



cepc

Center for
Energy Poverty
and Climate

National Cooling Standards Initiative

Webinar Series Session 2, February 20, 2024

Preventing Shutoff – Emerging State Models to Create Affordable Rate Structures

Project Introduction

The Center for Energy Poverty and Climate (CEPC) was founded on the belief that achieving the goal of net zero climate emissions in the residential sector will require coordination from the public, private, and nonprofit sectors. The current patchwork of state and federal programs and incentives is confusing, disjointed, and difficult to navigate. Many of them are targeted at market-rate solutions and do not address the needs of families who cannot afford to make expensive home upgrades on their own. CEPC is creating a platform for policymakers to engage directly with one another to share best practices and lessons learned, brainstorm solutions to difficult problems, and find innovative ways to braid funds and leverage programs to achieve net zero.

CEPC is working with the ClimateWorks Foundation on the **National Cooling Standards Initiative** to bring together leaders in residential energy efficiency to improve access to cooling for millions of households.

CEPC Website: <https://energyprograms.org/>

ClimateWorks Clean Cooling Collaborative Website: <https://www.cleancoolingcollaborative.org/>

Upcoming Webinars

Session 3, Tuesday, March 5, 1:00 to 2:30 pm Eastern

Advancing the Energy Transition – Best Practices for Utility-Sponsored Rebate & Energy Efficiency Programs to Address the Need for Weatherization and Efficient Cooling Systems

Presenters: Mark Kresowik, Senior Policy Director, ACEEE,

Olivia Wein, Senior Attorney, National Consumer Law Center

Michael DiRamio, Assistant Director, Energy and Climate Equity, NYSERDA (invited)

Austin Scharff, Senior Energy Policy Specialist, Washington State Department of Commerce

Session 4, Tuesday, March 12, 1:00 pm to 2:30 pm Eastern

Protecting Vulnerable Populations from Extreme Heat

Presenters: Dr. Peter Kahn, Yale University

Grace Wickerson, Health Equity Policy Manager, Federation of American Scientists

Contact

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Preventing Shutoff – Emerging State Models to Create Affordable Rate Structures



National
Consumer Law
Center
*Fighting Together
for Economic Justice*

2/20/2024

CEPC Webinar Series

John Howat – jhowat@nclc.org

Policy Framework

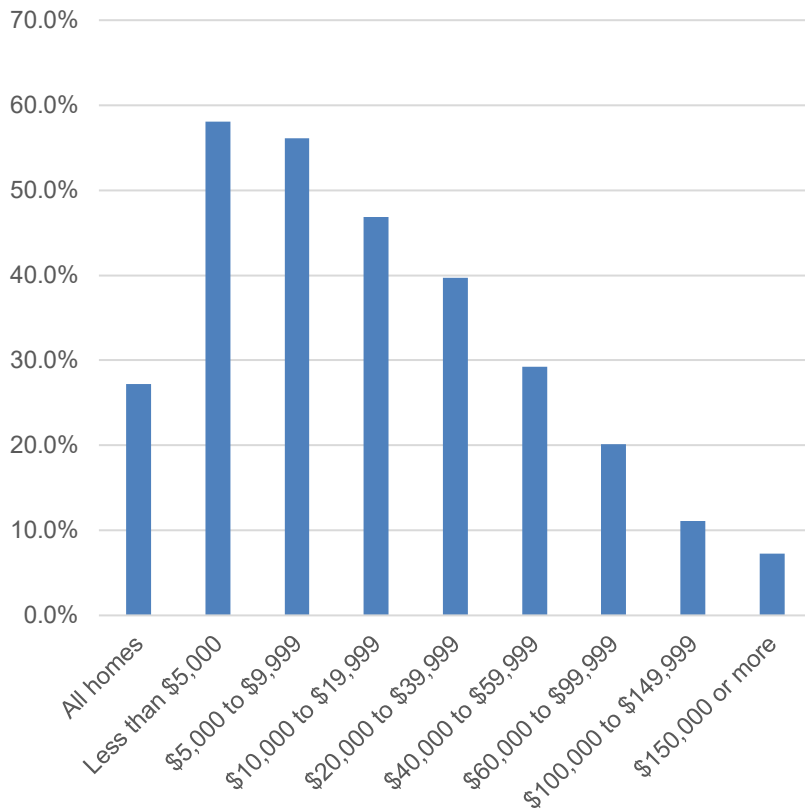
- Existing energy and regulatory systems produce measurable inequities by race and income in the distribution of system costs and benefits.
- Policy imperatives to reverse these inequities and transition to cleaner electricity systems to mitigate climate change are not mutually exclusive.
- The transition to cleaner electricity systems presents opportunities to enhance affordability of electricity services and access to clean electricity generation, storage, and efficiency technologies for those disadvantaged by existing energy systems.
- Traditional cost-of-service regulatory model produces inequitable outcomes.
- The transition to clean, decarbonized energy systems must include purposeful legislative and regulatory action to reverse the undeniable inequities that are baked into existing systems.

