

## Undertaking 70

Mr. Raphals to provide, in reference to the Ontario energy and property tax credit, written elaboration on efforts to improve accessibility for First Nations persons on reserve.

## RESPONSE

The Ontario Energy and Property Tax Credit (OEPTC) is designed to help low- and moderate-income individuals with property taxes and with the sales tax on energy. All First Nations persons living on reserve are eligible, as long as energy costs “were paid by or for” them for a principal residence on reserve, as indicated in the attached document from the Ontario Finance Department website. The maximum annual benefit is \$227. A document describing the OEPTC is attached as Attachment 1.

The OEPTC is complemented by two other Ontario programs providing financial support for the energy costs of First Nations persons on reserve: the Ontario Electricity Support Program (OESP) and the First Nations On-Reserve Delivery Credit.

### OESP

As explained in the document, “Ontario Electricity Support Program - Questions for First Nations,” published by the Ontario Energy Board (Attachment 2), the OESP is a ~~ratepayer-funded~~ program that lowers electricity bills for eligible lower-income households. Credits are applied directly to eligible customers’ bills, based on household income and the number of individuals in the household. A higher rate is provided for low-income First Nations and Métis households “to help address some of the unique challenges that may lead to higher electricity use and costs”. The rates shown below are offered to lower-income First Nations households, customers whose homes are electrically heated, and those who rely on an approved medical device requiring a lot of electricity (based on after-tax income).

The OESP was initially ratepayer-funded, but, as indicated in “Ontario Electricity Support Program – Questions and Answers “ (Attachment 3), the government of Ontario announced in March 2017 that, as part of the Fair Hydro Plan, its funding would move to the provincial tax base.

Income eligibility criteria are:

Two-person households: under \$39,000/yr

Three-person households: under \$48,000/yr

Four-person households: under \$52,000/yr

For low-income households with electric heating or other situations requiring high energy usage, the rates as of May 1, 2017 are as follows:

**OESP Monthly Credit Amounts by Household Income Level – Energy Intensive**

Household Income (After Tax)	Household Size (Number of people living in household)						
	1	2	3	4	5	6	7+
\$28,000 or less	\$68	\$68	\$75	\$83	\$90	\$113	\$113
\$28,001-\$39,000		\$60	\$68	\$75	\$83	\$90	\$113
\$39,001-\$48,000			\$52	\$60	\$68	\$75	\$83
\$48,001-\$52,000					\$52	\$60	\$68

The assistance rates offered to other low-income households are as follows:

**OESP Monthly Credit Amounts by Household Income Level**

Household Income (After Tax)	Household Size (Number of people living in household)						
	1	2	3	4	5	6	7+
\$28,000 or less	\$45	\$45	\$51	\$57	\$63	\$75	\$75
\$28,001 - \$39,000		\$40	\$45	\$51	\$57	\$63	\$75
\$39,001 - \$48,000			\$35	\$40	\$45	\$51	\$57
\$48,001 - \$52,000					\$35	\$40	\$45

To apply, one must provide the last electricity bill, names and birthdates of all household residents and proof of household income. The Ontario Ministry of Finance verifies claimed household income with the Canada Revenue Agency.

For those who have not filed tax returns, application can be made manually to an intake agency. For First Nations households, this role is filled by the Ontario Native Welfare Administrators' Association (ONWAA), which provides on-site, face-to-face assistance in First Nations communities.

## First Nations On-Reserve Delivery Credit

The First Nations On-Reserve Delivery Credit was established by the Ontario Energy Board in 1998. For those reserves served by distribution utilities with unbundled bills, the credit is equal to the distribution charge. In other cases, the credit is generally set equal to the minimum monthly charge. The regulation establishing the credit<sup>1</sup> is included as Attachment [43](#).

These measures were adopted by the Ontario government following a report from the Ontario Energy Board, entitled “Options for an Appropriate Rate Assistance Program for On-Reserve First Nations Electricity Consumers”, provided in response to a request from the provincial Energy Minister<sup>2</sup>. A copy of the report is provided as Attachment [54](#).

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<sup>1</sup> Ontario Reg. 197/17. <https://www.ontario.ca/laws/regulation/170197>

<sup>2</sup> [www.oeb.ca/sites/default/files/uploads/Report\\_to\\_the\\_Minister\\_Developing\\_First\\_Nations\\_Rate\\_20161229.pdf](http://www.oeb.ca/sites/default/files/uploads/Report_to_the_Minister_Developing_First_Nations_Rate_20161229.pdf)

**ATTACHMENT 1**



## Ontario Energy and Property Tax Credit

This credit helps low- to moderate-income individuals with property taxes and the sales tax on energy. The credit is part of the Ontario Trillium Benefit.

### How much money could I receive?

For the 2017 benefit year, you could get:

- up to \$1,023\* if you are a non-senior (\$796\* to help with property taxes and \$227\* to help with sales tax on energy)
- up to \$1,165\* if you are a senior (\$938\* to help with property taxes and \$227\* to help with sales tax on energy)
- up to \$227\* if you live on a reserve or in a public long-term care home
- \$25 for the time you lived in a designated college, university or private school residence in 2016.

\*These amounts are adjusted for inflation each year.

**[Use the online calculator to see how much money you can get](#)**

**Definition: benefit year**

### Do I qualify?

You may qualify for the 2017 credit if, on December 31, 2016, you resided in Ontario, and:

- rent or property tax for your principal residence was paid by or for you for 2016
- you lived in a student residence
- you lived in a long-term care home, or
- you lived on a reserve and home energy costs were paid by or for you for your principal residence on the reserve for 2016, and
- at the beginning of the payment month, you are:
  - a resident of Ontario, and
  - 18 years of age or older, or have or previously had a spouse or common-law partner, or are a parent who lives or previously lived with your child.

**Who's considered an Ontario resident?**

### How is the amount I get for the 2017 benefit year calculated?

The amount is based on the amount of rent or property tax you paid for your principal residence in Ontario for 2016, or on the amount of energy costs paid for your principal residence on a reserve in Ontario for 2016, or on the amount of your accommodation costs paid for living in a public long-term care home in Ontario for 2016.

The credit will be reduced by two per cent of your adjusted family net income over:

- \$22,746 for individuals under the age of 64
- \$28,433 for single seniors
- \$28,433 for families, including single parents, and
- \$34,119 for senior couples.

**Definition: adjusted family net income**

**Definition: single individual, family, dependent child**

## How do I get the credit?

You apply for the credit by completing the ON-BEN form, which is part of your personal income tax and benefit return (return).

You may qualify for this payment even if you do not owe income tax.

The deadline for filing returns is April 30 of each year. If you file late, your payments may be delayed.

**Download the ON-BEN Application form for the Ontario Trillium Benefit and the Ontario Senior Homeowners' Property Tax Grant**

**Get your General Income Tax and Benefit package from the Canada Revenue Agency.**

## When will I receive my money?

The credit is issued as part of the Ontario Trillium Benefit.

**When is the Ontario Trillium Benefit paid?**

**View the CRA benefit payment dates**

Are you getting money back? Find out today →



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## Recommended for you

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**Canada Revenue Agency – Ontario Energy and Property Tax Credit** or call 1-877-627-6645.

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## Did you know?

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You and your family could receive other Ontario tax credits. Use the **tax credit calculator** to learn more.

If you are a senior, you could also receive the **Ontario Senior Homeowners' Property Tax Grant**.

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## **Do you need help completing your return?**

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If you are unable to prepare your return yourself, the **Community Volunteer Income Tax Program** may be able to help you.

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To obtain the most current version of this document, visit [ontario.ca/finance](http://ontario.ca/finance) and enter 3057 in the find page field at the bottom of the webpage or contact the ministry at 1 866 668-8297 (1 800 263-7776 for teletypewriter).

**ATTACHMENT 2**





# ONTARIO ELECTRICITY SUPPORT PROGRAM FOR FIRST NATIONS

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## QUESTIONS AND ANSWERS

### ABOUT THE ONTARIO ELECTRICITY SUPPORT PROGRAM (OESP)

#### 1. What is the Ontario Electricity Support Program?

The OESP is an Ontario Energy Board program that lowers electricity bills for eligible lower-income households. Starting January 1, 2016, the OESP will provide a monthly credit to eligible customers based on household income and the number of people in the house. The OESP credits will be applied directly to eligible customers' bills.

#### 2. Is there a different OESP program for lower-income First Nations and Métis?

Yes. After engaging with First Nations and Métis, the OEB determined a higher level of support should be provided for lower-income First Nations and Métis households to help address some of the unique challenges that may lead to higher electricity use and costs.

There is a separate application process for First Nations households.

#### 3. What is the OESP application process for First Nations customers?

The Ontario Native Welfare Administrators' Association (ONWAA) will provide on-site, face-to-face assistance in First Nations communities. This will provide community members with the opportunity to complete an application with personal support.

ONWAA will need the following to complete the application:

- Last electricity bill
- Birthdates and names of all residents in the home
- Proof of household income.

Please contact ONWAA at 1-844-885-3157 or email [oesp@onwaa.com](mailto:oesp@onwaa.com) to confirm their availability.



First Nations customers may also apply online if you have recently filed taxes and have verified income from Canada Revenue Agency that is reflective of the household's total income.

#### **4. When will the program be available to First Nations customers?**

The program begins January 1, 2016 for all lower-income households in Ontario, including First Nations.

Applications will be accepted starting mid-fall 2015.

### **OESP AMOUNTS AND ELIGIBILITY**

#### **5. Are all First Nations customers automatically eligible for this program?**

All lower-income First Nation households who are customers of an electricity utility are eligible and may qualify for OESP.

#### **6. Who can apply?**

The program is available to all eligible lower-income customers who have accounts with electricity utilities, unit sub-meter providers and retail energy companies. The account holder can apply.

#### **7. What if I don't have an electricity account?**

The OESP provides a credit on the electricity bill of eligible customers. It is only available to an electricity account holder.

#### **8. How much assistance will First Nations customers receive?**

For some customers, the need to use more power is unavoidable. That is why OESP offers a higher level of assistance to lower-income First Nations households, customers whose homes are electrically heated, and those who rely on an approved medical device requiring a lot of electricity.



**OESP Monthly Credit Amounts – Energy Intensive**

Household Income	Household Size (Number of people living in household)						
	1	2	3	4	5	6	7+
\$28,000 or less	\$45	\$45	\$50	\$55	\$60	\$75	\$75
\$28,001-\$39,000			\$45	\$50	\$55	\$60	\$75
\$39,001-\$48,000					\$45	\$50	\$55
\$48,001-\$52,000							\$45

**9. How is that different from other low-income households?**

The OESP will provide a monthly credit to eligible customers based on household income and the number of people in the house.

**OESP Monthly Credit Amounts**

Household Income	Household Size (Number of people living in household)						
	1	2	3	4	5	6	7+
\$28,000 or less	\$30	\$30	\$34	\$38	\$42	\$50	\$50
\$28,001 – \$39,000			\$30	\$34	\$38	\$42	\$50
\$39,001 – \$48,000					\$30	\$34	\$38
\$48,001 – \$52,000							\$30

**10. What medical devices qualify for a higher level of assistance?**

The following two medical devices qualify:

- A. Oxygen Concentrator
- B. Mechanical Ventilators (invasive and non-invasive).

**11. Do First Nations who are using eligible medical devices and living in electrically heated homes receive an even higher level of assistance?**

No. The additional credit amounts already account for any or all of these factors.

**12. Are the household income amounts listed in the OESP Monthly Credit tables before or after tax income?**

The household income amounts listed on the table are after tax, or net income.



### **13. My kids go away to school/live with another parent part-time. Can I count them in my household size total?**

Residents must live in the home for 6 months or more per year to be counted in your household.

### **14. How long will it take to process my application and will the credits be applied retroactively?**

Customers who qualify can expect to see the credits appearing on the bill within six to eight weeks. For example, a customer who applies on February 1, will likely see the credit appear on their April bill (or up to four months later depending on their utility's billing cycle).

Credits will not be applied retroactively from the date the application was submitted or approved.

### **15. What if I need help now?**

Other low-income assistance programs are available before January 1, 2016.

For information, please contact your local electricity utility or visit [OntarioEnergyBoard.ca/OEB/Consumers](http://OntarioEnergyBoard.ca/OEB/Consumers) or call 1-877-632-2727.

### **16. Is this a one-time application process or do I need to keep applying on a regular basis?**

Applicants will receive the credit for 24 months from the date the first credit is applied to the bill and will need to re-apply every two years to continue receiving the credit. This eligibility period may be extended from two years to five years for certain customers whose circumstances are unlikely to change, for example seniors aged 65+ and customers receiving a CPP Disability Pension.

