

# Low Income & High Energy Burden Program Update

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**No Decision Required-Feedback Requested**



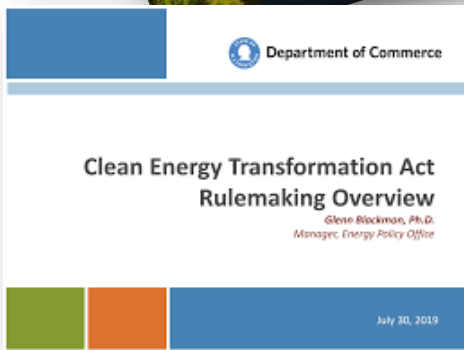
# Why We Are Here

- Focus on three important program design questions:
  - Low income program focus
  - Cost
  - Income verification options
- Request feedback



# Program Purpose

- Support Strategic Plan: Reduce impact of rate increases on customers with low incomes
- Support meeting Clean Energy Transformation Act (CETA) targets: Meet 60% of current unmet need (est. \$665,000) by 2030
- Reduce energy insecurity, minimize shut-offs, and “heat or eat” situations



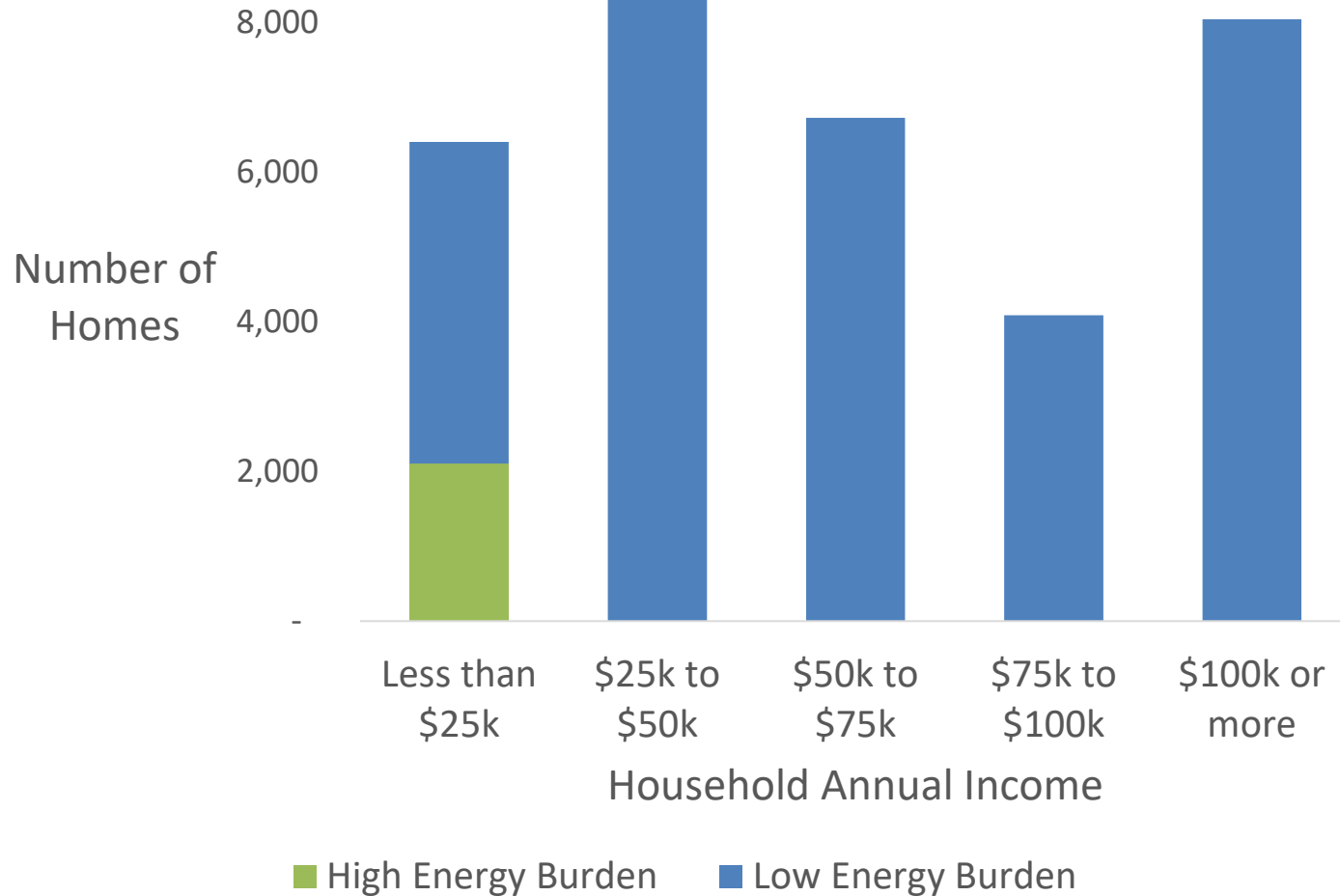
# Clean Energy Transformation Act (CETA) Implications for Low-Income Households (19.405.120)