2020 Residential Energy Consumption Survey Results

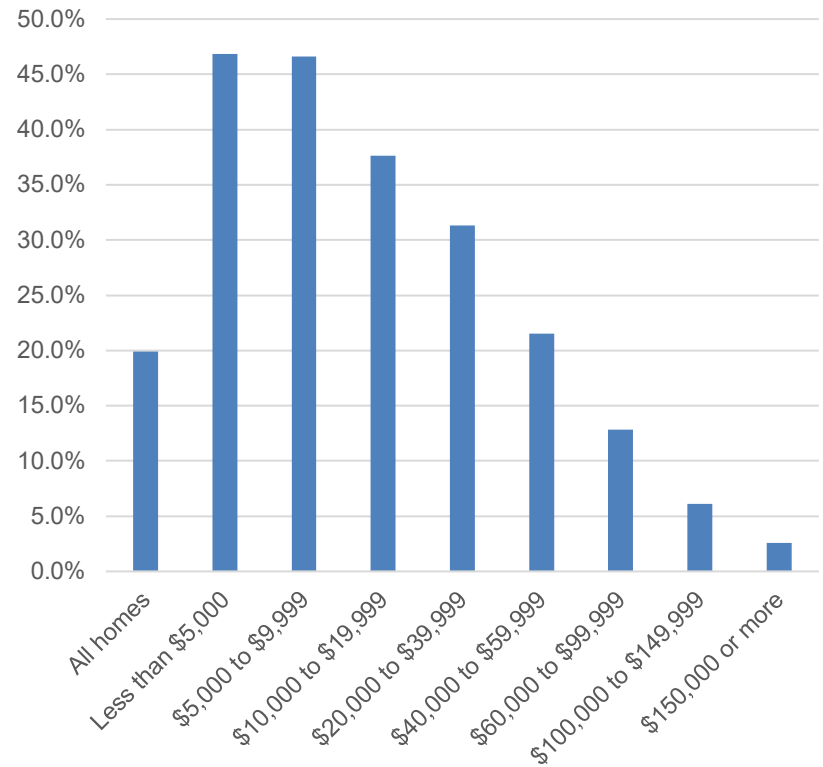
- (Nearly-) Linear relationship between income and energy insecurity
- Historical racial disparities persist
- Renters are disproportionately energy insecure
- Heightened insecurity in the South
- Small multifamily buildings and manufactured housing dwellers are disproportionately insecure
- Households living in poorly insulated dwelling units are highly energy insecure

Household Income

Any household energy insecurity - 2020
Household Income

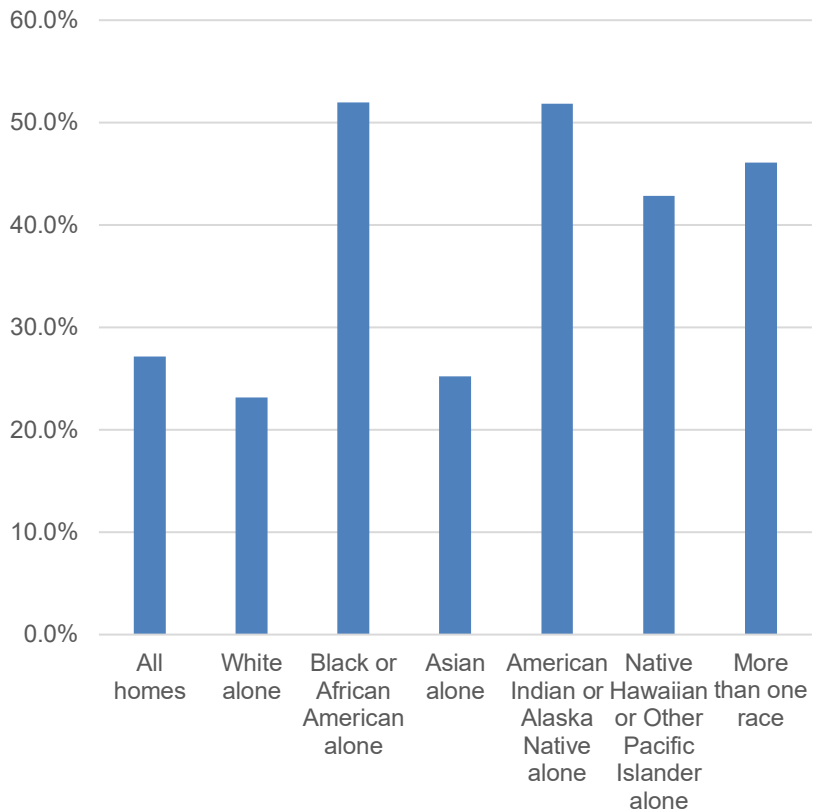


Reducing or forgoing food or medicine
to pay energy costs - 2020 Household
Income

