market transformation to low or no carbon fuels, such that within 10 years or less, all low-income consumers are using heat pumps and that these heat pumps are energy-efficient heat pumps for heat, air conditioning, and hot water.

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## **Optimize Delivery**

The ‘start and stop model’ is harmful to the effectiveness of all energy efficiency programming, including low-income EE. A more enduring commitment to energy efficiency and funding would result in better outcomes, including more cost-effective programs, less market confusion, and greater savings and participation.

Achievable potential studies set the overall level of energy efficiency available and should continue to be updated at regular intervals or sooner if major market disruption results in significant increases or decreases in potential savings. Such updates and adjustment could be helpful in updating budgets and targets at the midpoint (midterm review). However, it is likely to be insufficiently nimble to be leveraged to make course correction on an annual basis or before and after the mid-term review. IESO’s Annual Planning Outlooks should include electricity energy efficiency targets, achievements to date, and forecast to end of framework to help guide any course correction needed before the midterm or after the midterm review.

Including eDSM acquisition and adjustment in the IESO’s Annual Acquisition Report may be the most effective tool for achieving timely course correction of budgets and targets for IESO’s eDSM programs in the next framework. The Report could include actual savings to date, forecast savings and rationale for target and budget adjustment based on extensive input from IESO eDSM program service providers, annual eDSM program evaluations, and eDSM program participant feedback etc.

To improve program delivery, IESO should collaborate with Enbridge Gas on the delivery of EGI’s low-income multi-residential program, which includes both affordable housing and the private rental market. IESO can provide funding for similar measures where the building is electrically heated for in-suites and as well as for common area measures.

There must be continued support and expansion of IESO’s Local Initiative Program, including specific considerations of low-income communities with grid constraints. Further, there must be more support for local involvement of LDCs, including LDC customized low-income programming to a community’s specific needs. This could be done through collaboration with local community groups, such as religious organizations, social service agencies or legal aid clinics.

## **Improving Customer Experience**

The low-income energy consumer would benefit from a more holistic approach to the provision of energy services through enhanced coordination among service providers, including electric utilities and social service providers. Facilitated by IESO, this would involve the development of a one-window approach that guides the low-income consumer and addresses their entire customer journey - from obtaining, as needed, emergency financial assistance (LEAP), to rate subsidies, appropriate rate plans, and arrears management strategies, and engagement and participation in IESO low-income energy programs.

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IESO and EGI now coordinate some programming for low-income energy consumers; that should be built upon and expanded to include the multi-residential low-income private rental market, cooperatives and others. Additionally, to improve the experience of income-qualified and First Nations communities, there must be a standing committee that meets quarterly or semi-annually to advise on program design and progress on implementation of low-income/First Nations programs.

In the US, the Inflation Reduction Act offers two new residential programs at the state level focused on the low-income and low-medium sectors (LMI). IESO should engage with USDOE and key innovative states that will deliver these programs to investigate lessons learned once these programs are underway. For example, there is an IRA requirement for low-income (private and public) multi-residential building owners that participate to provide proof of number of low-income households (apartment units) in their buildings to ensure they meet the required percentage. Providing such data has been a thorny issue for such providers in Ontario; proxies are used instead of actual numbers, and this results in uncertainty that dollars are reaching the appropriate consumers. Learning from US how such building owners and managers meet these IRA requirements could help in Ontario, aiding to ensure that eDSM dollars for low-income multi-residential market are reaching the target market.

### **Coordinated Delivery**

IESO and EGI already coordinate on low-income energy programs that serve common markets. As previously discussed, IESO offerings should be included to cover all sectors that EGI covers and expand into the low-income multi-residential private rental market. A one-window approach to services for low-income energy consumers that includes both natural gas and electricity will be more cost-effective, minimize market confusion, and should increase savings and participation. Such an approach will become increasingly essential to ensure that low-income energy consumers can effectively participate in and not be unduly burdened by the energy transition.

We thank you for the opportunity to submit these comments and recommendations for your consideration.

Yours truly,

**Low-Income Energy Network**

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