



**Response to City of Toronto Questionnaire
Smart Sub-Metering in Apartments
August 11, 2008
by the
Greater Toronto Apartment Association**

Introduction

Representatives of the Greater Toronto Apartment Association met with staff in the Shelter, Support & Housing Administration Division on August 1, 2008 as part of the stakeholder consultation on the issue of smart sub-metering in apartments.

Staff presented a detailed list of questions for discussion and subsequently requested a written response.

Scope

1. At this stage we would estimate 10-20% of all apartments units that are sub-metered. Many of these may have been sub-metered from the beginning while some will have been done recently. The vast majority of buildings continue to be bulk metered with hydro included in the rent.
2. It is estimated that 60-65% of all electricity used in an apartment building is within the suite. A small amount of this will be appliances typically provided by the landlord (refrigerator and stove) while most will be electronics controlled by the residents themselves. Over 90% of the apartments in Toronto area heated by gas so heat is not part of the electricity bill.

Incentives for Landlords and Tenants

1. Governments can certainly provide incentives for landlords to improve the energy efficiency of their buildings and there are many programs that already exist. Most buildings have already converted to Energy Star appliances as with the landlord paying the electricity bill, there has been a tremendous incentive to upgrade appliances already.
2. We would be supportive of any assistance or materials that can be provided to residents to help them conserve energy. We are also supportive of the government offering financial assistance to low-income tenants who qualify to help them pay for electricity.
3. We would support a generic brochure that would be printed and made available to all tenants who are responsible for paying their electricity directly. We would encourage our members to distribute it to all residents.

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4. We are living in a world where energy conservation is paramount. Obviously a resident who is paying their own electricity directly will see a bill and be far more conscious of their use of electricity. The stress on the building's electricity infrastructure would also be reduced and over a period of time, costs to both residents and the building owner would be reduced.

Potential Negative Impacts on Tenants

1. It is understandable that some tenants are not pleased with the concept of paying their own electricity bill. However studies have shown that in most buildings over 60% of residents either net even or do better with the corresponding rent reduction after converting to smart meters.
2. To the best of our knowledge at this time, there have not been electricity disconnections. Warnings and collections procedures do exist. The City of Toronto may wish to explore its powers under the *Vital Services By-law* to see if it can prevent disconnections from occurring. Further it is our understanding that the OEB is looking into this issue as well.
3. Most calculations for the amount of a rent reduction are done through studies of use in individual buildings. Larger units would typically use more hydro but would then qualify for a higher rent reduction. The current approach we believe is fair and adequate but could be varied on a case by case basis for individual unique situations. With the high rate of residents where there is no affect to their overall monthly costs, there is no point in radically changing how the current system works.

Landlord's Perspective on Section 125 and Section 137 of the *Residential Tenancies Act*

1. Our association supports sub-metering. It is the right thing to do for energy conservation and the environment and gives residents control over their electricity usage.
2. Section 125 provides a mechanism for a landlord and tenant to opt for a new rent arrangement and we believe it is fair.
3. We would prefer a mechanism that the *Ontario Energy Board* (OEB) might be involved in to ensure fairness to the electricity customer. We do not see a need for the *Landlord & Tenant Board* to be involved in an electricity agreement.
4. A "cooling off period" is not advisable. It is hugely administrative and naturally encourages residents to deliberately skew their usage in order to opt out of a voluntary arrangement.

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5. We have viewed the materials that are used by a number of sub-metering companies that are very clear and straight forward. Under Section 125 residents can opt to not accept the rent reduction and pay electricity directly. There should be no reason other than a residents has changed his/her mind that the voluntary arrangement should not be honoured.
6. The “pre-approval” clause for converting to sub-metering fully complies with the *Residential Tenancies Act* and therefore should not be voided from a lease. The Province did this deliberately to encourage energy conservation.
7. While Sections 137 and 138 deal with the calculations and implementation of sub-metering for sitting tenants, we are of the view that they are cumbersome and difficult to administer. Further Section 137 may encourage a larger than normal electricity consumption during the 12 month billing review. This may be the reason why the Province has not proclaimed these sections to date.
8. Our preference would be that the Province establish simple and easy to calculate benchmarks for rent reductions based upon average usage and costs associated thereto for electricity use within apartment units. There is lots of excellent data to show this and it could be very easily implemented.

Smart Metering Providers

1. To the best of our knowledge all of the smart metering companies are arms-length independent operators. Most if not all are required to be registered electricity retailers with the Ontario Energy Board.
2. The deposit system is one that probably should be looked at in greater detail. Some landlords are able to have the retailer waive such requirements. We would be pleased to explore this in greater detail to see if there is a system in place that would greatly reduce this requirement for residents (role of Toronto Hydro, for example.)

Establishing an Affordable Rate for Energy Costs

1. We would support any program the government would implement to assist keep electricity costs and/or rates affordable for our residents.
2. We do not have any immediate plans to participate in any court or other actions in this area. We would be pleased to continue to work with the City of the Province on this issue on a go forward basis.



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Conclusion

We hope and trust that our responses are helpful to the City in its review of this issue. Please feel free to contact me should you require additional information.

Yours truly,

Brad Butt
President & CEO