- Goal of making progress toward making energy assistance funds available to low-income households.
- Two requirements:
  - Must make programs and funding available for energy assistance to low-income households by July 31, 2021, with priority given to low-income households with a higher energy burden.
  - Submit biennially to Commerce an assessment of:
    - The programs and mechanisms used
    - The outreach strategies used
    - An assessment comparing funding levels compared to the funding levels needed to meet: (A) 60% of need (or 2018 +15%), whichever is greater, by 2030; and (B) 90% of need by 2050.

# Key Takeaways - Board has Broad Discretion

- No immediate need to act – we do offer programs and funding
- No specific compliance numbers
  - Reporting designed to assess progress (delta) against 2030 target
  - Focus on Energy Burdened – targets still under development
- How to define low income
  - Defined by the Commission, provided
  - Capped at higher of 80% Median Household Income OR 200% of federal poverty level, adjusted for household size
  - Includes verification
- What programs to offer
  - No specific requirements or guidance
  - Includes question on cost effectiveness

# Household Income & Energy Burden



# Household Income & Energy Burden

## What Is “Low Income”?

Household Size	Federal Poverty Limit (FPL)	125% FPL	150% FPL	200% FPL
1	\$12,880	\$16,100	\$19,320	\$25,760
2	\$17,420	\$21,775	\$26,130	\$34,840
3	\$21,960	\$27,450	\$32,940	\$43,920
4	\$26,500	\$33,125	\$39,750	\$53,000
5	\$31,040	\$44,475	\$46,560	\$62,080
6	\$35,580	\$50,150	\$53,370	\$71,160

50% AMI (Area Median Income): \$29,580

80% AMI: \$47,330

Area Median Income (AMI): \$59,160

Discounts for Seniors and Customer with Disabilities (125% FPL)

Low Income Home Energy Assistance Program (LIHEAP - 150% FPL)

Low Income Weatherization Program (200% FPL)

