

Standing Committee on
Government Operations



Report on the Bill 23

19th Northwest Territories Legislative Assembly

Chair: Mrs. Frieda Martselos

**MEMBERS OF THE STANDING COMMITTEE ON
GOVERNMENT OPERATIONS**

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Kevin O'Reilly
MLA Frame Lake

November 22, 2021

SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker:

Your Standing Committee on Government Operations is pleased to provide its *Report on Bill 23* and commends it to the House.

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Mrs. Frieda Martselos
Chair, Standing Committee on Government Operations

**STANDING COMMITTEE ON
GOVERNMENT OPERATIONS**

REPORT ON BILL 23

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STANDING COMMITTEE ON GOVERNMENT OPERATIONS

REPORT ON BILL 23

INTRODUCTION

Bill 23, *An Act to Amend the Public Utilities Act*, received second reading on March 11, 2021 and was referred to the Standing Committee on Government Operations (“SCOGO” or “the Committee”) for review. MLA Jacobson introduced Bill 23 as a Private Member’s Bill.

Bill 23 would prohibit a public utility from disconnecting a residential customer’s electricity between October 1 and April 30, or whenever the temperature is forecast to be below 0°C. A customer’s electricity, if it was disconnected during the summer months due to non-payment of bills, would have to be reconnected by October 1, or as soon as practicable. Bill 23 would also prohibit a public utility from installing a load limiter on a residential customer due to non-payment of a bill and would allow a public utility to enter a payment plan with a customer prior to reconnecting electricity service during the May 1 – September 30 timeframe.

PUBLIC ENGAGEMENT

On September 29, 2021, the Committee held a Public Hearing with the Sponsoring Member and invited public presentations. The public hearing was livestreamed on the Legislative Assembly channel.

In advance of the hearing, the Committee received five written submissions from:

- The Northwest Territories Power Corporation (NTPC)
- Northland Utilities
- The Northwest Territories Public Utilities Board (PUB)
- Two members of the public

Almost all stakeholder submissions were opposed to Bill 23 (see Appendix A). Public utilities viewed current legislation, which permits the use of load limiters in the winter, as a balanced approach between the needs of individual customers the utilities’ interest to encourage payment of outstanding balances. They noted that the use of load limiters is common practice in the industry as a last-case scenario. The public utilities expressed concern that the Bill would create larger, potentially insurmountable debts for non-paying customers, increase the utilities’ bad debt expense and revenue requirement, and ultimately put upward pressure on electricity rates for all customers. As a result, one

utility asserted that the Bill is contrary to the 19th Assembly's mandate priority to "reduce the cost of power".

Submissions from members of the public expressed similar concern that the Bill creates a disincentive for customers to pay their electricity bills in the winter, with the effect of increasing electricity rates for all customers.

COMMITTEE CONCERNS

The Committee was grateful for the Sponsoring Member's work to draw attention to and advance solutions for the impacts of unaffordable electricity bills on NWT residents, particularly some of his constituents in Nunakput. The Committee admired the advocacy and compassion of the Sponsoring Member and was sympathetic to the intentions of Bill 23.

However, the Committee had concerns about some of the potential impacts of Bill 23, most significantly that Bill would likely increase residential electricity rates for all customers. The Committee noted contrary anecdotal evidence that Hydro One Remotes, a public utility that provides electricity to 22 remote communities across Northern Ontario, did not experience an increase in arrears due to similar legislation in Ontario that banned disconnection and load limiters in the winter. The Committee was also concerned that Bill 23, as a whole, would not address the root causes for which some NWT residents cannot afford their electricity bills. The Committee recognized that the root causes of the issue are numerous and complex, and responsibility spans multiple organizations including the NWT Housing Corporation, the Department of Education, Culture and Employment, the Public Utilities Board, and the public utilities themselves.

Ultimately, the Committee was unable to reach agreement on how to proceed with Bill 23, and therefore moves the Bill forward for consideration in Committee of the Whole.

The Committee believes that Bill 23 brings up important issues that require further exploration and action. The Committee urges the Government to undertake policy work to better understand the root causes of electricity unaffordability and take coordinated policy actions to address the issue. To that effect, Committee proposes several recommendations to guide this important work.

RECOMMENDATIONS

Income Assistance

The Committee is concerned that there are barriers, gaps, and policy redundancies that cause higher electricity bills and make assistance benefits and programs less accessible and less effectual for electricity customers. The Department of Education, Culture and Employment and the NWT Housing Corporation both design and deliver programs that support NWT residents who may also face difficulty paying their electricity bills.

