

November 23, 2017

Mayor John Tory
Members of Executive Committee
10th Floor, West Tower, City Hall
100 Queen St W
Toronto, ON M5H 2N2

Dear Mayor Tory and Executive Committee Members:

RE: EX29.41 – Status of Suite Metering in Rental Buildings in Toronto

The Sub-metering Council of Ontario (SCO) represents Ontario's leading independent (non-utility) sub-metering companies that are committed to energy conservation in the province. Its membership includes Enercare, Priority Billing Solutions, Carma Billing Services, and Provident Energy Management.

Sub-metering, also referred to as suite metering¹, uses meters to measure the electricity consumption (as well as other commodities such as water) of each individual unit in a multi-residential building (i.e., apartments and condominiums), as opposed to a bulk meter for the whole building. In bulk metered buildings the occupant has no accountability for their electricity consumption. The cost of electricity is buried in their rent or condominium fees and there is no incentive to reduce consumption. There are many benefits to sub-metering, both for occupants of the units as well as for building owners, property managers and condominium corporations.

Electricity sub-metering allows occupants to take control of their energy use with access to accurate and detailed information of their consumption allowing them to understand, monitor and conserve. Occupants are motivated to conserve energy as they only pay for what they use in their unit. Building owners, property managers and condominium corporations are able to reduce energy consumption and increase conservation by their occupants. Electricity is typically a building's largest utility expenditure and sub-metering enables significant cost reduction with potentially little to no upfront costs for the building.

¹ Technically sub-metering refers to individual metering of units behind a bulk meter and suite metering refers to individual metering of units and common areas where no bulk meter has been installed. Sub-metering services are typically provided by independent (non-utility) sub-metering companies whereas suite metering services are typically provided by local distribution companies.

Current regulations require the sub-metering of most newly constructed multi-residential buildings in Ontario.² Although not required, many existing multi-residential and commercial buildings in Ontario have voluntarily adopted sub-metering in an effort to reduce energy consumption and save money.

In 2016, one of our members retained Navigant Consulting Ltd. (“Navigant”) to calculate the conservation impact of electricity sub-metering on multi-residential buildings. The Navigant study, titled “Evaluation of the Impact of Sub-metering on Multi-Residential Electricity Consumption and the Potential Economic and Environmental Impact on Ontario” dated January 8, 2016 (the “Study”) has significant findings: by introducing sub-metering in the multi-residential sector, the average electricity use is reduced by approximately 40%. There are few measures available today that can reduce electricity use to this degree without the associated costs of major infrastructure upgrades.

Unfortunately, the report prepared by the City’s General Manager, Shelter, Support and Housing Administration on the Status of Suite Metering is not entirely accurate and does not consider all relevant factors, a few of which we address here.

Current regulations under the *Residential Tenancy Act* provide rules for landlords to follow when implementing sub-metering programs in their properties. The regulations are such that when an existing rental building implements a sub-metering program, sitting tenants are not automatically enrolled. Any sitting tenants who are enrolled in the sub-metering program must receive a rent reduction calculated in accordance with a prescribed formula. While there is this prescribed process, in almost every case enrolment occurs on the turnover of the unit to a new tenant. The regulations also set out certain requirements for landlords, such as the disclosure to any prospective tenant of the previous 12-month energy consumption for the unit and supplying a refrigerator that satisfies prescribed efficiency standards.

As indicated above, when a building implements a sub-metering program, the energy consumption drops dramatically --- usually a reduction of approximately 40%. This has little to do with shifting usage (as suggested in the City’s report) and almost everything to do with occupants having accurate information about their consumption and direct responsibility for paying the bill. Sub-metering removes the cross subsidization that takes place when electricity costs are hidden in the rent or condo fees with no relationship to consumption. Indeed, the Province’s sub-metering initiative represents one of Ontario’s single most effective energy

² *Energy Consumer Protection Act, 2010*, Ontario Regulation 389/10 section 39.

conservation programs. The reduction in consumption is immediate and the savings are recognized by those who use the energy.

A number of special programs are available in Ontario to help low-income energy consumers, such as the Ontario Electricity Support Program (OESP), a program that provides low-income consumers with monthly on-bill credits to reduce their electricity bill, and the Low-income Energy Assistance Program (LEAP), a program that provides a one-time grant towards electricity bill for consumers who are behind on their electricity or gas bills. These programs are only available to residents who pay for their electricity separately.

While we represent the independently owned (non-utility) sub-metering companies, local distribution companies (LDCs) owned by municipalities, such as Toronto Hydro, also offer suite metering services. The administration fee charged by sub metering companies is in most instances lower (sometimes significantly) than that of the LDC operating in the same municipality. We note that the recent OEB-approved rates for Toronto Hydro are easily accessible and yet they were not included in the City's report. There was also no comparison in the City's report between administration fees of sub-metering versus the City-owned utility.

The report suggests that independent sub-metering companies are unregulated. This is false; sub-metering companies are licensed by the Ontario Energy Board and, as such, adhere to the Unit Sub-metering Code which, among other things, contains specific customer service standards and rules similar to those for the LDCs. In addition, our processes and equipment must meet Measurement Canada requirements.

Further, we are disappointed and disheartened that the City's Housing Division made no effort to contact us, or industry members, to obtain accurate information or engage us in any way. It is as if there was an intentional decision to engage one side and create division, where one does not really exist.

Finally, the report makes only a passing reference to the OESP. The OESP was recently amended in May 2017 to make the program even more accessible. Unfortunately, many tenants in the City of Toronto who may be eligible for the program have yet to enroll. The SCO is developing a proposal (likely a pilot) that will assist low-income electricity users to access the OESP funding support. If the City of Toronto is concerned about helping those in need, we suggest you consider partnering with us to engage the Ministry and OEB in the pilot we are proposing. It would have a more immediate and effective impact, than the recommendations

contained in this report, many of which are based on false assumptions or wholly inaccurate information.

Sincerely,



Chelsea Provencher

On behalf of the Sub-metering Council of Ontario

CC: Paul Raftis, General Manager, Shelter, Support and Housing Administration