# Low-Income Households & Programs

## High Energy Burden

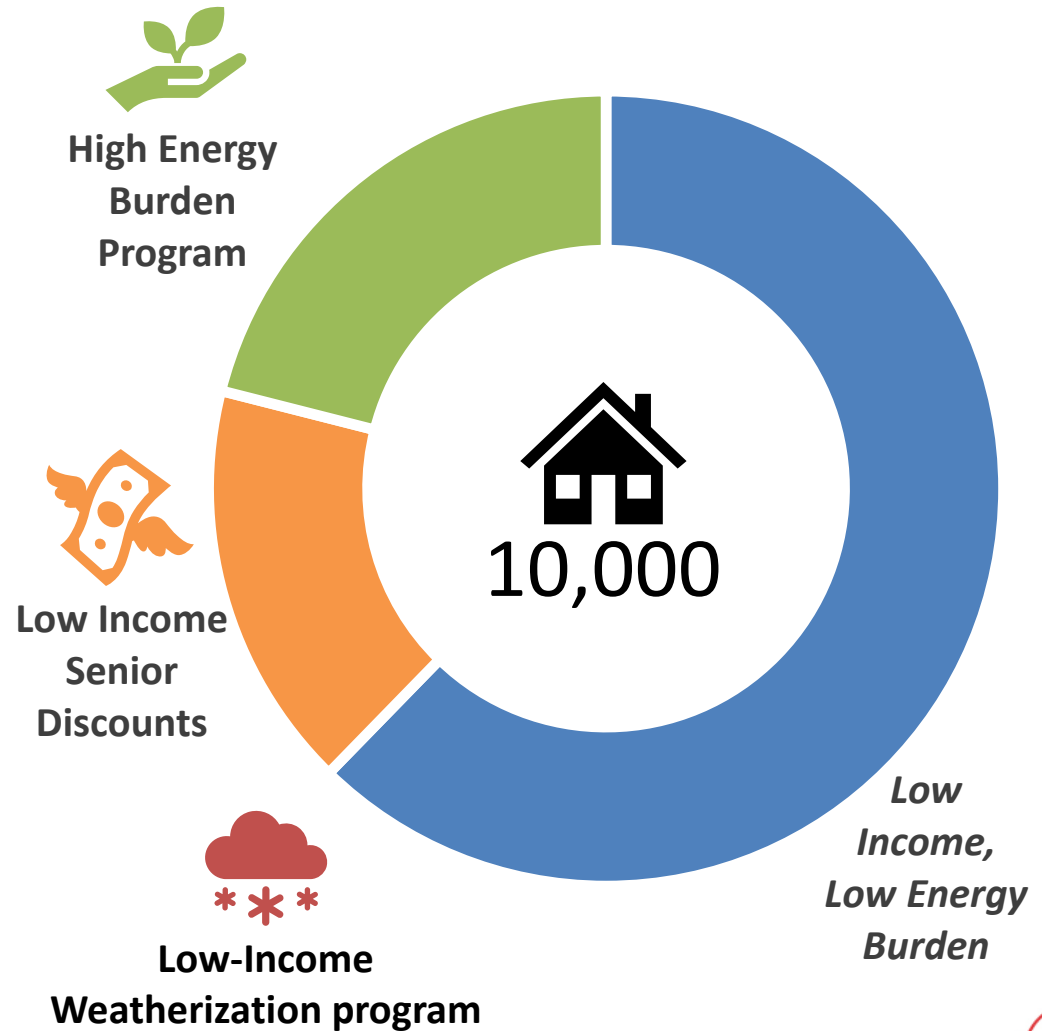
- Program planned Q2
- 20% of low-income households

## Senior Discounts

- Existing program