### **17. What if I move?**

Customers who move, or whose circumstances change, must re-apply.



## 18. How is this program different from the Low Income Energy Assistance Program (LEAP)?

There is an important difference between the OESP and the currently available LEAP. The OESP is intended to provide ongoing monthly bill payment support to low-income customers. The LEAP offers one-time support for customers who are temporarily unable to make ends meet due to emergency or illness and could have their electricity disconnected. In some circumstances, an applicant may qualify for both programs.

## PROGRAM FUNDING

### 19. How is the OESP funded?

The OESP will be funded by all ratepayers through a per kilowatt-hour charge on electricity bills.

### 20. What will it cost ratepayers?

Until we know how many customers will be using this program it is difficult to provide an exact figure. At this time, based on eligibility of more than 500,000 customers, we expect this program will cost the average residential customer about \$1 each month.

**ATTACHMENT 3**



# ONTARIO ELECTRICITY SUPPORT PROGRAM

## QUESTIONS AND ANSWERS

Question	Answer
<b>OESP Changes May 1, 2017</b>	
What are the OESP changes effective May 1, 2017?	Monthly credit amounts for OESP have increased by 50 per cent as of May 1, 2017. Additionally, the income eligibility thresholds for some household sizes have increased.
I am already receiving an OESP credit on my monthly utility bill. Do I need to reapply for the increased credit?	No, the increased credit will automatically be applied to your utility bill. Households who are not currently receiving an OESP credit, and who are newly eligible for OESP must apply ( <a href="https://ontarioelectricitysupport.ca/">https://ontarioelectricitysupport.ca/</a> ) for the program.
I have recently applied for OESP but don't have a decision yet. Do I need to apply to get the increased credit?	No, if approved the new credit amount will be applied.
What are the households that are newly eligible for OESP as of May 1, 2017?	<ul style="list-style-type: none"> <li>• A 2 person household with an income in between \$28,001 – \$39,000</li> <li>• A 3-4 person household with an income in between \$39,001 - \$48,000</li> <li>• A 5-6 person household with an income in between \$48,001 - \$52,000</li> </ul> <p>Please see the table below which outlines income levels and household sizes.</p>

## ABOUT THE ONTARIO ELECTRICITY SUPPORT PROGRAM (OESP)

What is the Ontario Electricity Support Program?	The OESP is an Ontario Energy Board (OEB) program that lowers electricity bills for lower-income households. The OESP provides a monthly credit to eligible customers based on household income and household size. The OESP credits are applied directly to eligible customers' bills.
When can I apply?	You can apply any time. There is no application deadline, but the sooner you apply and are accepted into the OESP, the sooner you will begin to receive the on-bill credits.
When will I start seeing the on-bill credits?	Applications take about 6 to 8 weeks to process. Credits don't take effect until you submit all required information (including the signed consent form, if required) and your application is processed. The credit is applied to your utility bill as soon as possible after your application has been approved.
	Eligible customers will receive on-bill credits for two years regardless of when a customer applies and their credits begin. See "How do I Apply?"

If you need assistance before the OESP credit is applied to your bill, please contact your electricity utility or visit the OEB website (<https://www.oeb.ca/rates-and-your-bill/help-low-income-consumers>) for more information about other low-income programs that may be available to you.

How do I contact the OESP Contact Centre? If you have questions about the program, you can contact the OESP Contact Centre in the following ways:

- Call 1-855-831-8151 (tel:18558318151) (toll free within Ontario)
- Email [help@ontarioelectricitysupport.ca](mailto:help@ontarioelectricitysupport.ca) (mailto:help@ontarioelectricitysupport.ca)
- Use the Bell Relay service at 1-800-855-1155 (tel:18008551155) (TTY to TTY)

The OESP Contact Centre is open Monday to Friday, from 8:00 a.m. to 9:00 p.m. ET.

## OESP AMOUNTS AND ELIGIBILITY

Who can apply? The program is available to all lower-income customers who have accounts with electricity distributors or unit sub-meter providers. Customers must apply to the program.

What if I don't have an electricity account? The OESP provides a credit directly on the electricity bills of eligible customers. It is only available to an electricity account holder.

You may also contact 211 Ontario to find out more about other programs that you may qualify for.

Is there a separate program for Indigenous communities? The Ontario Native Welfare Administrators Association (ONWAA) is available to assist Indigenous households with their applications. Indigenous households can contact ONWAA at 1-844-885-3157 (tel:18448853157 ) or email [oesp@onwaa.com](mailto:oesp@onwaa.com) (mailto:oesp@onwaa.com) to confirm their availability.

Do all lower-income Indigenous customers qualify for the program? Indigenous applicants must meet the program eligibility criteria to qualify to receive an OESP credit on their electricity bills. Eligibility for applicants is based on household income and household size.



How much will the monthly on-bill credit amount be?

The OESP on-bill credit amount will depend on how many people live in the house and the combined household income after tax.

**Effective May 1, 2017**

**OESP Monthly Credit Amounts by Household Income Level**

Household Income (After Tax)	Household Size (Number of people living in household)						
	1	2	3	4	5	6	7+
\$28,000 or less	\$45	\$45	\$51	\$57	\$63	\$75	\$75
\$28,001 – \$39,000		\$40	\$45	\$51	\$57	\$63	\$75
\$39,001 – \$48,000			\$35	\$40	\$45	\$51	\$57
\$48,001 – \$52,000					\$35	\$40	\$45

For some customers, the need to use more power is unavoidable. If your home is electrically heated, or you rely on an approved medical device requiring a lot of electricity, OESP offers a higher level of assistance.

**OESP Monthly Credit Amounts by Household Income Level – Energy Intensive**

Household Income (After Tax)	Household Size (Number of people living in household)						
	1	2	3	4	5	6	7+
\$28,000 or less	\$68	\$68	\$75	\$83	\$90	\$113	\$113
\$28,001-\$39,000		\$60	\$68	\$75	\$83	\$90	\$113
\$39,001-\$48,000			\$52	\$60	\$68	\$75	\$83
\$48,001-\$52,000					\$52	\$60	\$68

Which medical devices qualify for a higher level of assistance?

There are three at-home medical devices that will qualify an applicant for the higher level of assistance:

- A. Kidney Dialysis Machine
- B. Mechanical Ventilators (invasive and non-invasive)
- C. Oxygen Concentrator

Are the household income amounts listed in the OESP Monthly Credit tables before or after tax income?

The household income amounts listed on the tables are after tax.

How do I know what my after tax income is?

To find out what your after tax income is for the purposes of OESP eligibility, multiply your net income (line 236 on your Notice of Assessment) by 87.82%.

We encourage you to apply if your calculation of after tax income is close to the amounts shown below or if you are unsure of your after tax income.

- For a 1 person household, the household income is \$28,000 or less.
- For a 2 person household, the household income is \$39,000 or less.
- For a 3 - 4 person household, the household income is \$48,000 or less.
- For a household of 5 or more people, the household income is \$52,000 or less.

How is my income, and the income of my household members, verified?

The Ministry of Finance will verify your income with the Canada Revenue Agency (CRA) using your Social Insurance Number (SIN) and the SINs of any other income tax filers in your household. The CRA verifies your income as declared on your tax return from last year or the year before. If you or other members of your household filed taxes only once in the last two years, income verification can still occur. This is true even if you and another household member filed in different tax years.

If you have not filed an income tax return recently, or if your situation has changed since you last filed, your income will need to be manually verified by a designated intake agency. To view a map of intake agencies, click here. (<https://www.google.com/maps/d/viewer?mid=zvXp4ZljmoHU.kMlwTlkpvXf4>)

My kids go away to school/live with another parent part-time/my parents live with me but spend the winter away (snowbirds). Can I count them in my household size total?

To be counted in your household total, residents must reside in the home for 6 months or more per year.

I have utility accounts for more than 1 household. May I apply to OESP for both?

The OESP is for your primary residence only, the one you live at for more than 6 months of the year.

I am the primary utility account holder and under 18 years of age. Can I apply for the OESP?

Yes. Primary account holders under 18 years of age must apply for the OESP through a designated intake agency. Your income will need to be manually verified by an agent. To view a map of intake agencies, click here. (<https://www.google.com/maps/d/viewer?mid=1JHAgVrCuLAMYGWyhnYHTXc9vnOI&ll=44.75757873373794%2C-77.71914649765654&z=6>)

Will the program be monitored to ensure only those who truly need it are receiving credits?

The OEB will randomly audit program recipients to verify applicant information and the eligibility of households. If an error is found to have occurred, credits may simply be cancelled. If an audit and subsequent investigation points to fraudulent activity, credits could be cancelled and amounts could be clawed back.

How long is the OESP eligibility period?

Most eligible customers need to re-apply every 2 years or whenever their personal circumstances change. For example, eligible customers would need to re-apply if they move or experience a change in income level.

How do I qualify for the extended 5 year program eligibility period?

The extended program eligibility period of 5 years is applicable if any account holder listed on the bill is:

- 1) 65 and over. If there are multiple account holders on your electricity bill, an account holder 65 years or older needs to be entered as the OESP applicant in order to qualify for the extended 5 year eligibility period.
- 2) Receiving a CPP disability pension (see CPP definition of severe and prolonged disability at <http://www.servicecanada.gc.ca/eng/services/pensions/cpp/disability/definition.shtml> (<http://www.servicecanada.gc.ca/eng/services/pensions/cpp/disability/definition.shtml>)). Those on disability pensions still have to pass the program income criteria.

## APPLICATIONS

How do I apply?	<p>Customers can apply online at <a href="http://www.OntarioElectricitySupport.ca">OntarioElectricitySupport.ca</a> (<a href="http://www.OntarioElectricitySupport.ca">http://www.OntarioElectricitySupport.ca</a>) You need to complete the online application, print and sign the consent form, and mail it to the address provided on our website.</p> <p>A paper version of the application can be downloaded from the OESP application website at <a href="http://www.OntarioElectricitySupport.ca">OntarioElectricitySupport.ca</a> (<a href="http://www.OntarioElectricitySupport.ca">http://www.OntarioElectricitySupport.ca</a>) or can be mailed to applicants by the OESP Contact Centre upon request.</p> <p>Customers unable to apply online can contact an intake agency. Designated intake agencies can be searched on the OESP application website at <a href="http://www.OntarioElectricitySupport.ca">OntarioElectricitySupport.ca</a>. (<a href="http://www.OntarioElectricitySupport.ca">http://www.OntarioElectricitySupport.ca</a>)</p> <p>Once you have submitted all required application information (including the OESP consent form), we will verify the household income and confirm eligibility with customers.</p>
What information do I need to apply?	<p>You need:</p> <ul style="list-style-type: none"> <li>• Your electricity bill account number, service address, and account holder details.</li> <li>• The birthdates and names of all residents in your home.</li> <li>• Social Insurance Numbers or Temporary Tax Numbers for tax-filing household members.</li> </ul>
What if I haven't filed income tax?	<p>If you have not filed an income tax return recently, or if your situation has changed since you last filed, you can apply for the OESP through a designated intake agency listed on our website at <a href="http://www.OntarioElectricitySupport.ca">OntarioElectricitySupport.ca</a>. (<a href="http://www.OntarioElectricitySupport.ca">http://www.OntarioElectricitySupport.ca</a>)</p> <p>If you do not have internet access, you can call the OESP Contact Centre at 1-855-831-8151 (tel:18558318151) to receive this information.</p> <p>Please call an intake agency to make an appointment to complete your OESP application. You need to bring all of the information specified in "What information do I need to apply?" and proof of your household income. Cheque stubs and letters from employers are examples of household income proof. Other types of proof may be applicable.</p>
Which agencies are involved and how do I reach out to them if I need their help?	<p>We are working with many agencies across the province that are available to help customers complete and submit their application. Agencies can be searched on the OESP website at <a href="http://www.OntarioElectricitySupport.ca">OntarioElectricitySupport.ca</a>. (<a href="http://www.OntarioElectricitySupport.ca">http://www.OntarioElectricitySupport.ca</a>) We continually update the list as new intake agencies sign on. You may also contact the OESP Contact Centre at 1-855-831-8151 (tel:18558318151) , 211 Ontario or your local utility for more information.</p>
How can I find an intake agency near me?	<p>We have also created a map of all intake agencies available to help customers complete and submit their OESP applications. You can use this map to search for an intake agency near you. To get to the map, click here. (<a href="https://www.google.com/maps/d/edit?mid=zvXp4ZljmoHU.kMlwTlkpvXf4&amp;usp=sharing">https://www.google.com/maps/d/edit?mid=zvXp4ZljmoHU.kMlwTlkpvXf4&amp;usp=sharing</a>)</p> <p>You may also contact the OESP Contact Centre at 1-855-831-8151 (tel:18558318151) , 211 Ontario or your local utility for more information.</p>
Is there a cost to get help to apply for OESP?	<p>No, there are 173 intake agencies available to help you apply free of charge. You may also contact the OESP contact centre at 1-855-831-8151 (tel:18558318151) for help on how to apply. If you have been asked to pay a fee to apply, please call the contact centre for guidance on how to get help free of charge.</p>
Can my mailing address be located outside of Ontario?	<p>Your mailing address must be located within the province of Ontario. If you have any questions about your mailing address, please call the OESP Contact Centre at 1-855-831-8151 (tel:18558318151) .</p>