Therefore, the Committee recommends:

Recommendation 1

The Standing Committee on Government Operations recommends that the Department of Education, Culture and Employment work with the NWT Housing Corporation to address potential barriers that can cause higher electricity bills for people on income assistance in housing units. This should include reviewing the 2018 policy change that transferred more responsibility for electricity consumption from the NWT Housing Corporation to tenants, and whether this change resulted in increased income assistance from ECE or an increased number of customers in arrears on their power bills and value of those arrears.

Public Housing

Committee Members heard anecdotal reports from constituents who must improvise methods to regulate the temperature in public housing due to poor build quality, deterioration of the units, and insufficient maintenance. The Committee has heard about tenants in NWT public housing whose units do not adequately retain heat in the winter due, for instance, to interior doors being installed on exterior walls. As a result, tenants may resort to using their stove to heat their unit. The Committee also heard about tenants in NWT public housing who must open the windows in the winter because the boilers in their buildings release too much heat. Tenants should not have to resort to improvised methods that may be dangerous, energy-inefficient, and financially costly to regulate the temperature of their units.

Therefore, the Committee recommends:

Recommendation 2

The Standing Committee on Government Operations recommends that the NWT Housing Corporation ensure that all its housing units are fit for habitation, such that tenants are not forced to resort to improvised methods to regulate the temperature of the home.

Committee Members also heard anecdotal reports from constituents about high electricity bills caused by the high energy demand of energy-inefficient appliances in public housing. Tenants in public housing do not own the major appliances in their units and depend on the landlord, the NWT Housing Corporation, to install energy efficient appliances that lower electricity bills. The Committee notes that NWT Housing Corporation's mission statement includes the goal of "implementing energy efficiency technologies" to enhance the long-term sustainability of housing assets.¹ The Committee welcomes investments that improve the energy efficiency of units and appliances in NWTHC's upcoming Energy Strategy.

Therefore, the Committee recommends:

Recommendation 3

The Standing Committee on Government Operations recommends that the NWT Housing Corporation conduct a review of all household appliances, heating equipment, water heaters, and lighting products in housing units to ensure they meet current federal energy efficiency standards.

Customer Crisis Fund

Life events such as a loss of employment or benefit income, unexpected medical expenses, or a death in the family can cause electricity customers to fall behind on their bills. As a result, customers may face disconnection or the installation of load limiters. Committee notes that in other jurisdictions, notably British Columbia, there are programs that provide supports to electricity customers experiencing a temporary financial crisis. A similar program in the NWT context merits consideration as a policy response to electricity unaffordability for some customers.

Therefore, the Committee recommends:

Recommendation 4

The Standing Committee on Government Operations recommends that the Public Utilities Board work with the Northwest Territories Power Corporation and Northland Utilities to consider and study the implementation of a customer crisis fund, modeled after BC Hydro's Customer Crisis Fund, to provide grant payments to residential customers experiencing a temporary financial crisis and who have fallen into arrears.

¹ Northwest Territories Power Corporation (2021). NWTHC Mission Statement. Retrieved from <https://www.nwthc.gov.nt.ca/en/nwthc-mission-statement>.

Client-Centered Communication

During the COVID-19 Pandemic, Committee members received numerous calls and correspondence from constituents regarding how changes related to emergency income supports, like the Canada Recovery Benefit, impacted their eligibility to the Income Assistance Program. Constituents were sometimes unaware of these impacts and, as a result, faced unexpected difficulty in paying their electricity bills. More generally, the Committee believes that the public utilities can and should provide clearer, more proactive communication to customers regarding matters that may impact electricity bills, payments, and service. As the regulator and supervisor of public utilities in the NWT, the Public Utilities Board has a key role to promote more client-centered service to NWT electricity customers.

Therefore, the Committee recommends:

Recommendation 5

The Standing Committee on Government Operations recommends that the Northwest Territories Power Corporation and Northland Utilities, with oversight and, if necessary, enforcement from the Public Utilities Board, improve communications with customers so that they are clearer, more comprehensive, more proactive, and more client-centered, especially with respect to:

- a) Eligibility for the Income Assistance Program, and how policy changes or new benefit programs, like the Canada Recovery Benefit, may impact customer eligibility.
- b) The Terms and Conditions of Service document regarding details on:
 - The types and minimum timeframes of notices that NTPC may send customers;
 - The type and operation of power limiters; and
 - Customer payment options.