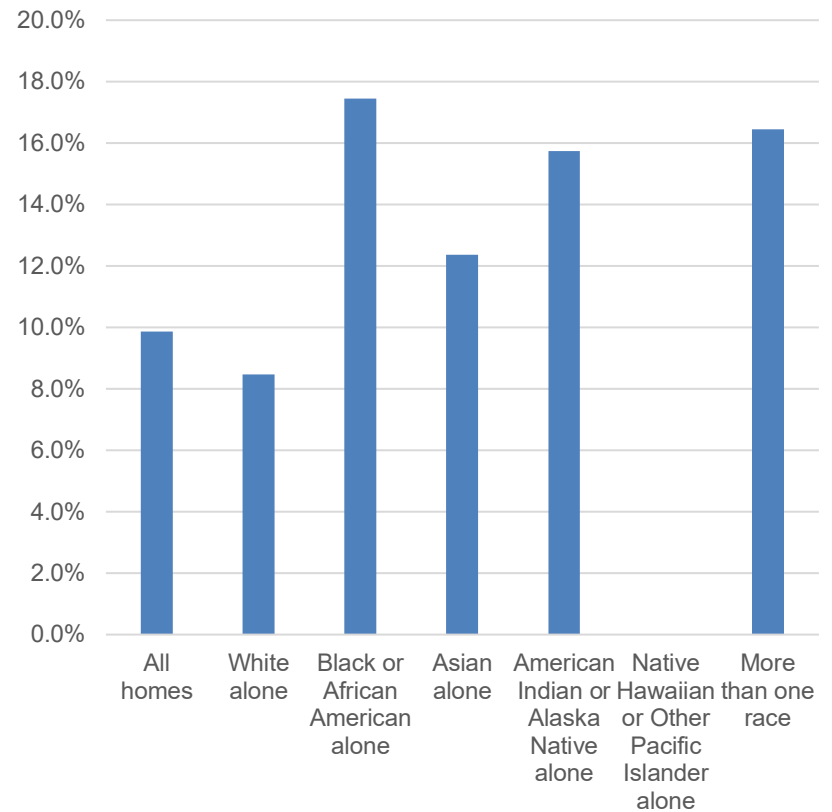


Race

Any household energy insecurity - Race of Householder

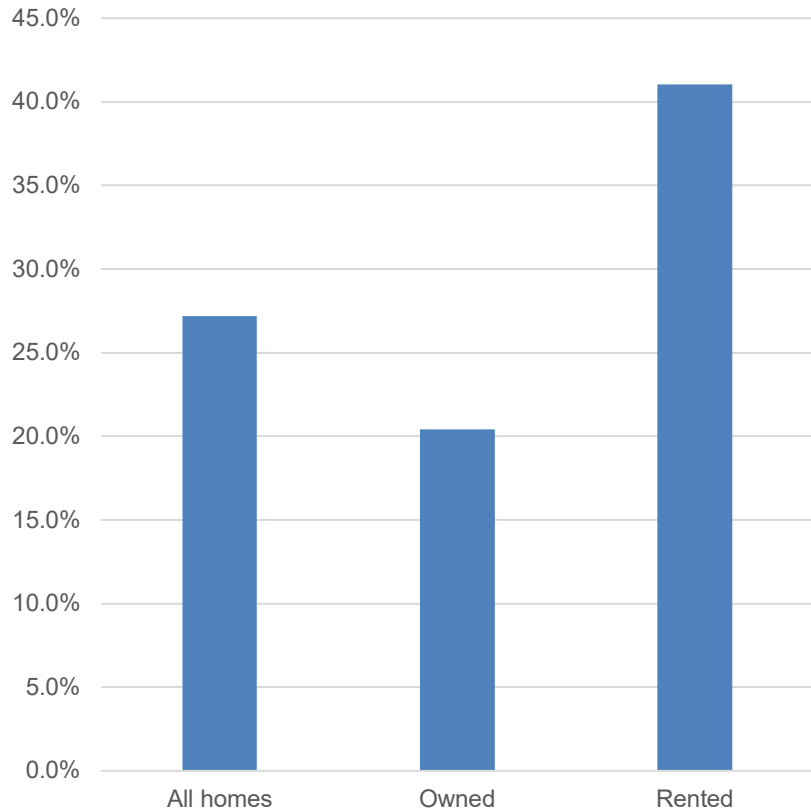


Leaving home at unhealthy temperature - Race of Householder

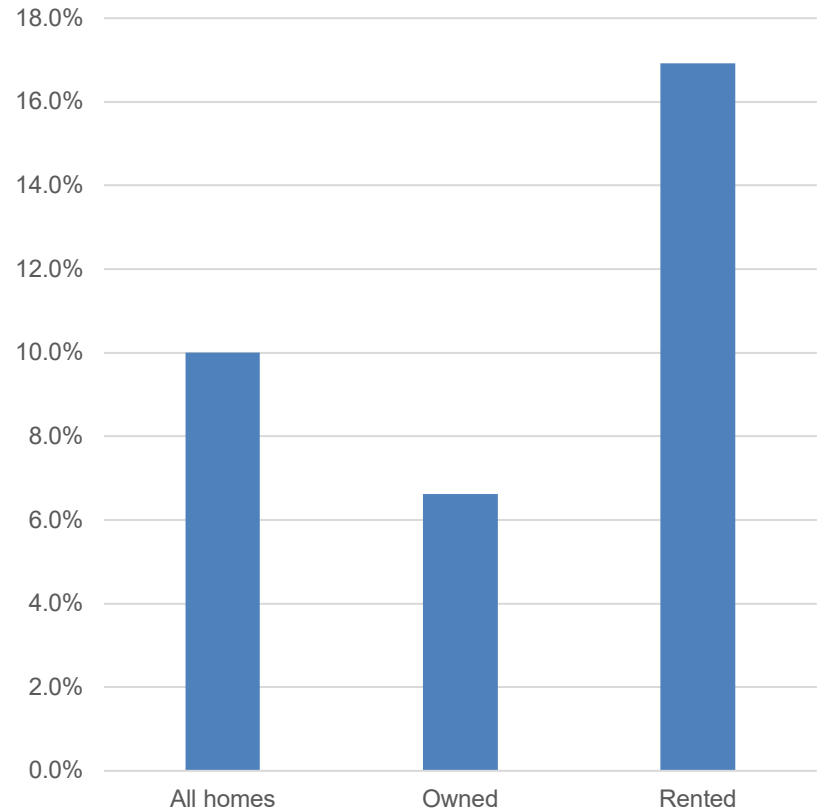


Housing Tenure