How long will it take to process my application?	Customers who qualify can expect the credits to be applied to their bill 6 to 8 weeks later. This timeline is based on your timely completion of all the steps of the application process including mailing in your OESP Consent form to the OESP Contact Centre.
Where do I mail my OESP paper application form?	Mail the completed Ontario Electricity Support Program Application Form to the address below: Ontario Electricity Support Program (OESP) PO Box 1540 STN B Ottawa, ON, K1P 0C7
	<b>Important:</b> Please mail your OESP Consent form with your paper application. Make a note of the date you mailed your forms in case you need to track the status of your application later.
Where do I mail my OESP Consent Form?	Mail the completed Ontario Electricity Support Program Consent Form to the address below: Ontario Electricity Support Program (OESP) PO Box 1540 STN B Ottawa, ON, K1P 0C7
	<b>Important:</b> If you're submitting a paper application, mail it together with the OESP Consent form. Make a note of the date you mailed your forms in case you need to track the status of your application later.
What if I move?	Customers who move, or whose circumstances change, must re-apply.
I am already approved for OESP and received a notification from my utility to reapply. Why do I need to renew my OESP eligibility?	Approval for OESP credits is generally for a period of 2 years. Since circumstances may change over the years, consumers are required to reapply every 2 years to make sure they are receiving the appropriate amount of OESP assistance.
Do I have to wait until my eligibility period is over to reapply?	No, you can reapply (/Renew) anytime. We recommend reapplying a month or two before the end of your eligibility period.
Why do I have an OESP credit balance on my bill?	Electricity use can vary depending on the season. If your monthly OESP credit is larger than your utility bill, the credit rolls over to offset electricity costs in future months, such as heating during winter.
Can I get the rest of the OESP credit balance paid out?	No, OESP credits have no cash value.

## PROGRAM FUNDING

How is the OESP funded?	The OESP was previously funded by all ratepayers through a per kilowatt-hour charge on electricity bills. On March 2, 2017, the government of Ontario announced as part of the Fair Hydro Plan that OESP funding would be moving to the provincial tax base.
Why did the OESP credits increase?	On March 2, 2017, the government of Ontario announced Ontario's Fair Hydro Plan, which provides additional support for lower-income energy consumers.
I'll never use the program. Why am I paying for it?	For many lower-income Ontarians, paying their electricity bill can be a challenge. Electricity represents a significantly greater share of their monthly expenses. For households with an annual income of \$20,000 a typical electricity bill could be 10 per cent or more of their income.

How is this program  
different from the Low

Income Energy Assistance  
Program (LEAP)?

(<https://www.oeb.ca/rates-and-your-bill/help-low-income-consumers/low-income-energy-assistance-program>)

There is an important difference between the OESP and LEAP. The OESP is intended to provide ongoing monthly bill payment support to lower-income customers. The LEAP offers one-time support for low-income customers who are in arrears and facing disconnection of their electricity service. In some circumstances, an applicant may qualify for both programs.

[Home \(/\)](#)

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**ATTACHMENT 4**



**Ontario Energy Board Act, 1998**  
**Loi de 1998 sur la Commission de l'énergie de l'Ontario**

**ONTARIO REGULATION 197/17**

**FIRST NATIONS DELIVERY CREDIT (ON-RESERVE CONSUMERS UNDER SECTION 79.4 OF THE ACT)**

**Consolidation Period:** From July 1, 2017 to the e-Laws currency date.

Last amendment: O. Reg. 208/17.

***This Regulation is made in English only.***

**Interpretation**

1. (1) In this Regulation,

“host distributor” means a licensed distributor who is a market participant and who distributes electricity to a wholly-embedded distributor;

“residential premises” means a dwelling occupied as a residence;

“wholly-embedded distributor” means a licensed distributor who is not a market participant and to whom a host distributor distributes electricity.

(2) For the purposes of section 79.4 of the Act and this Regulation,

“on-reserve consumer” means a consumer who is occupying residential premises on or within a reserve as defined in the *Indian Act* (Canada).

(3) For the purposes of this Regulation,

(a) Hydro One Remote Communities Inc. is deemed to be a wholly-embedded distributor and Hydro One Networks Inc. is deemed to be its host distributor; and

(b) Cornwall Street Railway Light and Power Company Limited is deemed to be a wholly-embedded distributor and Canadian Niagara Power Inc. is deemed to be its host distributor.

**First Nations delivery credit**

2. (1) An on-reserve consumer who is a member of a band within the meaning of the *Indian Act* (Canada) is eligible to receive a delivery credit from a licensed distributor with which the on-reserve consumer holds an account that falls within a residential-rate classification.

(2) Except for on-reserve consumers provided for in subsections (3) and (4), the delivery credit to which an on-reserve consumer is entitled is the sum of the amounts referred to in subclauses 79.4 (3) (a) (i), (ii), (iii) and (iv) of the Act, after taking into account any applicable rate protection under section 79 of the Act.

(3) An on-reserve consumer who is eligible for a delivery credit under subsection (1) and is a customer of one of the following distributors is eligible for a delivery credit from the distributor, in an amount equivalent to the monthly service charge that appears on their invoice:

1. Hydro One Remote Communities Inc.

2. The licensed distributor serving Cat Lake Indian Reserve No. 63C, in the case of consumers living on that reserve. O. Reg. 208/17, s. 1 (1).

(4) An on-reserve consumer who is eligible for a delivery credit under subsection (1) and is a customer of Cornwall Street Railway Light and Power Company Limited is entitled to a delivery credit from that company equal to the minimum monthly charge to which they are subject.

(5) For the purposes of subsection (1), the classification of an account is as specified in a rate order made by the Board under section 78 of the Act or, in the case of customers of Cornwall Street Railway Light and Power Company Limited and the licensed distributor serving Cat Lake Indian Reserve No. 63C, as specified in their distributor's residential rate schedules. O. Reg. 208/17, s. 1 (2).

#### **Date provided**

**3.** For the purposes of subsection 79.4 (1) of the Act and section 2 of this Regulation, the delivery credit shall be provided with respect to electricity consumed on or after July 1, 2017.

#### **Line item on invoice**

**4.** (1) Subject to subsections (2), (3) and (4), the amount of the delivery credit provided to an eligible on-reserve consumer shall be indicated on the invoice as a "First Nations Delivery Credit" line item directly following the delivery charge.

(2) Distributors referred to in subsections 2 (3) and (4) shall indicate the amount of the delivery credit provided to an eligible on-reserve consumer as a "First Nations Delivery Credit" on the invoice.

(3) If the Minister is satisfied that, for technical or operational reasons, it would be impossible, impractical or unreasonably difficult for a distributor to use on its invoices the wording required by this Regulation or to follow an invoicing process required by this Regulation, and if the Minister is satisfied that using different wording specified by the Minister or following a different invoicing process specified by the Minister would also promote the purposes of the requirement, the Minister may give the distributor a written notice so stating.

(4) If a distributor receives a notice from the Minister under subsection (3), it shall use on its invoices the wording specified in the Minister's notice and shall follow the invoicing process specified in the Minister's notice instead of the wording or invoicing process otherwise required under this Regulation.

#### **Transitional**

**5.** (1) A distributor who is required to provide a delivery credit under section 2 shall adapt its invoice in conformity with section 4 no later than October 1, 2017.

(2) A distributor shall provide the amount of any unpaid delivery credit accumulated on and after July 1, 2017 and before the date on which the distributor's invoice is adapted as a lump sum credit in the first billing cycle after the invoice has been adapted.

#### **Closed account**

**6.** (1) If an on-reserve consumer entitled to the delivery credit ceases to have an account and is entitled to receive a delivery credit of \$10 or more, the distributor shall, no later than December 31 of the year when the account is closed, mail or deliver by hand the unpaid amount to the consumer's most recent address known to the distributor, or otherwise make best efforts to deliver it.

(2) If a cheque for an amount referred to in subsection (1) has not been cashed within six months of being issued and has ceased to be negotiable through the passage of time, the consumer's entitlement to receive the amount ceases and the distributor shall pay the amount to the Minister of Finance.



**Duty of the Board to provide information**

7. The Board shall provide to the Ministry of Energy, upon request, information or reports regarding the projected yearly amount of delivery credits provided to on-reserve consumers, and regarding the projected number of on-reserve consumers receiving the delivery credit.

**Duty to provide information for compliance purposes**

8. (1) Every distributor who provides delivery credits shall, upon receipt of a request from the Ministry of Energy, the IESO or the Board, provide the information relating to the Act and this Regulation that is specified in the request within the time period specified in the request, for the purpose of administering and monitoring compliance with section 79.4 of the Act and this Regulation.

(2) Without restricting the generality of subsection (1), examples of information that may be requested under that subsection are,

- (a) the total amount of delivery credit provided; and
- (b) the number and location of accounts eligible for the delivery credit.

**Duty to provide information for reimbursement purposes**

9. (1) Every distributor in Column 2 of the Table to this subsection shall provide to the person listed in Column 3 of the same row of the Table the information set out in Column 4 of the same row, in the format and at the times specified by the person to whom the information is to be provided, in respect of the last month ending before the day the information is to be provided.

Column 1 Item	Column 2 Distributor	Column 3 Person to whom information must be provided	Column 4 Information in respect of the last month ending before the day the information is provided
1.	A licensed distributor that is a market participant	IESO	The amount of, (a) delivery credit amounts to which consumers who have accounts with the licensed distributor are entitled for the month and any adjustments to be made in respect of earlier months; and (b) delivery credit amounts to which consumers who have accounts with wholly-embedded distributors are entitled for the month, if the licensed distributor is the host distributor of the embedded distributors, and any adjustments to be made in respect of earlier months.
2.	A wholly-embedded distributor	The host distributor of the wholly-embedded distributor	The amount of delivery credit amounts to which consumers who have accounts with the wholly-embedded distributor are entitled for the month and any adjustments to be made in respect of earlier months.

(2) The IESO shall provide to the Minister the information specified by the Minister relating to the following matters, in the format and at the times specified by the Minister:

- 1. The actual number of on-reserve consumers receiving delivery credit and the amount of delivery credit to which on-reserve consumers who have accounts with distributors who are market participants are entitled for the month and any adjustments to be made in respect of earlier months.

2. The actual number of on-reserve consumers receiving delivery credit and the amount of delivery credit to which on-reserve consumers who have accounts with wholly-embedded distributors are entitled for the month and any adjustments to be made in respect of earlier months.

(3) For the purposes of this section, a distributor may estimate the amount of the delivery credit to which on-reserve consumers are entitled for a month.

(4) If a distributor estimates the amount of the delivery credit under subsection (3), it must include an adjustment for the difference between the estimate and the actual amount to which on-reserve consumers were entitled with the information required under subsection (1) as soon as possible after the actual amount becomes known.

#### **Reimbursement to distributors**

**10.** (1) Based on the information provided by the IESO under section 9, the Minister shall reimburse distributors who provide delivery credit to on-reserve consumers.

(2) Based on the information provided by distributors under section 9,

(a) the Minister shall pay to the IESO, in keeping with the IESO timelines for invoice payments, sufficient amounts to reimburse distributors for the delivery credits to which consumers are entitled for a month, subject to any adjustments to be made in respect of earlier months;

(b) the IESO shall, after receiving the information required for a month from a distributor who is a market participant, pay to the distributor a sufficient amount to reimburse,

(i) the distributor for the delivery credit to which on-reserve consumers who have accounts with the distributor are entitled for the month, subject to any adjustments to be made in respect of earlier months, and

(ii) any wholly-embedded distributors of which the distributor is the host distributor for the delivery credit to which on-reserve consumers who have accounts with the wholly-embedded distributors are entitled for the month, subject to any adjustments to be made in respect of earlier months; and

(c) a host distributor shall, before the day specified by the Board, pay to every wholly-embedded distributor of which it is a host distributor a sufficient amount to reimburse the wholly-embedded distributor for delivery credit to which on-reserve consumers who have accounts with the wholly-embedded distributor are entitled for a month, subject to any adjustments to be made in respect of earlier months.

