

**Réponse d'Option consommateurs à la Demande de renseignements no 1 de la Régie de l'énergie (la Régie) relative à l'intégration des programmes du FEÉ au PGEÉ à la suite de la décision  
D-2010-116**

**Dossier R-3790-2012**

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**1. Référence :** Pièce C-OC-0005, page 37.

**Préambule :**

OC conclut ce qui suit :

*« Finally, we remind the Régie that SCGM has an unusually high proportion of MFR gas users : an estimated 38,7% of all gas users in residential and multi-unit buildings are MFR. Therefore, if SCGM intends to achieve significant energy savings, it should attempt to address MFR users more broadly with appropriate programs targeted to their needs. »*

**Demande :**

**1.1** Veuillez préciser, parmi les 38,7 % d'utilisateurs de gaz naturel qui sont des ménages à faible revenu (MFR), la proportion de clients de Gaz Métro.

**Réponse :**

In SCGM's 2008 MFR market study (R-3662-2008, GM-10, Doc 1, p. 18), Gaz Métro estimated that there were approximately 27,354 MFR direct clients out of a total of 134,079 MFR gas users (or 20% of the MFR gas users) and 106,725 non-client gas users out of a total of MFR 134,079 gas users (or 80% of MFR gas users). The 20:80 ratio of the MFR direct clients to MFR non-client gas users is explicitly indicated at the bottom of the table (*Estimation de la population de MFR dans les immeubles résidentiels à gaz naturel*) on p. 18 of the SCGM MFR market study.

OC's mémoire summarizes the derivation of the table's estimates in Section 4.2 (C-OC-0005, pp. 9-12). Specifically, the derivation of the 20:80 ratio is summarized as follows (C-OC-0005, p. 11, line 13 – p. 12, line 3, emphasis added):

- The study's Table on p. 18 (*Estimation de la population de MFR dans les immeubles résidentiels à gaz naturel*) estimates that SCGM services 345,984

- residential natural gas users, of which 113,973 (33%) are direct clients. SCGM estimates that the remaining 67% (in multi-unit buildings and coops) are non-client users.
- 24% of SCGM residential clients are estimated to be MFR, whereas 46% of non-client gas users, living in gas-heated buildings, are estimated to be MFR. Therefore the study concludes that there are 27,354 MFR direct clients (or 20% of MFR gas users) and 108,725<sup>1</sup> non-client gas users (80% of MFR gas users). [footnote 23 in original: We note that the study was using the Statistics Canada Low Income Cut-Off (LICO) from 2005 to define MFRs. If SCGM were to use LICO + 15% as proposed in this case, the MFR gas users numbers would be somewhat higher.]<sup>2</sup>
  - When non-client gas users are considered, 38.7% of SCGM's natural gas users (a weighted average of residential MFRs and non-client gas users) are MFR.

As indicated in OC's mémoire, the key results of SCGM's market study are worth revisiting for a number of reasons (C-OC-0005, p. 9, line 19 – p. 10, line 10). In particular (according to C-OC-0005, p. 10, lines 7-10):

- Gaz Métro does not appear to have conducted any other studies on MFR clients since 2008, nor undertaken any other consultations with landlords in the context of the new MFR approach; so the 2008 MFR market study is the best and most recent information on this client group available. [footnote 22 in original: GM-2, Doc 8, Answer to OC IRs, 4.1 (p. 5); 4.61 p. 8; GM-2, Doc 5, SCGM Answer to ROÉÉ IR 3.1, pp. 4-5.]

Therefore, our understanding is that the data presented in SCGM's 2008 MFR market study are the best numbers currently available on SCGM's MFR clients. Furthermore, "Gaz Métro's new approach to MFR programs is based on the direction set out in the proposed Incentive Mechanism regarding MFRs. This

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<sup>1</sup> Please note that there is a minor typo in OC's mémoire (C-OC-0005, p. 11, line 21) should read 106,725 not 108,725. We note that this was simply a transcription error from the SCGM MFR market study's table (R-3662-2008, GM-10, Doc 1, p. 18) and does not change the 20:80 ratio as derived above, nor any of the totals or conclusions in OC's mémoire.

<sup>2</sup> We also would like to draw the Régie's attention to footnote 23, in OC's mémoire, which is reproduced in the above citation. If SCGM were to use LICO + 15% as proposed in by SCGM in the present application, the total MFR gas users would be somewhat higher, such that the MFR proportion of natural gas users would very likely exceed 40%. It is uncertain how the broadening of the eligibility criteria would affect the 20:80 ratio, but it is possible that there may be a relatively higher proportion of MFR direct clients under LICO + 15% eligibility than under the original LICO. This hypothesis is based on the fact that there is a higher proportion of MFR home-owners and MFR renters in smaller buildings in the MFR direct client group. Overall, this group is likely to be somewhat more affluent than MFR non-client users, most of whom live in bigger multi-unit buildings. Thus, it is possible that under LICO+15% the 20:80 could shift somewhat (upward pressure on the MFR direct client proportion and downward pressure on the MFR non-client user proportion); however this hypothesis would require verification.

Incentive Mechanism specifically states that it was “inspired by the results” of the MFR market study.” (C-OC-0005, p. 10, lines 1-3 and GM-1, Doc 1, p. 25).

As Section 4.2 of the OC mémoire concludes (C-OC-0005, p. 12, lines 18-23, emphasis added):

While the results of the study may be somewhat out of date, and the study methodology may be imperfect, the key conclusions are striking in terms of the preponderance of MFR users in bulk-metered larger buildings. So even allowing for some inaccuracy, OC believes that the study results are adequate to support a new approach that would better address MFR renters in general, with a particular concern for the bulk-metered non-client users.