Any household energy insecurity -
Housing Tenure

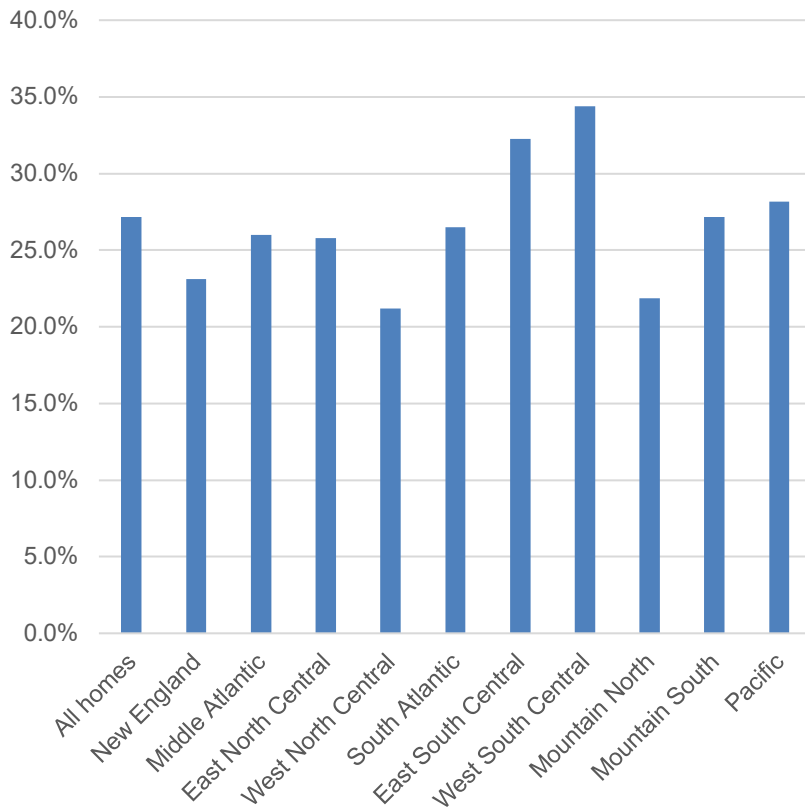


Receiving disconnect or delivery stop
notice - Housing Tenure

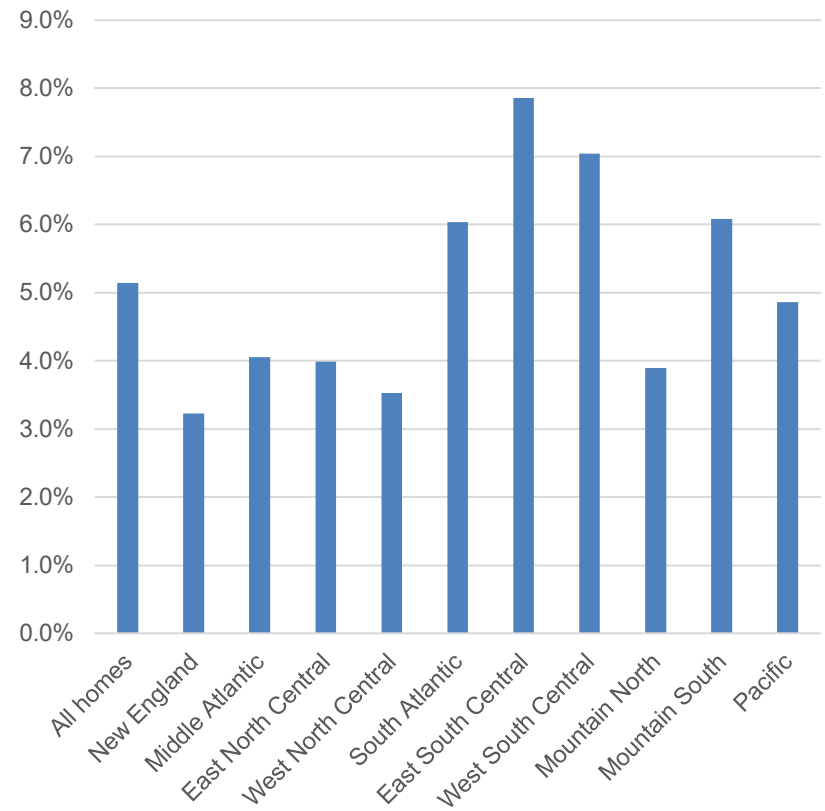


Census Division

Any household energy insecurity -
Census Division