(3) Despite subsection (2), the amount of reimbursement to which a distributor is entitled is subject to such subsequent adjustments as may be required by reason of,

(a) the provision to the Ministry of Energy, the IESO or a distributor of additional information; or

(b) a determination made by an inspector who conducts an inspection or inquiry under section 79.8 of the Act that relates to a distributor.

(4) Despite anything else in this section, no amount is payable as a reimbursement to a distributor who fails without reasonable cause to provide any information required to be provided under this Regulation within the time it is required to be provided.

(5) Payments required under this section by the IESO to a distributor who is a market participant and any subsequent adjustments may be made at the option of the IESO by way of set-off in the accounts maintained by the IESO.

(6) Payments required under this section by a host distributor to a wholly-embedded distributor and any subsequent adjustments may be made at the option of the host distributor by way of set-off in the accounts maintained by the host distributor.

#### **Reliance on information**

**11.** For the purposes of the reimbursements required under section 10, the Minister, the IESO and distributors shall rely on the information provided to them as required under this Regulation.

**Limitation periods**

**12.** (1) The limitation period for the purposes of subsection 79.4 (8) of the Act is 24 months from the date of issuance of the invoice in which the delivery credit was not provided.

(2) The limitation period for the purposes of subsection 79.4 (9) of the Act is six months from the earliest date when the distributor or other person referred to in that subsection could have submitted a claim for reimbursement of a rebate amount that they provided.

**13.** OMITTED (PROVIDES FOR COMING INTO FORCE OF PROVISIONS OF THIS REGULATION).

ATTACHMENT 5

**Ontario Energy  
Board**

**Commission de  
l'énergie de l'Ontario**



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# **Report to the Minister**

**Options for an Appropriate Rate Assistance  
Program for On-Reserve First Nations Electricity  
Consumers**

**December 29, 2016**

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## **1. THE MINISTER’S REQUEST**

On June 27, 2016, the Minister of Energy asked the Ontario Energy Board (the OEB) to examine and provide advice on options for an appropriate electricity rate (or rate assistance) for on-reserve First Nations electricity consumers (“First Nations Rate”).

As the Minister’s letter points out, First Nations leaders have been advocating for the need to review delivery charges associated with transmission and distribution assets to provide electricity rate relief for on-reserve customers. The Minister’s letter requested that the OEB undertake outreach and engagement with First Nations communities to ensure that an understanding of the unique electricity issues facing their community members informed the OEB’s efforts on this initiative.

In order to advise on options for a First Nations Rate, the Minister asked the OEB to:

- Identify eligible on-reserve First Nations consumers, including those who may live on reserves not connected to the IESO grid and those served by power systems not regulated by the OEB;
- Consider impacts on existing electricity consumers, as well as distribution and transmission utilities and other stakeholders;
- Consider program funding and administration;
- Consider interactions with existing programs such as the Ontario Electricity Support Program (OESP); and
- Report back to the Minister by January 1, 2017.

The Minister’s letter is attached as Appendix “A” to the Report.

## **2. THE OEB’S PROCESS**

In developing this report, we engaged with First Nations communities, including remote communities, the distributors serving them, and consumer groups to understand what type of rate assistance is required to help First Nations customers, what we should consider in determining an appropriate level of assistance, and how this assistance should be funded and administered.

In July 2016, the OEB established an Advisory Committee with the Chiefs of Ontario’s Committee on Energy Grievances. The purpose of the Advisory Committee was to provide assistance scoping the initiative, developing engagement plans, and identifying

issues. The Advisory Committee facilitated our outreach efforts with First Nations communities, by setting up a series of meetings across the province to assist us in gathering input. The Advisory Committee met three times throughout the OEB's process to develop this report.

To assist in developing options for a First Nations Rate, the OEB established the following set of guiding principles:

1. Maximizing benefits for on-reserve First Nations residential customers at the lowest cost to other ratepayers;
2. Ease of program implementation for First Nations residential customers and distributors;
3. Fairness for all customers, including the impact on other electricity consumers; and
4. Demonstrating that First Nations views were heard and considered in developing this report.

We considered a number of options and assessed them having regard to the Minister's letter, these principles, and the feedback from stakeholders. These options are discussed in detail in section 5 of the report.



### 3. BACKGROUND ON FIRST NATIONS ELECTRICITY CUSTOMERS

#### 3.1 A Typical First Nations Customer

There are an estimated 24,000 on-reserve electricity customers in Ontario, of which about 21,500 are residential users. The Ministry of Energy provided a list of all First Nations reserves in the province and their probable local distribution company. The OEB met with distributors to verify who delivers electricity to reserves in Ontario. Hydro One Networks Inc. (Hydro One) serves about 80% of on-reserve First Nations customers in the province. Table 1 provides a list of distributors who were identified as serving on-reserve First Nations customers.

**Table 1: Distributors Serving On-Reserve First Nations Customers<sup>1</sup>**

Distributor	Number of On-Reserve Residential Customers
Algoma Power Inc.	473
Attawapiskat Power Corporation	336
Bluewater Power Distribution Corporation	237
Cat Lake Power Utility Ltd.	80
Cornwall Electric Distribution	514
Fort Albany Power Corporation	No Data Filed
Kashechewan Power Corporation	No Data Filed
Hydro One Networks Inc.	16,679
Hydro One Remote Communities Inc.	2,579
PUC Distribution Inc. (Sault Ste. Marie)	264
Thunder Bay Hydro Electricity Distribution	332
<b>Total Number of Customers</b>	<b>21,494</b>

<sup>1</sup> Data is based on distributors' reports to the OEB. Customer numbers for Hydro One reflect total on-reserve residential customer accounts, not all of which have been identified as First Nations customers for tax-exemption purposes. The total number of on-reserve First Nations residential accounts represents the maximum number of residential accounts that could be held by First Nations customers.

The OEB requested aggregate consumption data for on-reserve First Nations customers from the licensed distributors listed above. Most distributors filed data in response to this request.

Analysis of distributors' data shows that on-reserve First Nations residential customers use an average of 1,300 kWh per month, which is considerably higher than the consumption of 750 kWh per month that the OEB has defined as typical for the province. Since most of these customers do not have access to natural gas service and are reliant on electric heat, their consumption varies significantly by season, as it does for any other customer who uses electric heat. During winter (November 1 to April 30), First Nations customers use an average of 1,600 kWh per month. Conversely, usage in summer (May 1 to October 31) is lower with an average of 1,000 kWh per month.

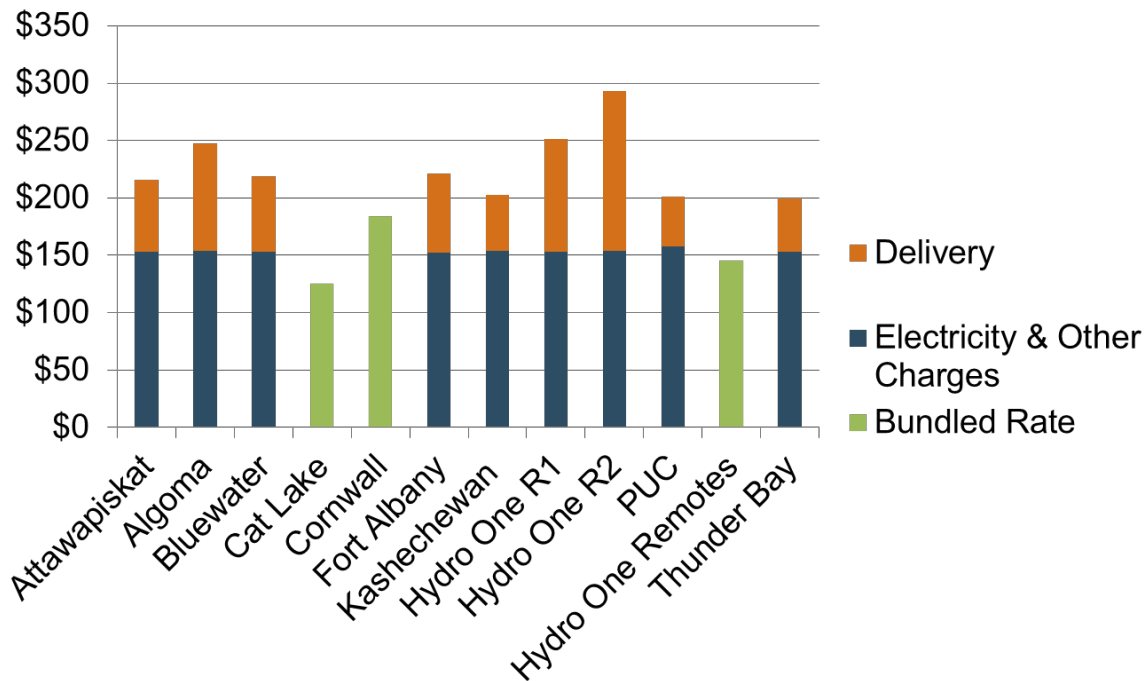
### **3.2 Typical Electricity Costs**

Based on customer data and consumption patterns, the OEB's analysis indicates a typical on-reserve First Nations customer's monthly bill averages \$300 on an annualized basis. Costs in winter average about \$350; costs in summer average about \$250.

Notably, there is a large disparity in costs across the province. The highest average costs are paid by customers of Hydro One in its lowest density service area (R2). The lowest costs paid by grid-connected First Nations customers are in Thunder Bay.

This difference is due to varying delivery charges of distributors that serve each First Nations reserve. All other rates are the same across the province. Table 2 provides a comparison of electricity bills for those distributors serving on-reserve First Nations customers. These bills are based on a First Nations customer using an average of 1,300 kWh per month.

**Table 2: Residential Bills by Distributor**



As depicted in the graph, electricity and other charges for grid-connected customers are relatively constant throughout the province at around \$150.

However, delivery charges vary based on the cost of distributing electricity to consumers in different parts of the province. For example, the cost to deliver electricity to a customer in a more densely populated area, such as Thunder Bay, is significantly less than the cost to deliver electricity in rural areas where customers live farther apart, such as Hydro One’s R2 rate class. Within Hydro One’s service area, residential customers are divided into different customer classes based on population density and pay different delivery charges accordingly.

In addition to differences in costs, a difference in billing methods exists across service territories for First Nations customers. Cat Lake Power Utility Ltd (Cat Lake Power), Cornwall Electric Distribution (Cornwall Electric) and Hydro One Remote Communities Inc. (Hydro One Remotes) charge a bundled electricity rate which includes the cost of both electricity supplied and the cost for its delivery. Costs in these areas are not comparable to costs in an unbundled rate, which, as is discussed later, raises issues in designing an appropriate First Nations Rate for these areas.

The reasons for this difference in rate design vary. The OEB has granted a licence to Cornwall Electric but it does not set its rates, since the utility receives its power from Hydro-Québec. Hydro One Remotes, also licensed by the OEB, serves 21 off-grid

communities in northern Ontario. The utility charges a bundled rate because it is responsible for both distribution and electricity generation. Lastly, the rates charged in Cat Lake Power’s distribution territory reflect the charges in place at the time that Hydro One began to operate the company on an interim basis in 2006. Hydro One has previously signaled to the OEB that it plans to merge Cat Lake with Hydro One Remotes.<sup>2</sup> It is not clear whether such a merger would affect rate design.

### 3.3 First Nations Customers Served by Power Systems Not Licensed by the OEB

Not all on-reserve First Nations are served by a distributor regulated by the OEB. In Ontario’s northwest, 10 communities are served by entities known as Independent Power Authorities (IPAs). IPAs are neither licensed nor rate regulated by the OEB. Similar to Hydro One Remotes, IPAs are reliant on diesel generation. However, there is a greater role for federal funding in these areas.

The following First Nations communities were identified as being served by IPAs:

**Table 3: IPA Communities**

IPA Identified Communities	
Keewaywin First Nation	Pikangikum First Nation
Eabametoong First Nation	Poplar Hill First Nation
Muskrat Dam First Nation	Wawakapewin First Nation
Nibinamik First Nation	Weenusk First Nation
North Spirit Lake First Nation	Wunnumin Lake First Nation

Since these entities are not regulated by the OEB, we were unable to obtain customer consumption data for these communities. Consistent with the initiative’s outreach strategy, the Chiefs of Ontario reached out to the IPA communities and their band councils on behalf of the OEB. A response has not yet been received.