CONCLUSION

This concludes the Standing Committee on Government Operations' *Report on Bill 23*. The Committee looks forward to the Government's response to these recommendations.

Recommendation 6

The Standing Committee on Government Operations recommends that the Government of the Northwest Territories provide a response to this report within 120 days.

APPENDIX 1: SUBMISSIONS

Copy of BILL 23 EMAIL SUBMISSION

From: michael_opderheijde@hotmail.com [mailto:michael__opderheijde@hotmail.com]

Sent: August 9, 2021 6:48 AM

To: Cynthia James

Subject: Bill 23

EXTERNAL: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender's name and email address and know the content is safe.

Good morning. As a concerned resident who works in power generation I have a really hard time with how YK is already subsidizes power costs already. When people are not obligated to pay for power during the winter, many of them won't and then as a rate payer who never misses a payment because I know how to manage my money, I will be responsible for helping recuperate those costs.

What should really be pushed, especially with the climate change, is to get federal funding and build new hydro plants instead of continuous diesel plant upgrades. Lutselke is a prime example as we will spend between 12 and 20 million for a new diesel plant, when for 10 mil we could install a run of river Pico hydro plant which with regular maintenance will last 100 years and help with the carbon buildup in the atmosphere.

Back to the original point, I %100 disagree with giving full power to unpaid residents and having rate payers who do pay their bills have to cover the excess cost of people not paying.

Maybe the band in the community should help subsidize the bill, and educate people how to manage their money.

Thanks for your time, have a great week

Michael op der Heijde

Copy of Bill 23 EMAIL SUBMISSION

From: Gordon Van Tighem [mailto:gordv@ssimicro.com]

Sent: August 22, 2021 12:46 PM

To: Emily Sabourin

Cc: Frieda Martselos; Ron Bonnetrouge; Caitlin Cleveland; Lesa Semmler; Rylund Johnson; Cynthia James; Stephen Dunbar

Subject: Re: Bill 23 Review

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Thank you Emily,

As the recommendations seem reasonable, we see no need for comment at this time.

Sent from my iPad

Gordon Van Tighem

Cell (867) 445-4014

Copy of BILL 23 EMAIL SUBMISSION

From: McDonald, Raymond [mailto:Raymond.McDonald@atco.com]

Sent: September 8, 2021 2:40 PM

To: Cynthia James

Cc: Massie, Jay

Subject: Northland Utilities Written Submissions for Bill 23

EXTERNAL: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender's name and email address and know the content is safe.

Dear Ms. James,

Please see below Northland Utilities written submissions for *Bill 23: An Act to Amend the Public Utilities Act*.

Northland Utilities Bill 23 Response:

Currently, the Northwest Territories ("NWT") Public Utilities Act does not permit a non-paying customer to use electricity without restrictions in the winter months. The installation of a load limiting device on an electrical service allows for a balance between the needs of individual customers, the Utilities and all remaining customers. The use of load limiters is a common practice in the industry and allows for operation of basic household electric devices and are only intended to be used as the last-case scenario for non-paying customers.

Northland Utilities Facts:

- Northland Utilities attempts to work out payment arrangements with customers before installing load limiting devices through various means such as, system generated letters, emails, doorknockers, and phone calls.
- Northland Utilities customers are notified of outstanding balances 35 days after initial bill, then reminded again between 40 – 60 days of being in arrears. Final disconnection to a non-paying customer can occur 70-100 days after the initial bill, which can equate to 100-130 days of power used with non-payment.
- Once a customer has exceeded over 90 days in arrears and a payment arrangement cannot be made, Northland Utilities will opt to install a load limiting device which creates an inconvenience on the customer and provides an incentive to customers to pay their utility bill.
- Northland Utilities has very few customers on load limiters (14 total). Load limiters per community:
 - Yellowknife – 2
 - Hay River – 4
 - Hay River Reserve – 2
 - Enterprise – 1
 - Fort Providence – 1
 - Trout Lake – 4

Implications & Concerns:

- Northland Utilities is concerned that prohibiting load limiters during the winter months will increase all customer utility bills and create a larger utility debt for non-paying customers who have already demonstrated that they are not willing or able to pay these costs and unable to pay them in the future.

Unpaid utility costs will be incorporated into the utilities' revenue requirements, putting upward pressure on rates for the remaining customers across the NWT.

Regards,

Raymond McDonald

Manager

Northland Utilities (Yellowknife) Ltd.