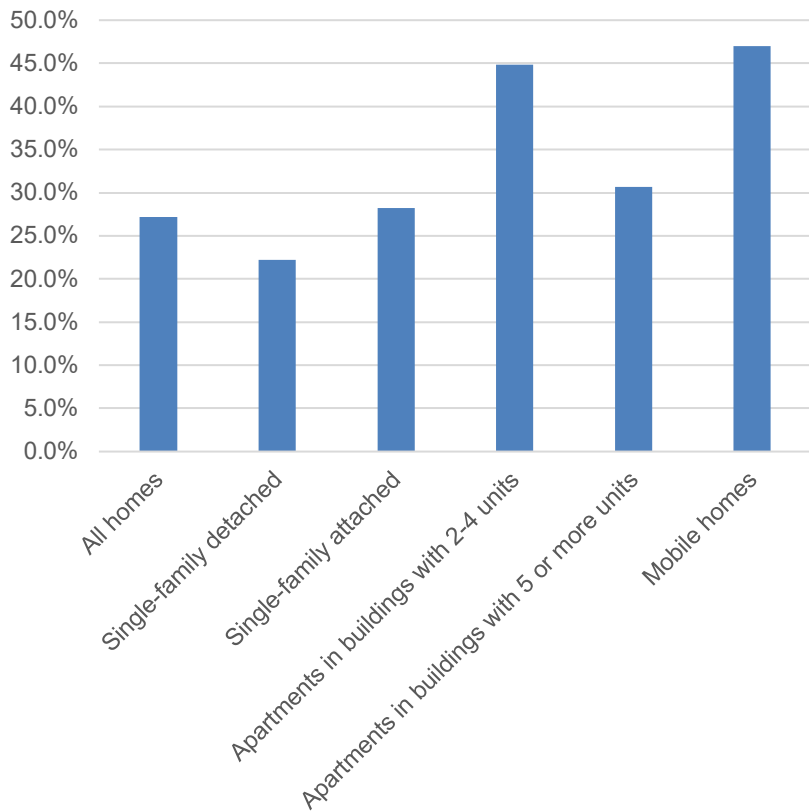


Unable to use cooling equipment -
Census Division

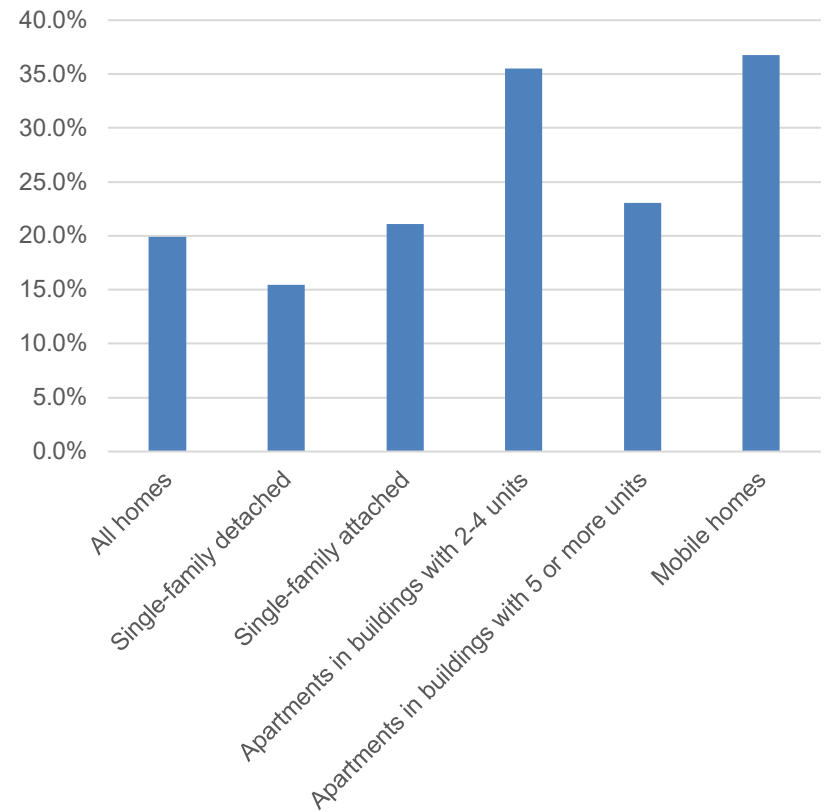


Housing Type

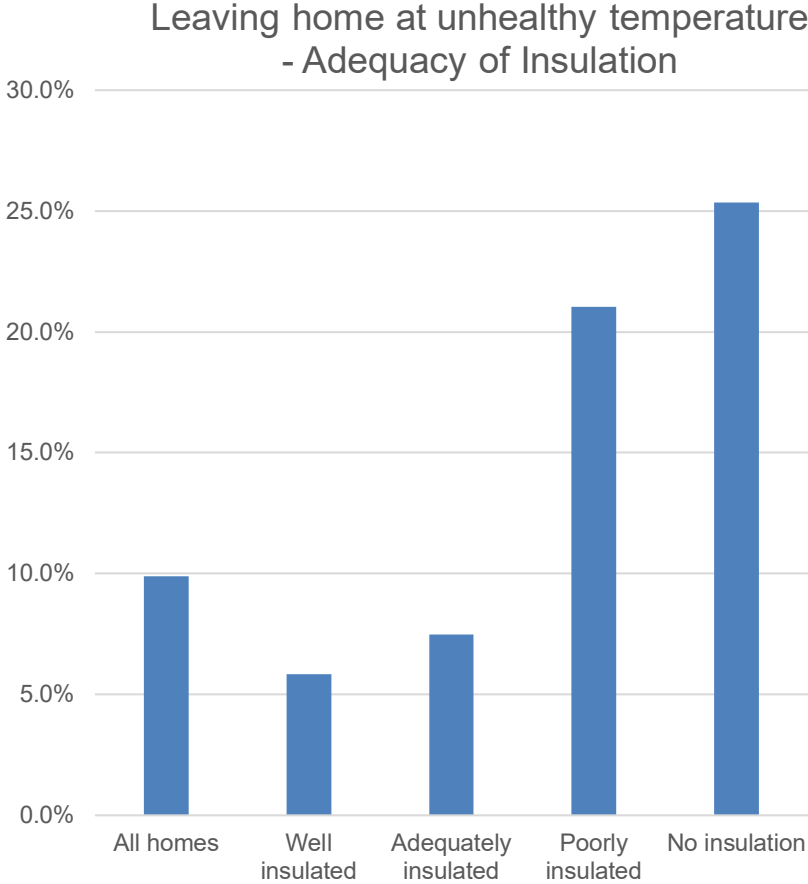
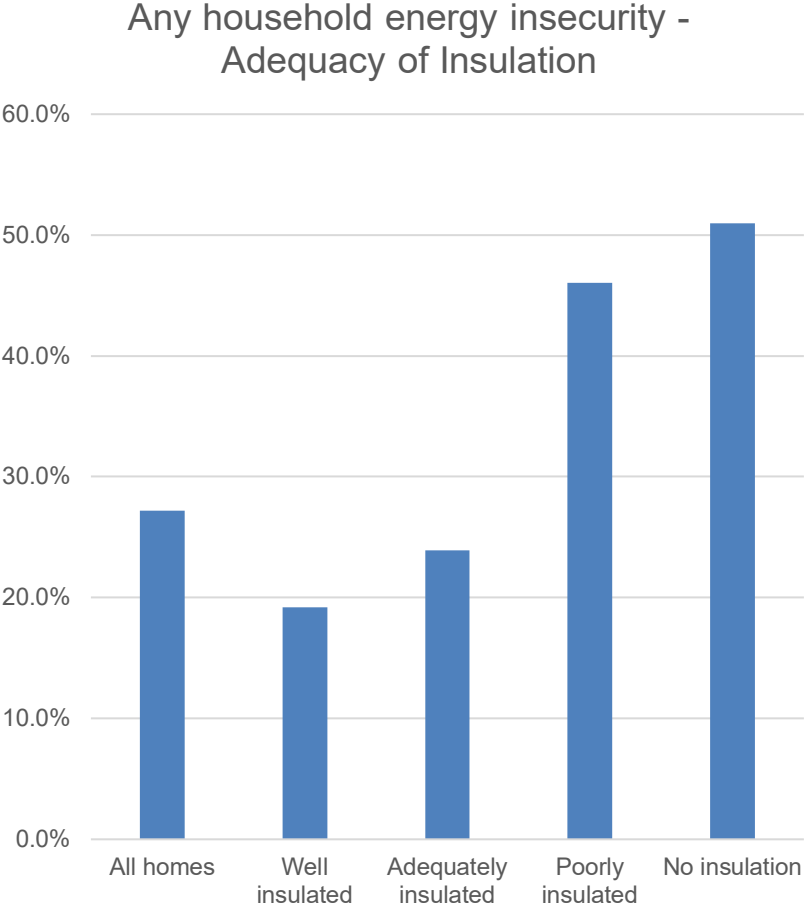
Any household energy insecurity -
Housing Unit Type