<sup>2</sup> EB-2016-0151 Hydro One Networks Inc. (Cat Lake Power Utility Ltd.) Interim Electricity Distribution Licence ED-2006-0181

### **3.4 Rate Assistance Programs**

There are three rate assistance programs currently available to eligible electricity customers, including on-reserve First Nations customers: The Rural or Remote Electricity Rate Protection (RRRP) program, the Ontario Electricity Support Program (OESP), and the Low-Income Energy Assistance Program (LEAP).

#### **1. The Rural or Remote Electricity Rate Protection Program**

The RRRP program automatically provides a subsidy to customers located in rural or remote areas, where the cost of distributing electricity greatly exceeds the costs to customers elsewhere in Ontario. For customers of Hydro One Remotes, the RRRP benefit is a fixed amount aimed at reducing the rates charged to eligible customers. The assistance represents a savings for eligible residential customers of approximately \$880 monthly. For rural customers, in Hydro One's R2 rate class, the RRRP benefit is used to reduce the delivery portion of their bill to better align with the cost of distribution in the rest of the province. In 2016, rural customers receive a monthly credit of approximately \$31.50. This amount will rise to about \$60.50 in 2017. RRRP is also provided in areas served by Algoma Power, Attawapiskat Power, Fort Albany Power and Kashechewan Power.

#### **2. The Ontario Electricity Support Program**

Low-income customers can apply for OESP to receive a monthly on-bill credit to reduce their electricity bill. The amount of the credit depends on: (1) how many people live in the home, and (2) the combined household income. Customers with electrically heated homes receive a higher level of OESP assistance. Lower-income First Nations households, whether on reserve or not, also receive an enhanced credit of \$45 to \$75 per month, to help address the unique challenges that may lead to higher electricity use and costs. Currently, over 9,000 First Nations consumers have applied for OESP.

#### **3. The Low-Income Energy Assistance Program**

Through LEAP, customers can receive an emergency financial assistance grant of up to \$500 per year or \$600 if their home is electrically heated. This assistance is only available if a customer is behind on their bill and may face having their service disconnected. LEAP is intended for emergency situations and is not meant to provide ongoing help to pay bills. In order to apply for LEAP, a customer must go through the social service agency who has partnered with their distributor.

## 4. ENGAGING WITH FIRST NATIONS AND OTHER STAKEHOLDERS

### 4.1 First Nations Communities

The OEB conducted engagement sessions with First Nations customers in conjunction with the Chiefs of Ontario, in London, Couchiching, Sudbury, Toronto and Thunder Bay. A list of First Nations communities represented at these sessions is presented below.

**Table 4: Communities Represented at Engagement Sessions**

First Nations Communities Represented		
Aamjiwnaang First Nation	Lac Seul First Nations	Oneida Nation of the Thames
Akwesasne	Long Lake #50 First Nation	Pic Moberg First Nation
Alderville First Nation	Magnetawan First Nation	Red Rock Indian Band
Anishinaabeg of Naongashiing	Marten Falls	Scugog Island First Nation
Beausoleil First Nation	Matachewan	Serpent River First Nation
Biigtigong Nishnaabeg	M'Chigeeng First Nation	Shawanaga First Nation
Brunswick House First Nation	Mishkeegogamang	Six Nations of the Grand River
Caldwell First Nation	Mississauga First Nation	United Chiefs and Councils of Mnidoo Mnising
Chippewas of Georgina Island	Mississaugas of New Credit	Wabauskang First Nation
Chippewas of Nawash Unceded First Nation	Mitaanjigaming First Nation	Wabun Tribal Council
Chippewas of the Thames First Nation	Mohawk Council of Akwesasne	Wahnapiatae First Nation
Couchiching First Nation	Munsee-Delaware Nation	Walpole Island First Nation
Curve Lake First Nation	Nishnabe Aski Nation	Wasauksing First Nation
Delaware Nation (Moravian of the Thames)	Naotkamegwanning First Nation	Whitefish River First Nation
Ginoogaming First Nation	Ochiichagwe'Babigo'Ining Ojibway Nation	Wikwemikong First Nation
Lac La Croix	Ojibways of Onigaming First Nation	Wunnumin Lake First Nation

The sessions focused on First Nations' concerns regarding electricity costs, the presence of energy infrastructure on reserves and traditional territories, customer service practices, and other matters. The OEB also discussed the broad alternatives of providing rate assistance through either fixed or percentage based credits or the creation of a specific rate class for on-reserve electricity customers.

Throughout the sessions, First Nations voiced two primary concerns: (1) the high cost of electricity, and (2) the use of First Nations' traditional lands to distribute and transmit power without permission or compensation.

When asked for specific feedback on the design of a First Nations Rate, there was general consensus from all the sessions. A report summarizing comments heard at each of the engagement sessions was prepared by the Chiefs of Ontario. This report also contains suggested recommendations by the Chiefs of Ontario.

### **What We Heard:**

#### **1. This is about compensation for First Nations' contribution to the electricity system in the province, not affordability**

First Nations across the province agreed that a First Nations Rate should be an acknowledgement of their contribution to the electricity system. As a result, personal circumstances such as family income or household size should neither be a consideration for eligibility nor for the overall size of the benefit received. It was noted that specific historical community grievances are being addressed separately through the Chiefs of Ontario's Committee on Energy Grievances.

#### **2. A First Nations Rate should take care of all First Nations customers equally**

There was unanimous support for a First Nations Rate that provides a proportional level of benefit to all First Nations customers. Since this initiative, from First Nations' perspective, is about acknowledging their contribution to the electricity system, all customers should receive an equitable benefit.

Concerns were raised that customers in more urban areas of the province, where electricity bills are typically lower, would end up receiving a greater benefit compared to those in more rural parts of Ontario. Accordingly, there was preference for a percentage-based reduction rather than a fixed credit amount in order to avoid this outcome.

There was also a strong desire to see a First Nations Rate applied to all First Nations customers regardless of where they live, rather than limited to those on-reserve.

### **3. It should provide a tangible benefit**

First Nations emphasized the importance of seeing the amount of savings directly on their bill, so they can quantify the benefit received from a First Nations Rate. Many were surprised to learn that they receive the RRRP benefit because the reduction is contained within the delivery charge rather than as a separate line item on the bill. First Nations did not want to see this replicated when it came to applying any new credit to the bill.

### **4. A First Nations Rate should be easy to implement in order to realize benefits quickly**

The urgent need for electricity rate relief for First Nations was emphasized in all sessions. When presented with options, First Nations selected those that could be implemented in the shortest timeframe as their preferred approach. They did not want to create lengthy delays by opting to implement complex processes.

### **5. First Nations want assurance they will not have to pay for the program directly or indirectly**

When discussing how the costs for a First Nations Rate program could be recovered, First Nations reported a strong reluctance to pay into the program, as they currently do for OESP and RRRP. They argued this is contrary to the purpose of a First Nations Rate and that the level of benefit First Nations receive should not be diminished by having to pay into the program.

### **6. Consensus that a First Nations Rate should not be application based**

The OEB heard that the OESP application processing time and collection of required personal information is a barrier to program participation within First Nations communities. In addition, computer access and language barriers present challenges to enrollment. First Nations reiterated that because the focus for this initiative is acknowledgement of their contribution rather than affordability, a First Nations Rate should be automatically applied to all on-reserve First Nations customers. There is also a strong desire to protect citizens' privacy and prevent unnecessary information from being collected. Some band councils indicated their willingness to facilitate identification of on-reserve First Nations customers.



## 4.2 Remote First Nations Communities

OEB staff met with seven remote communities at a Hydro One Remotes' workshop held in Sioux Lookout.

### What We Heard:

#### 1. First Nations' issues in Northern Ontario are very different from the rest of the Province

Remote communities expressed concerns with adopting a one-size-fits-all approach for a First Nations Rate. We heard these communities experience higher levels of unemployment compared to the rest of Ontario. This is partly because job opportunities are limited in these areas since work is primarily seasonal. In addition, the cost of living in remote communities is high due to their reliance on air transport to bring in basic supplies at least seasonally, if not year-round. As such, remote communities emphasized the need to develop a tailored approach that factors in the true cost of living in remote Northern Ontario.

#### 2. A First Nations Rate should focus on assistance to band councils

In contrast to what we heard from other First Nations communities who desired an equitable level of compensation for all individuals, remote customers stated that a First Nations Rate should provide assistance to band councils in their communities. We heard that electricity costs in remote communities are too high for band councils to manage. Band councils are classified as Standard A customers because they receive direct or indirect funding from the federal or provincial government. Standard A customers pay rates that can reach \$1 per kilowatt-hour in air access communities; this cost reflects both the cost of service, as well as a premium to subsidize retail electricity rates for other non-Standard A customers in the community. The OEB heard that focusing on assistance to band councils will help promote economic development, since band councils employ about 70 per cent of the people in remote communities. Furthermore, we heard that assistance to residential customers should be secondary in these communities since they are already heavily subsidized.

#### 3. Local capacity issues and grid connection

The OEB heard about the difficulties remote communities face connecting new homes and businesses because of a lack of available generation capacity and the lack of capital to fund system upgrades. Generation capacity is limited by the amount of diesel fuel that can be transported and stored. Even when connection is feasible, the cost to connect is still a barrier. Many remote communities are in

planning discussions with Wataynikaneyap Power LP as part of the initiative to connect remote communities to the grid, which would be expected to address most local capacity issues. However, this project is still at the development stage and will need regulatory approvals to proceed.

#### **4. Environmental considerations**

Relying on diesel fuel creates environmental risks for these communities. Fuel spillage is a major problem and remote communities requested additional funding for cleanup. We also heard about the impact environmental changes are having on these communities. In particular, warmer winters have led to wet snow, which has shortened the duration of winter roads, leading to higher costs to deliver fuel.

#### **4.3 First Nations Customers Served by Independent Power Authorities**

A representative from Wunnumin Lake First Nation was present at the OEB's engagement session in Thunder Bay. In addition, OEB staff met with leaders from Muskrat Dam First Nation. As with remotes, priorities differ from on-grid communities. Their feedback also reflects the differences in the funding model for electricity service, which is established by the federal government.

#### **What We Heard:**

A fundamental priority for these communities is being eligible to receive rate protection through the province's RRRP, commensurate with the levels being provided to subsidize the cost of electricity service in areas served by Hydro One Remotes. In Muskrat Dam's view, this action would be a substantial initial step toward equitable treatment for remote off-grid First Nations communities.

#### **4.4 Electricity Distributors Serving On-Reserve First Nations Customers**

The OEB held meetings with affected electricity distributors to discuss availability of data related to on-reserve First Nations customers, potential options, distributors' input on feasibility and system impacts, as well as possible intake approaches.

Affected distributors were also invited to file written comments with the OEB by December 2, 2016. Comments were received from Hydro One, Hydro One Remotes, Algoma Power and Cornwall Electric and are posted on the OEB's website.

## What We Heard:

### **1. A percentage credit to the delivery charge is the most prudent option**

Hydro One stated that a credit to the delivery charge would be easier to explain to customers because it relates to a specific line item on their electricity bill. Given that the delivery charge varies with consumption, Hydro One suggested that a percentage credit, rather than a fixed dollar amount, should be implemented to allow the credit to vary in line with the delivery charge.

Algoma Power and Cornwall Electric did not indicate a preferred approach. They noted their experience with implementing fixed monthly credits and percentage based total bill reductions through the OESP and Ontario Clean Energy Benefit (OCEB) programs, and stated they would be able to implement either approach with minimal impact to billing systems and implementation costs.

### **2. Program intake should be automatic, as opposed to application based**

There was consensus among all four distributors that the qualification process should be automatic and not administratively cumbersome. Algoma Power and Cornwall Electric indicated that their customer information system (CIS) already includes an identifier for tax-exempt status for on-reserve customers. Cross-referencing this identifier with the residential address can easily produce a list of on-reserve residential customers that can be used to determine initial eligibility for rate assistance.

Hydro One and Hydro One Remotes also confirmed that partial identification can be achieved within their CIS by combining address information with tax-exempt status. However, Hydro One pointed out that this approach will not capture all on-reserve First Nations customers as some may not have provided Hydro One with their tax exempt status. Hydro One submitted that customers will need to be encouraged to provide their distributor with their First Nation tax-exempt status through communications programs and band councils. Hydro One further noted that the onus should rest with customers to self-identify as eligible for the First Nations Rate. Hydro One stated that a First Nations Rate should be applied on a going-forward basis once a customer has self-identified and there should be no retroactivity, as this would increase administrative costs, complexity and customer confusion.

### **3. Six months needed to implement**

Hydro One submitted there would be no material difference in cost or complexity of implementing a credit to the delivery charge or a total bill reduction. Hydro One estimates it will cost approximately \$1 million to \$1.3 million and will take up to six months to implement an on-bill credit program for its approximately 16,000 on-reserve First Nation customers.