Electricity

C. 867 688 0164 **F.** 867 920 2099

A. 481 Range Lake Road, Yellowknife NT X1A 3R9

NorthlandUtilities.com [Facebook](#) [Twitter](#) [LinkedIn](#)



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From: [Sean Dalton](#)
To: [Cynthia James](#)
Subject: Bill 32
Date: August 9, 2021 1:18:08 PM

EXTERNAL: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender's **name and email address** and know the content is safe.

Bill 32 is a horrible idea. It is full of good intentions but nothing else. If you don't pay your bill there has to be consequences. Power limiters are used all across the country for a reason. They make sense. Letting people rack up a bill that they have no chance of paying off is setting them up to fail.

Who is going to pay the bill in the end? The average tax payer. I already have some of the highest power rates in the country and if this bill passes there will be yet again another rider added to my bill to cover the cost. **DO NOT ALLOW THIS BILL TO PASS.**

Sean Dalton

SEP 09 2021)

Ms. Frieda Martselos
Chair
Standing Committee on Government Operations
Northwest Territories Legislative Assembly

Dear Ms. Martselos:

Bill 23: An Act to Amend the Public Utilities Act

Writing on behalf of the Board of Directors of the Northwest Territories Power Corporation ("the Board"), I am concerned that passage of *Bill 23: An Act to Amend the Public Utilities Act* would be detrimental to electricity customers as well as electricity utilities and the Government of the Northwest Territories. The legislation seeks to prohibit the use of limiting devices and to make other changes that would have a negative financial impact across the Northwest Territories (NWT).

Limiting devices are used by utilities across Canada and elsewhere to encourage payment of outstanding balances as well as responsible electricity consumption. A customer on a limiting device is provided with sufficient power to run a furnace and to rotate use of other appliances as needed. These customers cannot have multiple appliances operating simultaneously but they are able to make choices as to how to maximize the reduced amount of power to which they have access. It is a responsible alternative to disconnections over the winter months, allowing continued occupation of the house while limiting financial risk to the utility.

The Member of the Legislative Assembly who put forward this Private Member's Bill has indicated that it is intended to provide relief to customers who are facing challenges paying their utility bill. The Board does not believe the legislation will achieve this result. Instead, economically challenged customers will find themselves facing debt levels from which they cannot recover, their electricity service will be permanently disconnected, and they will be unable to meet the requirements necessary to open a new account in the future. Additionally, write-off costs from unpaid customer accounts will increase which will need to be recovered from other customers in the form of higher rates. This runs counter to the Priority of the 19th Legislative Assembly to "Reduce the cost of power [and increase the use of alternative and renewable energy]".

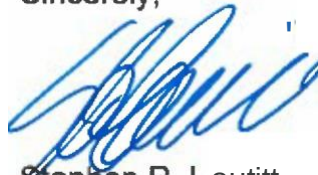
In March 2020, the Northwest Territories Power Corporation (NTPC) suspended collections, including the use of power limiting, as one of the economic measures instituted to combat the COVID-19 Pandemic. By October 2020, 1,000 customers were 60 days in arrears and the value of these overdue accounts had increased tenfold from the previous year to \$480,000. More than 150 customers had ceased making payments altogether. One year later these overdue accounts are still almost four times the historic balance. This demonstrates that without consistent collections efforts, some customer account balances will remain unpaid, and these customers face rising personal debt, which may result in account disconnection.

Income support programs for NWT residents have historically been limited to addressing outstanding invoices for the current month. Customers who wait until spring disconnection before reaching out for financial support from income support programs are no longer eligible for past billings. Customers have been able to access this funding during the COVID-19 public health emergency but if this practice changes, economically challenged customers will lose access to their primary support program.

If a utility is unable to limit power during the winter months, they lose one of their primary collection tools on unpaid accounts which results in higher unpaid balances and corresponding delinquent accounts. This causes additional bad debt costs which are passed on to other customers in the form of increased rates. NTPC has annual bad debt costs of approximately \$100,000. In Ontario, which has implemented legislation similar to Bill 23, utilities have seen an 80% increase in bad debt expense.

This legislation would result in utilities giving preferential treatment to economically challenged residents at the expense of regular paying customers. The Board strongly recommends to the Committee that this legislation not be brought forward for Third Reading as it will have a negative impact on customers as well as utilities in the NWT.

Sincerely,



Stephen R. Coutitt
Chairperson

c. President and CEO, NWT Power Corporation