Reducing or forgoing food or medicine
to pay energy costs - Housing Unit Type



Adequacy of Building Insulation



Racial Disparities in Utility Disconnections: Methodology

- Match zip code-level American Community Survey race and population data with the zip code-level disconnections data provided by Utility
- Sum total disconnections by zip code over selected period
- Create a ratio of total disconnections to total residential accounts for each zip codes
- Sort and rank zip codes by percent of the population consisting of people of color and Latinx people (Non-white population).

**Involuntary Residential Service Disconnections by Zip Code and Race:
January 2019 - February 2021 - Eversource Service Territory**

Zip	Total Accounts	Total Disconnections for Non-payment - January 2019	Disconnections to Accounts Ratio	Disconnctions to Accounts Ratio Rank	Non-white Percent of Population	NonWhite Population Rank	White Population	City	County
06710	4091	1097	0.2681	1	41%	17	59%	WATERBURY	NEW HAVEN
06120	4529	1166	0.2575	2	80%	2	20%	HARTFORD	HARTFORD
06112	8644	2168	0.2508	3	87%	1	13%	HARTFORD	HARTFORD
06702	1070	263	0.2458	4	46%	11	54%	WATERBURY	NEW HAVEN
06114	10970	2560	0.2334	5	71%	3	29%	HARTFORD	HARTFORD
06105	9617	2207	0.2295	6	63%	5	37%	HARTFORD	HARTFORD
06106	15415	3431	0.2226	7	57%	6	43%	HARTFORD	HARTFORD
06051	13423	2962	0.2207	8	36%	23	64%	NEW BRITAIN	HARTFORD
06704	10594	2332	0.2201	9	47%	9	53%	WATERBURY	NEW HAVEN
06708	12878	2479	0.1925	10	26%	36	74%	WATERBURY	NEW HAVEN
06706	5758	1080	0.1876	11	46%	12	54%	WATERBURY	NEW HAVEN
06705	10807	2018	0.1867	12	41%	18	59%	WATERBURY	NEW HAVEN
06108	9535	1711	0.1794	13	47%	10	53%	EAST HARTFORD	HARTFORD
06372	42	7	0.1676	14		237			
06052	3437	530	0.1542	15	25%	38	75%	NEW BRITAIN	HARTFORD
06451	9932	1513	0.1523	16	23%	40	77%	MERIDEN	NEW HAVEN
06855	287	40	0.1395	17	25%	39	75%	NORWALK	FAIRFIELD
06053	14456	1958	0.1354	18	26%	37	74%	NEW BRITAIN	HARTFORD
06450	14990	1980	0.1321	19	21%	43	79%	MERIDEN	NEW HAVEN
06320	11865	1541	0.1299	20	43%	15	57%	NEW LONDON	NEW LONDON
06118	11162	1430	0.1281	21	43%	16	57%	EAST HARTFORD	HARTFORD
06810	20785	2553	0.1228	22	45%	13	55%	DANBURY	FAIRFIELD
06263	225	27	0.1199	23	3%	195	97%	ROGERS	WINDHAM
06103	1397	167	0.1196	24	41%	19	59%	HARTFORD	HARTFORD
06854	5769	676	0.1172	25	36%	24	64%	NORWALK	FAIRFIELD
06002	9043	1024	0.1132	26	64%	4	36%	BLOOMFIELD	HARTFORD
06226	6650	751	0.1129	27	32%	26	68%	WILLIMANTIC	WINDHAM
06387	410	46	0.1123	28	19%	53	81%	WAUREGAN	WINDHAM
06010	27161	2880	0.106	29	16%	64	84%	BRISTOL	HARTFORD
06040	16061	1701	0.1059	30	39%	22	61%	MANCHESTER	HARTFORD
06110	5469	551	0.1007	31	35%	25	65%	WEST HARTFORD	HARTFORD
06353	112	11	0.098	32	53%	7	47%	MONTVILLE	NEW LONDON
06018	1397	133	0.0952	33	6%	152	94%	CANAAN	LITCHFIELD
06770	13252	1236	0.0933	34	21%	44	79%	NAUGATUCK	NEW HAVEN
06095	12165	1133	0.0931	35	49%	8	51%	WINDSOR	HARTFORD
06061	108	10	0.0927	36	0%	224	100%	PINE MEADOW	LITCHFIELD
06902	27817	2571	0.0924	37	44%	14	56%	STAMFORD	FAIRFIELD
06373	124	11	0.0887	38	0%	225	100%	ONECO	WINDHAM
06383	23	2	0.0883	39		238			
06790	16513	1441	0.0873	40	11%	97	89%	TORRINGTON	LITCHFIELD
06457	20654	1746	0.0845	41	27%	32	73%	MIDDLETOWN	MIDDLESEX
06098	5241	430	0.082	42	7%	135	93%	WINSTED	LITCHFIELD
06081	690	56	0.0812	43	15%	73	85%	TARIFFVILLE	HARTFORD
06850	9117	740	0.0812	44	28%	30	72%	NORWALK	FAIRFIELD
06786	3797	308	0.0811	45	7%	136	93%	TERRYVILLE	LITCHFIELD
06779	3388	263	0.0776	46	6%	153	94%	OAKVILLE	LITCHFIELD
06851	11490	892	0.0776	47	22%	41	78%	NORWALK	FAIRFIELD
06042	10000	771	0.0771	48	40%	20	60%	MANCHESTER	HARTFORD