The implementation cost estimate includes defining and implementing a process for identifying remaining on-reserve First Nations customers not yet identified as such, modifying customer information systems, testing modifications to ensure accuracy, and developing a communications plan for qualifying customers.

Algoma Power and Cornwall Electric indicated that three to six months would be required to manage system changes and requested that consideration be given to the cost of any additional administrative requirements in relation to the overall cost of the program.

### **4. A First Nations Rate should be recovered through a province-wide charge**

There was agreement among all distributors who filed written comments that a provincial charge was the fairest approach to recovering program costs. Hydro One and Hydro One Remotes supported the use of the RRRP mechanism in particular, stating that it was the most expedient way to fund the program at the lowest cost. Hydro One also proposed the creation of a variance account to capture the difference between the actual credits provided to on-reserve First Nations customers and the amounts collected from all ratepayers.

### **5. Unique circumstances related to Cornwall Electric**

The Akwesasne First Nation on Cornwall Island is supplied by Cornwall Electric, which in turn is supplied by Hydro-Québec. Cornwall Electric submitted that any regulatory amendments required to implement the First Nations Rate will need to consider an appropriate method for settlement with the IESO. Cornwall Electric recommended that the First Nations Rate settlement process should be similar to the implementation of rate relief programs, such as OESP.

## **4.5 Consumer Groups**

The OEB met with representatives of the Low Income Energy Network (LIEN) and Consumers Council of Canada (CCC) to better understand their views on the funding mechanism for the First Nations Rate and how the program costs should be recovered. LIEN represents over 60 member groups across Ontario. It aims to ensure universal access to adequate, affordable energy as a basic necessity and that low-income consumers have access to energy conservation and assistance programs. CCC is a non-profit, voluntary organization that advocates for consumers' ability to exercise their rights and responsibilities in the marketplace.

LIEN and CCC were invited to submit written comments with the OEB by December 2, 2016. No written comments were received.

### **What We Heard:**

#### **1. Funding options for a First Nations Rate**

While one representative indicated a preference for a First Nations Rate to be funded from the tax base, all agreed that the next best and fairest option would be to recover the costs as a provincial charge, similar to OESP. LIEN did not agree with a distribution charge like LEAP, and commented that it would place undue pressure on Hydro One customers, who would bear the bulk of the program costs.

## 5. FIRST NATIONS RATE OPTIONS

In setting out his request to the OEB to provide advice on options for a First Nations Rate, the Minister stated that “on-reserve First Nations customers often face unique challenges that impact electricity affordability, which results in significantly higher electricity consumption levels and costs”. First Nations communities voiced similar views to the OEB but also stated that, in their view, a First Nations Rate should acknowledge First Nations’ contribution to the electricity system in the province. As outlined in the Chiefs of Ontario’s Summary Report to the OEB,

“It needs to be clearly communicated, to the First Nation and to Ontario as a whole; the First Nation Rate is in recognition of Treaty Rights and the contributions First Nations have made to the development of the energy system within Ontario. While First Nation members do need assistance with energy costs, this program needs to be recognized as being rights based, not as an affordability program.”

Based on First Nations’ consensus view, options have been designed for application to residential customers. First Nations communities also stated that a First Nations Rate should be provided to all First Nations customers irrespective of where they live. However, the Minister’s letter to the OEB was very clear that the focus of our examination and report is to provide advice for on-reserve First Nations electricity consumers.

### 5.1 Jurisdictional Review

The OEB undertook research into rate assistance programs for First Nations electricity customers in North America and Australia. We were unable to find any programs with a similar scope or objective. Although rate affordability programs exist, none are specifically tailored to First Nations customers.

## **5.2 Evaluation Criteria**

Based on input from First Nations and the Advisory Committee, as well as the Minister's request that the OEB address cost, implementation and feasibility issues, we developed the following criteria to assist in our assessment of options to develop a First Nations Rate:

### **1. Recognition of First Nations' contribution to Ontario's electricity system**

A successful First Nations Rate initiative must respond to the fact that First Nations expect a meaningful level of benefit to be provided through a First Nations Rate. First Nations view such a rate as acknowledgement of the value Ontarians receive from using their lands for conveying electricity. Since each on-reserve First Nations resident has contributed to the electricity system, the First Nations Rate each customer receives should not vary based on factors such as household income or electricity consumption. The avoidance of means-testing was consistent with feedback heard at engagement sessions.

### **2. Equality of outcome**

Similarly, the OEB recognizes that a First Nations Rate initiative must address the expectation that each on-reserve First Nations consumer receive a proportional amount of assistance to ensure that each household experience a reasonably consistent outcome.

### **3. Visibility of compensation**

First Nations should see the benefit amount directly on their bill so they can quantify the amount of compensation being provided. Many First Nations' consumers did not realize they received the RRRP benefit because it is not shown directly on their electricity bill. Seeing an exact dollar amount on the bill will promote awareness that First Nations' contributions are being recognized.

### **4. Cost and fairness for those who bear it**

A First Nations Rate must balance the need to provide the greatest benefit to on-reserve First Nations customers, with the need to provide the benefit at the lowest reasonable cost to those who will pay for the program. It should also be relatively stable and predictable in order to avoid volatility for those who bear the cost.

## **5. Ease of implementation**

A First Nations Rate should be easy to implement, with as few barriers to introduction and adoption as possible. Although this outcome is always desirable when implementing a new program or initiative, the need for efficiency was emphasized at our engagement sessions. An approach for a First Nations Rate that is easy and efficient to implement will provide relief faster, as well as minimize the cost to other ratepayers in Ontario.

### **5.3 Options for a First Nations Rate**

Having regard to the Minister's Letter, what we heard from stakeholders, and our own analysis, the OEB identified four options for a First Nations Rate:

1. First Nations Specific Rate Class;
2. Seasonal Fixed Credit;
3. 50% Total Bill Reduction; and
4. 100% Delivery Charge Credit.

Estimated costs and benefits for each proposed option are presented in Table 5. A detailed discussion of each option follows.



**Table 5: Benefit Amounts & Cost Projections for Proposed Options<sup>3</sup>**

Proposed Options	Typical Credit Amount / Month		Total Annual Program Cost	Residential Monthly Bill Impact for Ratepayers (750 kWh)
	Summer	Winter		
First Nations Specific Rate Class	Data not available. Would require a load profile study, cost allocation study and cost-of-service review to determine			
Seasonal Fixed Credit	\$50	\$100	\$11.8 - \$16.3M	\$0.07 - \$0.09
50% Total Bill Reduction	\$105	\$150	\$20.2 - \$28.4M	\$0.12 - \$0.16
100% Delivery Charge Credit	\$75	\$100	\$12.8 - \$19.6M	\$0.08 - \$0.11

Option 1: A First Nations Specific Rate Class

The Minister’s letter prompted consideration whether a dedicated rate class should be defined for on-reserve customers. Under this approach, a distributor would evaluate the assets used in serving its on-reserve customers based on their load profile and the configuration of the distributor’s electricity system. These costs would then be allocated to this specific class of customers accordingly. The result would be a dedicated rate class that pays distribution and transmission rates that reflect the cost of serving this customer group. A credit could then be applied to this class in order to acknowledge their contribution. This would reduce the costs recovered from customers in this class.

*Recognition of First Nations Contribution:*

First Nations customers would have their own separate and distinct rate class which would provide them with the level of recognition they desire. However, an additional option to reduce costs would be required in order to acknowledge their contribution and provide a meaningful level of benefit.

<sup>3</sup> Cost estimates are based on customer data provided by distributors. They reflect all applicable 2016 rates and charges, as well as the enhanced RRRP amount effective in 2017 for low density Hydro One customers. Cost ranges reflect the difference between the number of on-reserve customers confirmed to be First Nations (lower bound) and the total number of on-reserve residential accounts (upper bound). The costs shown for Option 4: 100% Delivery Charge Credit reflect the waiver of the fixed service charge for any customer paying a bundled rates (see section 5.5 below).

### *Equality of Outcome:*

All First Nations customers would be responsible for paying rates that reflect the cost to serve them. As with recognition of First Nations contribution however, an additional option to reduce costs would be required to provide a meaningful level of benefit.

### *Visibility of Compensation:*

The creation of a separate rate class and the associated charges would limit the visibility of the compensation provided. Over time, it would be difficult for First Nations customers to see what they otherwise would have paid.

### *Ease of Implementation:*

Implementation would be a lengthy process. Any changes made to a distributor's rate design and cost allocation would need to be approved by the OEB through a hearing. This type of hearing can be lengthy and complex and the opportunity for a distributor to undertake such an activity is typically available only once every five years in accordance with the OEB's rate setting cycle.

### *Cost Projections:*

It was not possible to calculate the cost or benefit of a First Nations Specific Rate Class as this would require a load profile study, cost allocation study and cost-of-service review to determine.

### *Cost & Fairness for Those Who Bear It:*

Developing a load profile study can be a lengthy and costly process for distributors who lack the historical interval demand and consumption data for all classes. It may also result in a rate that is already similar to the residential rate which currently applies. Finally, the costs of providing additional revenues to lower the costs to the customer class could also vary over time.

### Option 2: Seasonal Fixed Credit

Given the observation that bills vary from season to season, the OEB considered an option that would take consumption patterns into account. A fixed credit amount which would vary seasonally could be applied to the bill. For the purposes of evaluation, the OEB developed a scenario based on the provision of a \$50 credit in the summer (May 1 to October 31) and a \$100 credit in the winter (November 1 to April 30).

### *Recognition of First Nations Contribution:*

Although this option accounts for higher bills during colder months and the use of electric heat, it is not tied to any specific line item on the customer's bill. As a result, in comparison to the other options, the Seasonal Fixed Credit corresponds more with an affordability approach rather than acknowledgement of First Nations' contribution to the electricity sector.

### *Equality of Outcome:*

The biggest challenge with this approach is that it does not benefit all customers equally. A \$100 credit for a First Nations customer living in a rural area who is reliant on electric heat (e.g. Hydro One R2) will not provide the same level of benefit as it will to a customer living in a densely populated urban area, who has access to natural gas (e.g. Thunder Bay).

### *Visibility of Compensation:*

A fixed credit approach provides First Nations customers with a tangible benefit, as they will be able to clearly see the amount their electricity bill has been reduced each month.

### *Ease of Implementation:*

A fixed credit is relatively simple for distributors to implement, however additional customization will be required to account for seasonal credit changes. There is the potential that very low volume consumers could receive a \$0 bill or even a negative bill after the monthly credit is applied. This raises issues around the unused amounts and whether customers would be able to carry forward any unused credits for future use. This may result in administrative challenges for distributors.

### *Cost Projections:*

At a benefit of \$50 in the summer and \$100 in the winter, the Seasonal Fixed Credit approach would have an annual cost of approximately \$12 to \$16 million. Higher or lower seasonal credits could also be proposed.

### *Cost & Fairness for Those Who Bear It:*

Given that the credit is a fixed dollar amount, it is easy to forecast total program costs as there are no fluctuations based on usage. It is also the least costly of all the approaches. Adjustments to the credits over time, as costs and other circumstances change, could provide further flexibility.

### Option 3: 50% Total Bill Reduction

As an alternative to a fixed credit approach, the OEB evaluated the merits of creating a percentage-based credit which would reduce First Nations customers' overall total bill. The total bill amount would be reduced by a fixed percentage amount, such as 50 per cent.

#### *Recognition of First Nations Contribution:*

The use of proportional relief rather than a specific dollar amount provides a moderate level of acknowledgment of First Nations contribution to the electricity sector. The connection to the total bill rather than a specific line item does not directly correspond to First Nations' contribution to the electricity system through the hosting of delivery infrastructure.

#### *Equality of Outcome:*

The principal benefit to this approach is that it provides an equitable level of benefit to all on-reserve First Nations customers. One customer will not benefit by a greater proportion than any other.

#### *Visibility of Compensation:*

It provides a tangible benefit, by showing First Nations customers the amount they would have been responsible for paying prior to the introduction of a First Nations Rate.

#### *Ease of Implementation:*

It is easy for distributors to administer because every customer receives the same percentage reduction, which requires fewer billing system changes and less billing customization.

#### *Cost Projections:*

Under the 50% Total Bill Reduction option, a typical First Nations customer would receive a monthly credit of about \$105 in the summer and \$150 in the winter, at a total annual cost of \$20 to \$28 million.

#### *Cost & Fairness for Those Who Bear It:*

The major drawback with this approach is that it is difficult to accurately forecast total program costs as they will vary based on usage. It is also the most costly of all options presented, which raises considerations regarding the level of fairness to those who would bear the costs.

