

Energy Burden: DPU Policy Considerations

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Overview

- Customer Impacts
- Programmatic Needs for Disconnections and Arrearage Management
- Ratepayer Experiences: Energy Affordability
- Next Steps: Our DPU Policy Asks



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Customer Impacts

Existing Structural Inequities Aggravate Energy Burden



What is Energy Burden?

- Energy burden: Ratio of energy costs to household income
- Factors impacting energy costs: energy usage behaviors, socioeconomic factors, housing characteristics, rate policies
- DPU can influence all these factors to help decrease energy burden statewide
- Energy affordability must be examined through an energy equity, environmental justice lens



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Energy Affordability

- Affordability is the foundation that brings together all of the Commonwealth's policy and equity goals
- Race and equity are at the intersection of energy insecurity and energy consumption
 - For many reasons, Black and Brown households have higher utility expenses and higher energy use
 - Concerns with energy-limiting households causing unhealthy/unsafe indoor temperatures (not by choice)
- DPU must prioritize how energy affordability impacts energy vulnerable populations



Programmatic Needs for Disconnections and Arrearage Management



Utility Disconnections

- Utility disconnections serve no purpose in ensuring the protection of our most marginalized and vulnerable communities
- A common reason people take out small payday loans is to pay utility bills
- Maintains LMI customers in a cycle of poverty for half a year, all to ensure continued utility service



Utility Disconnections

- DPU urged to view utility disconnections through an energy justice lens
- DPU urged to require companies to modernize collections policies to align with grid plans; ensure customer success
- Reducing vulnerability to *energy poverty* is the larger objective of an energy burden investigation



AMP Eligibility: DPU Policy Considerations

- Communities of color are disproportionately impacted by high energy burdens compared to white households, regardless of income level; ‘trifecta of insecurity’
- Black households 2x likely to report late utility payments; 3x more likely to experience utility disconnections
- Whether or not customer is enrolled in AMP, involuntary disconnections due to nonpayment should never be perceived as the preferred or default collections mechanism



AMPs: DPU Policy Considerations

- Long-term arrearage reduction incentives to encourage timely payments to an AMP; flexibility w/ missed payments
- Re-evaluation of AMP eligibility
- Re-evaluation of policies supporting utility disconnections, which only exacerbate public health impacts and financial hardship
 - Customer access to utility service is CRITICAL for economic and social stability



Ratepayer Experiences: Energy Affordability¹, Communications

1. Hawks Peak Strategies, Expert Consultant for the Office of Energy and Ratepayer Advocacy, *Ratepayer Interview Insights Brief*, D.P.U. 23-150 (May 20, 2024).



Ratepayer Experiences: Energy Affordability

- Income-qualified ratepayer experience challenging housing conditions
- Ratepayers prioritize housing costs; then make tough decisions about which monthly bills to prioritize v. defer
- To minimize electricity costs, ratepayers engage in a variety of energy-limiting behaviors, some of which pose danger and health risks (low temps; running ovens w/ doors open, etc.)



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Ratepayer Experiences: Energy Affordability

- Ratepayers suffer from energy affordability even if not enrolled in budget billing
- LIDR enrollment process inconsistent – delays, frustration
- Marketing toward income-eligible customers matters
- Overlapping programs/inconsistent program names confusing
- Likely experiences occurring throughout the Commonwealth



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Ratepayer Experiences: DPU Policy Considerations

- Some ratepayers may not perceive themselves as low-income, despite eligibility, and overlook or dismiss programs/offerings
- Overlapping programs, inconsistent program names between websites (i.e., utility vs. state website) confuse, deter ratepayers
- Require LIDR re-enrollment once every two years instead of once every year, to ease customer burden



Ratepayer Experiences: DPU Policy Considerations

- DPU must require utilities to improve community engagement processes; incorporate meaningful stakeholder feedback for all proposals
- Inadequate communications with ratepayers = lack of transparency, continued disinvestment into historically marginalized people
- DPU must encourage all utilities to prioritize equity across operations (i.e., heat pumps to LMI households using delivered fuels; incorporation of customer feedback; proposals promote equity)



Next Steps: Our DPU Policy Asks



Next Steps: DPU Policy Asks

- Examining a household's energy burden goes beyond financial constraints; understanding energy-related behaviors is equally essential (solution seeking, i.e., whether AMI tech may help)
- Utilities must enhance reporting of LMI ratepayer data, i.e. zip code
- LIDR/AMP: Improve LMI ratepayer experience, from marketing, to enrollment, to re-enrollment; use utility data to evaluate AMP effectiveness, review other tools/programs
- Review DPU policies to ensure protection against energy poverty
- DPU should consider novel approaches to addressing energy affordability