Findings in Eversource CT Territory

- Strong correlation (.774) between race/ethnicity and service disconnections.
- 248 zip codes served by Eversource
- Among the 20 zip codes with the highest disconnections ratio, 12 were among the top 20 zip codes with the highest people of color/Latinx populations.
- Findings reflect unequivocal racial equity ramifications and illustrate the need for enhanced utility bill affordability and efficiency programming.
- Reversing the inequities that are 'baked into' the existing home energy security landscape requires purposive corrective action.

Recommendations for Reversing Energy System Inequities during the Clean Energy Transition

- Protect vulnerable populations while also working to reduce greenhouse gas emissions by guiding utility investments and services toward achieving *both* equity and clean energy imperatives for electricity systems of the future
- Reverse regressivity in distribution of electricity system costs and benefits through comprehensive and proactive actions that at a minimum address:
 - Proportion of income required to maintain basic electric service
 - Access to on-site energy technologies
 - Uninterrupted and affordable access to a basic level of electricity service
- Require utility data reporting at zip code-level to determine extent to which residential customers are affordably accessing and retaining essential electricity service
- ***Ensure that utility affordability programs:***
 - ***Serve customers who are income-eligible to receive federal energy assistance***
 - ***Lower energy burdens to an affordable level***
 - ***Promote regular, timely payment of utility bills***
 - ***Comprehensively address payment problems — current and past-due bills***
 - ***Provide sufficient resources and are administered effectively and efficiently***
- ***Reexamine utility consumer protections to ensure vulnerable customers who demonstrate good faith efforts to make affordable utility payments are protected from loss or degradation of service***
- Design low-income energy efficiency and distributed energy technology programs to require no upfront payments, result in positive cash flows, and mitigate any financing risks for participants

Bill Affordability Programs – Key Objectives

- Serve residential electricity customers who are income-eligible to participate in the Low Income Heat Energy Assistance Program (LIHEAP)
- Lower program participants' energy burdens to an affordable level
- Comprehensively address payment problems associated with participants' current and past-due bills
- Promote regular, timely payment of utility bills by program participants
- Be funded through a mechanism that is reliable while providing sufficient resources to both serve all income-eligible customers and to meet policy objectives over an extended time frame
- Be administered efficiently and effectively