#### Option 4: Delivery Charge Percentage Credit

Finally, given the specific concerns discussed in both the letter from the Minister of Energy and with the Advisory Committee, the OEB developed an option that targeted delivery charges specifically. Under this approach, the delivery line would be reduced by a fixed percentage amount, or eliminated entirely, through a monthly on-bill credit.

##### *Recognition of First Nations Contribution:*

A 100% delivery charge credit is the preferred option of First Nations communities. Focusing on the delivery charge, rather than the total bill, directly correlates to the use of First Nations lands to deliver power and provides the level of acknowledgement of their contribution that they are seeking.

##### *Equality of Outcome:*

By focusing on delivery charges, a First Nations Rate would alleviate the issue of rate variability for First Nations customers. Unlike the total cost of electricity consumption, which customers can control to some degree by reducing consumption, shifting to off-peak times and taking part in conservation programs, customers on reserve have no control over which local distributor provides service to them; they therefore have little control over the delivery charges they pay for service. Eliminating the delivery charge would achieve an equitable outcome as desired by First Nations customers, since the remaining costs of electricity service are relatively consistent across the province. The benefit is proportional to the level of delivery charge experienced by the on-reserve customer.

##### *Visibility of Compensation:*

The delivery charge credit allows First Nations customers to quantify their contribution to the electricity sector by seeing the amount of the delivery charge they would otherwise have paid.

##### *Ease of Implementation:*

This approach is relatively efficient for distributors to implement since all customers will receive the same percentage reduction to the delivery line. This means minimal billing changes and customization will be required. As distributors pointed out in their written comments, efficiencies should be realized through their experience with implementing similar percentage based bill credits, such as the Ontario Clean Energy Benefit.

*Cost Projections:*

Implementing a 100% Delivery Charge Credit would provide a benefit of almost \$75 in the summer and \$100 in the winter at a total annual cost of \$13 to \$20 million.

*Cost & Fairness for Those Who Bear It:*

This option represents a moderate approach, since the cost of this option falls between the costs for the other two options. The drawback to a percentage based credit is that program costs will be sensitive to changes in distribution, transmission and commodity costs. In 2016, electricity distributors began structuring residential rates so that the costs for distribution service are collected through a fixed monthly charge. This move to a fixed distribution charge should alleviate some cost sensitivity in the near- to mid-term.

**5.4 Comparative Evaluation**

Table 6 summarizes how each proposed option compares against the evaluation criteria. Based on the OEB’s criteria, the 100% Delivery Charge Credit is the only approach that scores high or moderate on each measure. It provides the highest level of recognition of First Nations’ contribution to the electricity system, while providing an equitable level of benefit for all on-reserve First Nations residential electricity customers. It is also easy to implement and provides the desired level of visibility that First Nations are seeking, at a moderate cost to those who will pay for the program.

**Table 6: Evaluation of Proposed Options**

	Evaluation Criteria				
	Recognition of First Nations’ Contribution	Equality of Outcome for All On-Reserve First Nations	Visibility of Compensation	Ease of Implementation	Fairness for all Customers
First Nations Specific Rate Class	Moderate	Low	Low	Low	N/A
Seasonal Fixed Credit	Low	Low	High	Moderate	Moderate
Percentage Based Bill Reduction	Moderate	High	High	High	Low to Moderate
100% Delivery Charge Credit	High	High	High	High	Moderate

The OEB presented these options at the Chiefs of Ontario's Special Chiefs Assembly in late November. There was consensus among First Nations that the best option is to eliminate the delivery charge altogether. They noted it is the easiest to implement and will have the biggest benefit for their communities. The Chiefs of Ontario passed a resolution in support of the OEB's proposed options with the addition of the qualifier that the Chiefs of Ontario's Political Confederacy will continue discussions with the Minister of Energy to expand the reduction to all First Nations customers in the province regardless of residency.

## **5.5 Approaches for First Nations Customers Paying Bundled Electricity Rates**

As discussed in section 3.2, Cat Lake Power, Cornwall Electric and Hydro One Remotes charge a bundled electricity rate which includes the cost of supplied electricity. The appropriateness of each option for these communities requires specific evaluation.

The Seasonal Fixed Credit and the 50% Total Bill Reduction approaches are feasible for these distributors to implement since every customer receives either the same fixed dollar amount or the same percentage reduction. This makes it relatively straightforward for distributors to administer, requiring fewer billing system changes and customization.

However, eliminating the delivery charge is not possible for these distributors, since the exact amount charged for delivery is unknown. If a percentage based delivery charge credit were to be adopted, there are three alternatives for delivering this to customers: (1) a credit based on the actual cost of delivery embedded in the bundled charge, (2) a reduction based on the estimated proportion of the bill that is associated with delivery, or (3) elimination of the fixed service charge as a proxy for certain delivery costs.

### Option 1: A Credit Based on the Actual Cost of Delivery

A distributor could disaggregate its costs to quantify the cost associated only with delivering power to customers. Based on this data, a credit could be applied to reduce all or a portion of the delivery cost embedded in the charge. The principal benefit to this approach is that it ensures that these customers receive a benefit that is intended to mirror the relief that on-reserve First Nations customers are receiving elsewhere in the province. Focusing on the delivery charge also directly correlates to the use of First Nations lands to deliver power and provides the level of acknowledgement they are seeking. Finally, a delivery credit approach allows First Nations customers to quantify their contribution to the electricity sector by seeing the amount of the delivery charge they would have been responsible for. The major challenges with this approach are that a detailed review of distribution costs is performed typically only once in five years. For Hydro One Remotes, distribution costs are small relative to the overall cost of service,

which would mean the elimination of delivery costs would likely not yield an appreciable reduction to the rates paid by customers. A further complication is that the OEB has no responsibility for reviewing costs in Cornwall Electric's service area. While the licensed distributor could be compelled to provide cost information to the OEB, it is questionable whether such an exercise would be appropriate in the absence of rate-setting authority.

#### Option 2: A Credit Proportional to the Estimated Delivery Charge Bill Reduction

The delivery charge represents on average 35 per cent of the electricity bill for a typical on-reserve First Nations customer served elsewhere in the province. Using this percentage as a proxy, Cat Lake, Cornwall Electric and Hydro One Remotes could reduce customers' electricity bills by a similar proportion to achieve an equitable level of compensation. The approach is somewhat consistent with First Nations' view that all First Nations customers should receive an equitable level of compensation. It is also relatively simple for distributors to implement. The downside to this approach is that it lacks any empirical linkage to the actual costs of delivery service in these areas.

#### Option 3: Eliminate the Monthly Fixed Service Charge

As an alternative, Cat Lake, Cornwall Electric and Hydro One Remotes could waive the fixed service charge amount or provide an equal credit to offset it. The service charge is a known monthly charge. Eliminating it would result in a monthly credit of between \$8 and \$20 for a typical First Nations customer served by these distributors. While eliminating the monthly service charge approach may fall short of providing an equitable level of benefit for all recipients, it would be quick and straightforward to implement. Eliminating the service charge can easily be presented on the bill, which will allow on-reserve First Nations customers to quantify the benefit they are receiving. It is also administratively easy for distributors to implement, as the amount of the service charge is already known and fixed. Focusing on the service charge, as opposed to the entire bundled rate, also ensures that energy conservation remains a priority.

### **5.6 An Approach for Customers of IPAs**

The absence of cost data and information on billing practices, coupled with the feedback from IPAs about their priorities, prevents the simple application of any of the First Nations Rate options developed for other reserves to reserves served by IPAs. Alternatives therefore need to be considered.

The OEB is aware that many IPA communities are interested in being served by Hydro One Remotes and have written to the Minister of Energy stating this intention. It is expected that those who become served by Hydro One Remotes would subsequently receive RRRP rate protection, and face lower costs as a result. However, connection to



Hydro One Remotes is a lengthy process that involves cooperation between Ontario and the federal government.

Although we had limited engagement with IPA communities, RRRP was identified as an approach to providing assistance in the short term. The OEB recognizes that the provision of RRRP in these communities prior to being served by Hydro One Remotes may raise a number of issues, including, but not limited to:

- departures from prior practices and agreements between Ontario and the federal government with respect to funding of on-reserve activities;
- Requirements for audit and other verification practices regarding RRRP provision; and
- Any ramifications to the calculation of income by Indigenous and Northern Affairs Canada which could result in clawing back of other federal funding for the community.

Many of these considerations are beyond the purview of the OEB to investigate and resolve.

## **6. IMPLEMENTATION CONSIDERATIONS**

### **6.1 Automatically Qualifying On-Reserve First Nations Customers**

In our engagement sessions we heard that on-reserve First Nations consumers should not have to apply to receive a First Nations Rate. The OEB agrees that requiring consumers to apply would create an unnecessary barrier to accessing the rate and would create an ongoing cost to administering the program.

Unlike an income-tested program, such as OESP, where eligibility must be verified using information normally unavailable to distributors, an application process is not necessary to deliver a First Nations Rate. On-reserve customers can be confirmed by their service address; First Nations' status can be confirmed by tax exemption status. Many First Nations customers are already identified in distributors' billing systems as recipients of the HST exemption. Distributors and band councils may merely need to increase the visibility of this customer identification practice in order to identify any customers not yet identified. Based on feedback received, it is the OEB's view that collecting any further private customer information, which can also be a barrier to uptake, should be avoided as much as possible to deliver this rate.

### **6.2 Sharing of On-Reserve First Nations Customer Information with Band Councils**

Hydro One Remotes, as a condition of its electricity distribution licence (ED-2003-0037), has the ability to share customer account information with band councils. The OEB could explore whether similar amendments to the licences of other distributors that serve on-reserve First Nations customers are warranted, as this would assist with self-identification of eligible customers.

### **6.3 Continued Access to Assistance Programs, such as OESP**

The Minister asked us to consider how a First Nations Rate would interact with other assistance programs, including OESP. It is our view that receipt of a First Nations Rate should not hinder access to assistance programs such as OESP and LEAP. Similar to RRRP, which does not disqualify a customer from receiving OESP and LEAP, on-reserve First Nations customers should still be entitled to assistance programs provided they meet the eligibility criteria.

## **6.4 Reviewing and Monitoring Outcomes**

The Minister asked the OEB to address the process and mechanisms for reviewing and monitoring outcomes and measuring success.

We concur with the Chiefs of Ontario that the implementation of a First Nations Rate will have many benefits such as assisting in the government's process of reconciliation with First Nations communities and improving relationships between distributors and First Nations customers. These types of qualitative benefits are not those which the OEB can measure and assess.

However, we expect that there will be measurable benefits to the provision of a First Nations Rate, especially with regard to the following:

1. Reducing arrears;
2. Reducing disconnections;
3. Improving payment patterns; and
4. Ensuring all eligible First Nations customers are receiving the HST exemption to which they are entitled.

If a First Nations Rate is implemented, the OEB could require distributors serving on-reserve First Nations customers to report this information annually, in relation to the number of customers receiving the First Nations Rate.

As a preparatory measure, the OEB could work with distributors to develop baseline data for these measures before any implementation of a First Nations Rate. We could also implement changes to the OEB's Electricity Reporting and Recordkeeping Requirements to support this data collection.

## 7. FUNDING A FIRST NATIONS RATE

### 7.1 Sources of Funds

There are only two sources of funds for a First Nations Rate: (1) the government's consolidated revenues raised through taxes or (2) funds raised from electricity customers (ratepayers). The Minister's letter describes a First Nations Rate as a measure to address electricity affordability for on-reserve First Nations customers. First Nations customers view a First Nations Rate as a means of acknowledging their contribution to Ontario's electricity system. Whether the intent of the First Nations Rate is electricity affordability or recognizing First Nations contribution, or both, these objectives can properly be considered interests that should be funded from the tax base as it is targeted to a particular segment of the provincial population. More importantly, recovery of program costs through electricity rates would be without regard to income level or other considerations which provincial tax policy takes into account.

Nevertheless, the OEB has broad discretion to consider factors such as affordability when setting rates and has done so for programs like OESP and LEAP. Similarly, the government has acknowledged the higher cost to serve rural customers and implemented RRRP, which is also funded by all electricity customers in Ontario.

The First Nations Rate options range in cost from \$12 million to \$30 million. Funding from rates would add between \$0.07 and \$0.16 to the typical monthly electricity bill. While this is a modest amount and could be considered just and reasonable, recovering these costs from electricity customers would add incremental costs to the electricity bill.

### 7.2 Mechanisms for Collecting Funds

If the Minister proceeds with a First Nations Rate funded from the electricity bill, the following mechanisms could be considered: (1) A distribution charge or (2) a provincial charge.