- 51% participation rate
- 17% of low-income households

## Weatherization

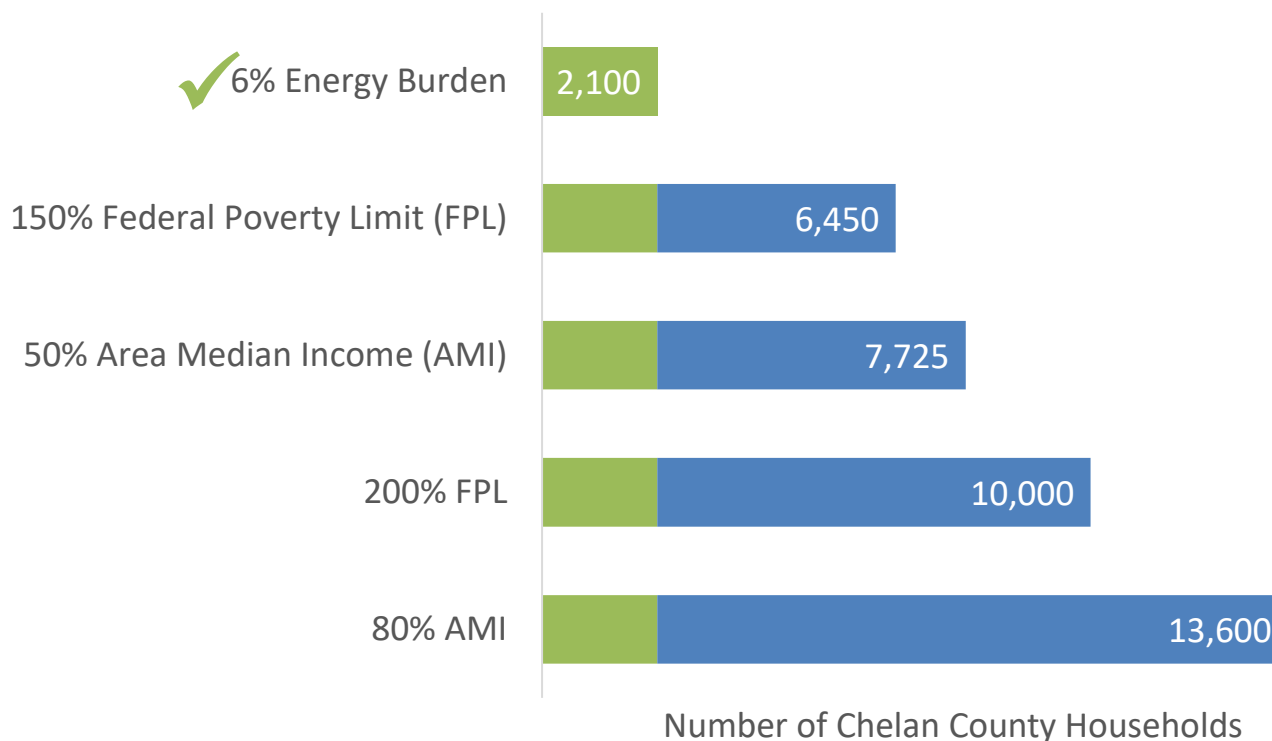
- Existing program
- About 30 homes per year (0.3% of low-income households)