Predominant Affordability Program Models

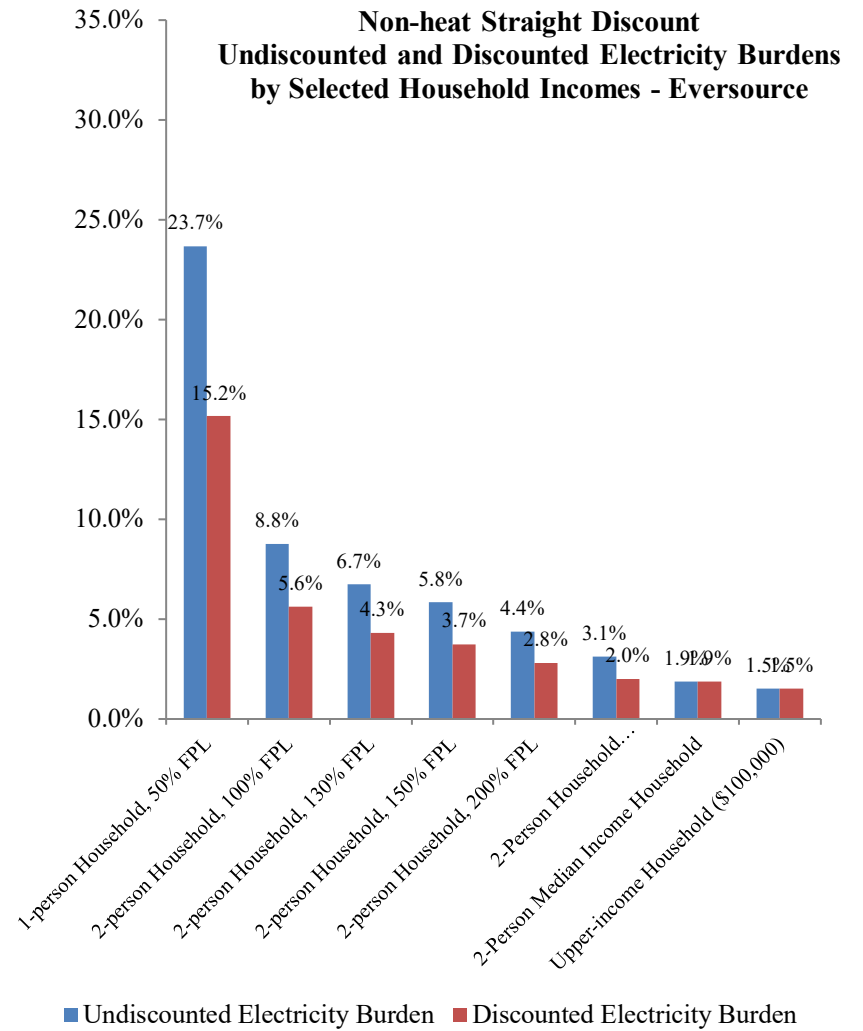
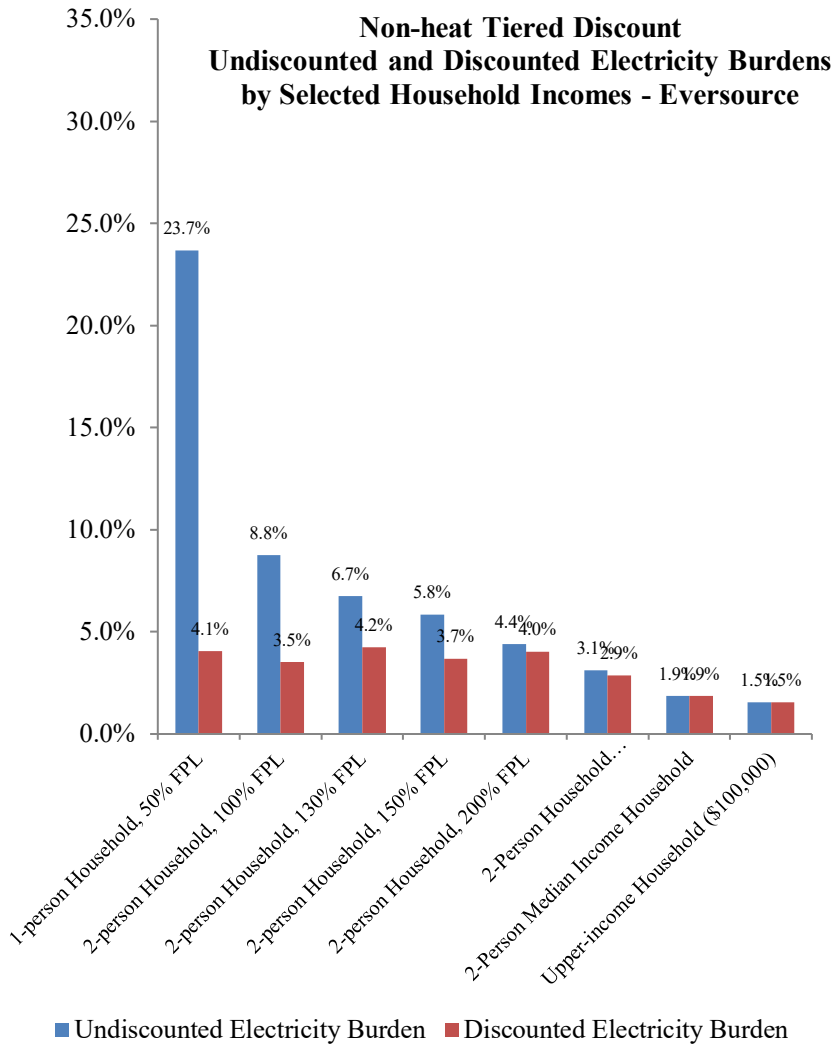
- **Percentage of Income Payment Plan (PIPP)**
 - Payments are capped at a predetermined “affordable” % of income
 - 6% (IL); Median burden (NV)
 - Tailored to a household’s income based on an affordability goal; particularly valuable to lowest-income participants; protects low-income households from rising retail rates
 - Mechanism to hold harmless from rate increases
 - Greater administrative complexity; depending on structure, provides lower benefits for households that meet eligibility criteria but have somewhat higher incomes than other qualifying households

Predominant Affordability Program Models

- Flat Percentage Discount
 - Total utility bills are reduced by a specified % or \$ amount
 - Relatively low administrative cost
 - Same % discount for all eligible customers; not distinguished by individual household's income

Predominant Affordability Program Models

- Hybrid Approach: Tiered Discount
 - Distinct discount rate is applied to each income tier to achieve a predetermined limit on burden level
 - Tailored to household's income; determination of each household's monthly bill or fixed credit is not required
 - Administrative costs are somewhat higher for a tiered discount approach than a flat % discount, but less than for a PIPP



Summary Program Design Comparison

Program Type	What Participants Pay for Utility Service	Pros	Cons
Percentage of Income Payment Plan (PIPP)	Payments are capped at a predetermined "affordable" % of income	Tailored to household's income based on affordability goal; particularly valuable to lowest-income participants; protects low-income households from rising retail rates	Greater administrative complexity; depending on structure, provides lower benefits for households that meet eligibility criteria but have somewhat higher incomes than other qualifying households
Flat Percentage Discount	Total utility bills are reduced by a specified % or \$ amount	Relatively low administrative cost	Same discount for all eligible customers; not distinguished by individual household's income
Tiered Discounts	Distinct discount rate is applied to each income tier to achieve a predetermined limit on burden level	Tailored to household's income; determination of each household's monthly bill or fixed credit is not required	Administrative costs are somewhat higher for a tiered discount approach than a flat % discount, but less than for a PIPP

Consumer Protection Framework

- Security deposits and advance payment for service
- Late payment fees
- Disconnection, termination, and restoration of service
 - Serious illness protections
 - Weather
- Establishment of payment plans

Distribution of Clean Energy and Bill-Reducing Technology for Low-Income Households

- Enhance cash flow
- No upfront payments
- No financing risk for low-income households



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