#### Option 1: Distribution Charge

If a distribution charge were used to fund a First Nations Rate, the total amount provided to a distributor's First Nations customers would be recovered only from customers in that service area. This means the amount needed to fund the program will vary significantly across service areas; the rate charged would also vary from distributor to distributor. For this program, most costs would only be recovered from Hydro One customers, since it serves most on-reserve First Nations customers. A distribution charge is therefore feasible but potentially leads to unfair outcomes.

## Option 2: Provincial Charge

A provincial charge means funds would be collected in a provincial pool and disbursed to distributors based on the cost of delivering a First Nations Rate in their respective service areas. This ensures all ratepayers in Ontario contribute equally to the cost of a First Nations Rate.

If this is to be a ratepayer funded program, the OEB suggests that it be funded through a provincial charge. This approach also reflects the preference of stakeholders. The options to collect and disburse funds on a provincial basis to fund a First Nations Rate include the use of an existing charge, or the creation of a new one.

### *Leveraging the Rural or Remote Electricity Rate Protection (RRRP) Charge*

Using the RRRP charge to recover the cost of a First Nations Rate takes advantage of existing infrastructure to disperse and collect funds. Given their location, on-reserve First Nations customers are often recipients of the RRRP benefit as well. Collecting and disbursing funds for both programs through the same mechanism is reasonable, and could yield some efficiency during implementation. The IESO and OEB already follow requirements established in regulation to provide information and perform calculations to assess program costs and determine a charge that recovers program costs on a forecast basis. While there are three distributors that will deliver a First Nations Rate but do not receive any RRRP funding – Bluewater Power, PUC, and Thunder Bay Hydro – the additional administration to support their participation in RRRP disbursement is believed to be feasible.

### *Creation of a Separate Regulatory Charge*

Alternatively, a new regulatory charge could be created. The new charge, and the mechanisms for collecting and disbursing the funds, could be modelled on existing provincial charges such as the RRRP and the OESP charge. Replicating existing processes will minimize the time it takes to implement the new charge.

## **7.3 Legislative Changes**

Irrespective of the First Nations Rate option selected, the OEB expects that legislative changes will be required in order to provide credits to First Nations customers and put a charge in place to collect the costs to fund the program.

The only comparable charges are RRRP and OESP, each of which has specific legislation that sets out the OEB's authority to set the charge and order payments to the appropriate distributors.

A provision in either legislation or regulation may be needed to allow the OEB to require non-rate-regulated distributors to deliver a First Nations Rate to on-reserve First Nations customers and to collect the provincial charge to fund the rate.

#### **7.4 Exempting First Nations Rate Recipients from Paying the Charge**

As was expressed in the engagement sessions, First Nations do not want to pay for the program. From a regulatory perspective, this would be difficult to achieve if the RRRP charge is leveraged, since RRRP is currently levied on all grid-connected customers, including those who receive the RRRP benefit. If a new charge is established, it would be simpler to include a provision in the legislation or regulation exempting recipients from paying the charge.

The greater challenge lies in the implementation. Exempting recipients of a First Nations Rate from paying into the program is complex to administer, which means it may take longer and cost more to implement than a provincial charge that all customers, including the recipients, pay.

In the OEB's view, requiring First Nations Rate recipients to pay into the program does not remove the overall beneficial outcome. According to cost estimates, the average benefit that an on-reserve First Nations customer would receive is \$85 per month; the average monthly cost of the program charge for a typical recipient would be less than 20 cents. This means more than 99% of the initial benefit would still be received under the First Nations Rate.

#### **7.5 Cost Escalation**

The cost projections for a First Nations Rate are reflective of distributors' current 2016 delivery charges and the enhanced RRRP for Hydro One low-density customers in 2017. A number of factors will lead to changes in these costs over time. The OEB's transition toward fully fixed distribution charges is expected to reduce the distribution component of delivery costs for residential customers with higher than average consumption, which many on-reserve First Nations customers are expected to be. As a result, the distribution-related costs of a First Nations Rate program would be generally expected to decrease in the near term, all other things being equal. However, increases in overall distribution and transmission costs, as well as the cost of electricity, will create upward pressure on program costs over time. A First Nations Rate will be especially sensitive to changes in Hydro One's distribution rates, since Hydro One serves the majority of on-reserve First Nations customers. The OEB recommends monitoring ongoing program costs to ensure the pace of growth continues to be manageable and reasonable for those who pay for it.

## 8. CONCLUSION

In developing this report, we considered a number of options and assessed them having regard to the Minister's letter and feedback from First Nations communities and affected stakeholders. Based on our analysis, a preferred option was identified:

- Eliminate the delivery charge for all on-reserve First Nations residential customers and eliminate the monthly service charge for customers of licensed distributors which charge a bundled rate;
- Automatically qualify on-reserve First Nations customers as recipients of the First Nations Rate;
- Enable greater information sharing between distributors and band councils to identify all on-reserve First Nations customers;
- If costs are to be recovered through the electricity system, use a province-wide charge to collect the costs from all ratepayers; and
- Continue to provide assistance through OESP and LEAP to eligible on-reserve First Nations customers.

This approach would provide a meaningful benefit, estimated to be an average of \$85 monthly, to as many as 21,500 on-reserve First Nations residential electricity customers in Ontario, at a monthly cost of 11 cents for a typical residential electricity consumer.

# Appendix A – The Minister’s Letter

**Ministry of Energy**

Office of the Minister

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**JUN 27 2016**

MC-2016-1314

Ms Rosemarie Leclair  
Chair and Chief Executive Officer  
Ontario Energy Board  
PO Box 2319  
2300 Yonge Street  
Toronto ON M4P 1E4

Dear Ms Leclair:

**Re: Options for an Appropriate Rate Assistance Program for On-Reserve First Nations Electricity Consumers**

I write in my capacity as the Minister of Energy in order to exercise the statutory power I have under section 35 of the *Ontario Energy Board Act, 1998* (the "Act") to require the Ontario Energy Board (the "Board") to examine and report back to the Ministry of Energy (the "Ministry") with advice on the questions outlined below.

**Background**

Through the First Nations-Ontario Political Accord and Canada's Truth and Reconciliation Commission's Calls to Action, there is a renewed spirit for the Province and First Nations to work together on issues of mutual interest.

On energy issues, First Nations leaders and Political-Territorial Organizations ("PTOs") have been advocating for the need to review delivery charges associated with transmission and distribution assets within the context of the potential for electricity rate relief for on-reserve customers.

On-reserve First Nations customers often face unique challenges that impact electricity affordability, which results in significantly higher electricity consumption levels and costs.

**Section 35 Report**

Therefore, I require the Board to examine and report to me with advice on options for an appropriate electricity rate (or rate assistance) for on-reserve First Nations electricity consumers ("First Nations Rate"). In doing so, the Board shall consider:

1. Options for the design, development and implementation of the First Nations Rate.

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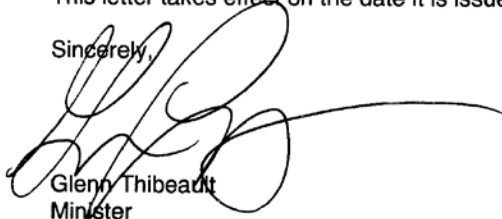
2. Options and considerations regarding the cost and funding mechanism for the First Nations Rate, including considerations of:
  - The impacts on existing electricity consumers, if any;
  - The impacts on Ontario's electricity distribution and transmission utilities and other stakeholders, if any.
  
3. For each of the First Nations Rate options identified by the Board in its report ("Report"), the Board shall specifically address program development and implementation issues, such as:
  - Identification of, and delivery and (if applicable) intake options for, eligible on-reserve First Nations consumers, including those who may live on reserves not connected to the IESO grid and those served by power systems not regulated by the Board;
  - Overall cost of the program, including funding and administration;
  - Potential barriers to implementation and uptake (and strategies to mitigate these barriers), and consideration of interactions with other assistance programs, including the Ontario Electricity Support Program (OESP).
  - Process and mechanisms for reviewing and monitoring outcomes and measuring success.

In carrying out its work to prepare this report, it is my expectation that the Board will undertake outreach and engagement with First Nations communities, organizations and such other parties as the Board deems appropriate.

The Board's examination of potential options for the First Nations Rate should commence as soon as possible. It is my expectation that the report be submitted to the Ministry no later than January 1, 2017.

This letter takes effect on the date it is issued.

Sincerely,



Glenn Thibeault  
Minister

- c: David Zimmer, Minister of Indigenous Relations and Reconciliation  
Deborah Richardson, Deputy Minister, Ministry of Indigenous Relations and Reconciliation  
Serge Imbrogno, Deputy Minister, Ministry of Energy  
Carolyn Calwell, Director, Legal Services Branch, Ministries of Energy, Economic Development and Growth, Infrastructure, and Research, Innovation and Science

## Appendix B – Distributors Serving On-Reserve First Nations Customers

Distributor	First Nation Communities	Number of On-Reserve Residential Customers
Algoma Power Inc.	Ojibways of Batchewana Ojibways of Garden River	473
Attawapiskat Power Corporation	Attawapiskat First Nation	336
Bluewater Power Distribution Corporation	Aamjiwnaang First Nation	237
Cat Lake Power Utility Ltd.	Cat Lake First Nation	80
Cornwall Electric Distribution	Akwesasne First Nation	514
Fort Albany Power Corporation	Fort Albany First Nation	Data Not Filed
Kashechewan Power Corporation	Kashechewan First Nation	Data Not Filed
Hydro One Networks Inc.	Alderville First Nation Algonquins of Pikwakanagan First Nation Anishinaabeg of Naongashiing Aroland First Nation Atikameksheng Anishnawbek Aundeck Omni Kaning First Nation Big Grassy First Nation Brunswick House First Nation Caldwell First Nation Chapleau Cree First Nation Chapleau Ojibwe First Nation Chippewas of Georgina Island Chippewas of Kettle & Stony Point Chippewas of Rama Chippewas of Nawash Unceded Chippewas of Saugeen First Nation Chippewas of the Thames Constance Lake First Nation Couchiching First Nation Delaware Nation Dokis First Nation Eagle Lake First Nation Ginoogaming First Nation Grassy Narrows First Nation Hiawatha First Nation Henvey Inlet First Nation	16,679

Hydro One Networks Inc.	Iskatewizaagegan No. 39 Lac La Croix First Nation Lac Seul First Nation Long Lake #58 First Nation Magnetawan First Nation Matachewan First Nation Mattagami First Nation M'Chigeeng First Nation Mishkeegogamang First Nation Mississauga #8 First Nation Mississaugas of the New Credit First Nation Mississaugas of Scugog Island Mohawks of the Bay of Quinte Moose Cree First Nation Moose Deer Point First Nation Munsee-Delaware Nation Naicatchewenin First Nation Naotkamegwanning Anishinabe First Nation Nigigoonsiminikaaning First Nation Nipissing First Nation Northwest Angle No. 33 First Nation Obashkaandagaang Ochiichagwe'Babigo'ining Nation Ojibways of Onigaming Ojibways of Pic River Oneida Nation of the Thames Pays Plat First Nation Pic Mobert First Nation Rainy River First Nation Red Rock Indian Band Sagamok Anishnawbek First Nation Ojibway Nation of the Saugeen Seine River First Nation Serpent River First Nation Sheguiandah First Nation Sheshegwaning First Nation Shoal Lake No. 40 First Nation Six Nations of the Grand River Territory Slate Falls First Nation Stanjikoming First Nation Taykwa Tagamou Temagami First Nation Thessalon First Nation Wabaseemoong Independent Nations Wabauskang First Nation Wabigoon First Nation Wahgoshig First Nation Wahnapiatae First Nation Wahta Mohawks Wasauksing First Nation Wauzhushk Onigum First Nation Whitefish River First Nation	
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Hydro One Networks Inc.	Wikwemikong Unceded Indian Reserve Zhiibaahaasing First Nation	
Hydro One Remotes Communities Inc.	Bearskin Lake First Nation Deer Lake First Nation Fort Severn First Nation Kasabonika Lake First Nation Kiashke Zaaging Anishinaabek First Nation Kingfisher Lake First Nation Marten Falls Namaygoosisagagun First Nation Neskantaga First Nation North Caribou Lake First Nation Sachigo Lake First Nation Sandy Lake First Nation Wapekeka First Nation Webequie First Nation Whitesand First Nation	2,579
PUC Distribution Inc. (Sault Ste. Marie)	Batchewana First Nation	264
Thunder Bay Hydro Electricity Distribution	Fort William First Nation	332
<b>TOTAL ON-RESERVE RESIDENTIAL CUSTOMERS</b>		<b>21,494</b>