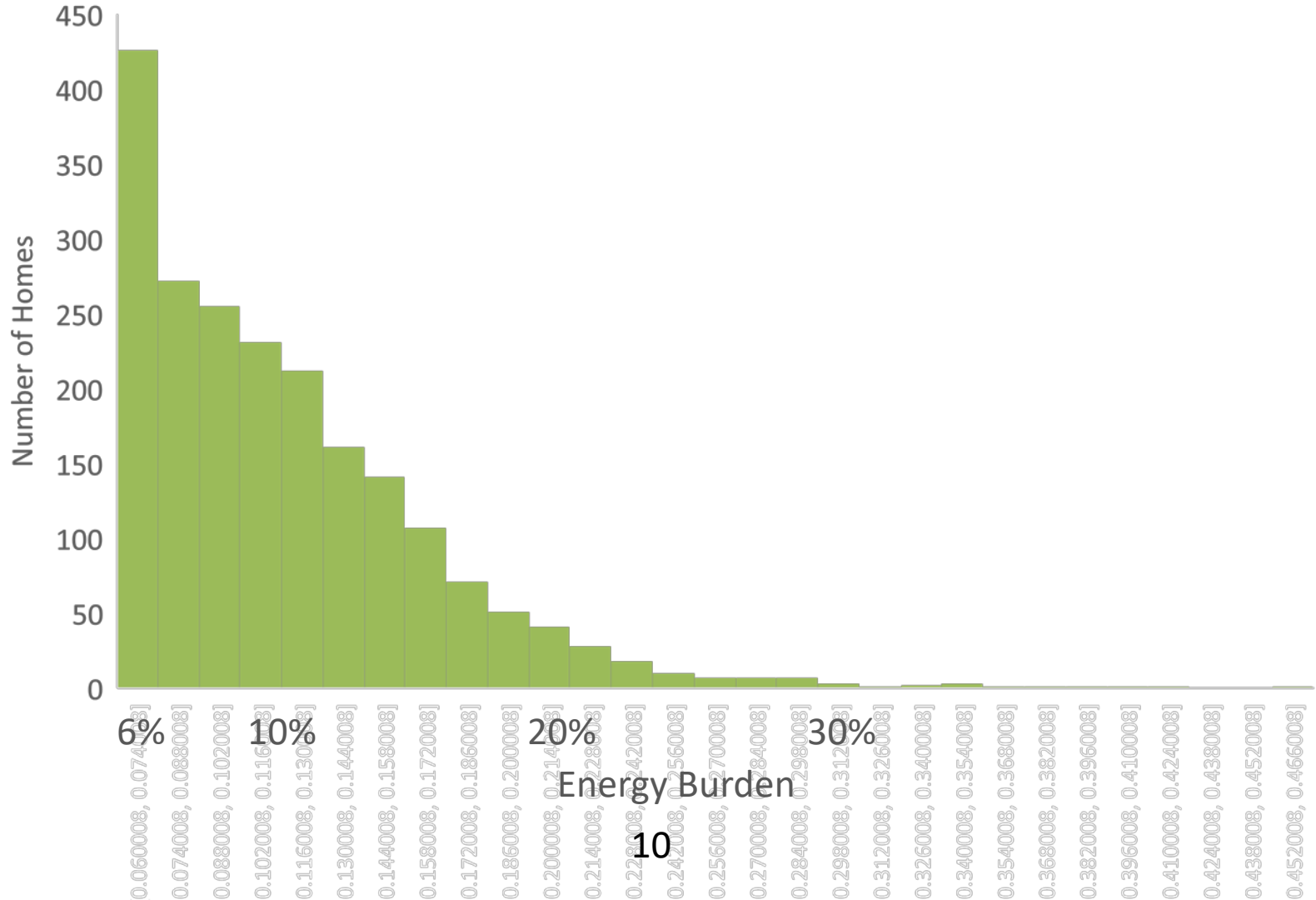




# Recommendation: Focus on Customers with High Energy Burden



# Energy Burden Distribution



# Energy Burden Program Levels

## Expanded

Heating, cooling (HVAC) measures



Deepest benefits



Greatest bill savings (10-40%)



Requires investment

## Medium

Appliance replacement and weatherization measures



Better benefits



Requires investment



Greater bill savings (5-10%)

## Light (current)

Light touch direct- or self-install measures



Cost-effective



Builds relationships



All homes can benefit



Modest bill savings (1-5%)

# Energy Burden Program Investment



## Expanded

6 to 8 years



**Goal:** 60 to 80 per year · 450 homes total



**Incremental Cost\*:** \$255,000 per year



**Annual Savings:** 0.043 aMW · 12% of goal

## Medium

8 to 10 years



**Goal:** 150 to 200 homes per year · 1,050 homes total



**Incremental Cost\*:** \$620,000 per year



**Annual Savings:** 0.12 aMW · 34% of residential savings goal

## Light (current)

3 to 5 years



**Goal:** 700 homes per year · 2,100 homes total



**Incremental Cost\*:** \$60,000 per year · 2021 budgeted



**Annual Savings (aMW):** 0.06 aMW · 17% of residential savings goal

*\*The incremental cost does not include the cost of incentives, which are offset by wholesale market power sales. The estimated annual incentive amounts are \$90k, \$535k, and \$905k, respectively.*

# Energy Burden Program Investment



**Expanded**

+\$1.5 million

**Medium**

+\$5 million

**Light (current)**

\$180,000

*\*The net cost does not include the cost of incentives, which are offset by wholesale market power sales. The estimated annual incentive amounts are \$90k, \$535k, and \$905k, respectively.*



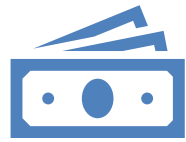
# Feedback: How much could PPB potentially invest in these programs?

- ✓ **Strategic plan** to reduce rate increase impacts on most impacted customers
- ✓ Supports **CETA** targets by reducing participation barriers

**\$200,000 - \$725,000**  
estimated annual contribution

# Income Verification Options

## All Applicant Verification



### High Cost

- \$50/applicant with CDCAC
- High internal burden



### High Hurdle

- Lower participation



### More Thorough

- Greater certainty that participants meet eligibility

## Self-Declaration with audits



### Low Cost

- Spot audits reduce administrative burden



### Lower Hurdle

- Higher participation



### Thorough

- High probability that participants meet eligibility



Recommendation:  
Use income self-declarations  
with verification audits



# Next Steps

- Use feedback in program design process
- Meet with key stakeholders on program design elements
- Continue work on low-income rental market
- Continue search for outside Chelan PUD funds
- Return to Board April 5<sup>th</sup> for next update