Overview of State Programs to Reduce Energy Costs for Low-income Customers:

Background Information in Support of Oregon HB 2242

Context: A number of policy tools exist that can be used to serve low-income households in meeting their energy utility needs and reducing their energy burden. In this context, energy burden means the total percentage of income that a household spends on energy bills, on an annual basis. According to Oregon Department of Housing and Community Service (OHCS) a household is considered “energy burdened” if the total percentage spent on household energy costs is greater than 6% of income. A map of the percentage and number of households in Oregon that are considered energy burdened by OHCS is provided at the end of this document.

Solutions: Across the country, states have implemented proactive policies to support households experiencing hardship in paying their energy bills, and many have instituted structural changes to utility rate designs in order to promote affordability for low-income customers. Three major factors impact the total costs that a customer pays to their energy utility: Fixed charges assessed for each billing period, energy charges for the customer rate class, and the quantity of energy consumed. Low income households and renters typically have less opportunity for investment in energy efficiency or reducing energy use.

Currently, investor-owned utilities in Oregon are prevented from using any of the tools that make changes to rate designs or structures to assist low-income customers. 2019 HB 2242 seeks to fix this by providing the Public Utility Commission authority to enable these types of program and requires the public utility commission explore different programs to better address energy burden for low income customers. It does not specify the method or approach of any potential changes, it simply directs the PUC to hold an inclusive public process with stakeholders to explore the concept. Utilities would then have the opportunity to propose new rate structures, subject to review and approval by the PUC.

The following table provides a snapshot of some of the utility rate policies that are actively being used in other states to reduce energy bills for low income customers. This is a broad sample overview of programs, and is not intended to be inclusive of all utility programs in each state.

Table of Other State Approaches to Address Energy Burden:

State	Low Income Support Mechanism	Income/ Qualification Standard
Arizona	- Electric utilities provide a 25% discount on monthly bills, subject to usage tiers in some cases - Gas utilities provide a reduction on the basic service charge, as well as a fixed per-therm discount on gas usage	-Less than 150% of Federal Poverty Level (FPL)

California	- For low-income customers, utilities provide a 30-35% discount on monthly electric bills, and 20% discount on natural gas utility bills - For moderate-income customers, electric utilities provide a 12% discount on bills	- Low-income : Less than 200% of FPL - Moderate Income: Between 200% to 250% of FPL
Massachusetts	- Electric utilities provide a 25%-32% discount on bills, dependent on utility and home heating source - Gas utilities provide a 14%- 25% discount on bills, dependent on utility and home heating source	- 60% of Median Household Income or - Co-qualification with other means-tested programs, including Federal Low Income Home Energy Assistance Program (LIHEAP)
Minnesota	- Electric utilities provide 22% - 28% discount, dependent on monthly usage - Gas utilities provide payment plans and bill credits targeted to have utilities account for no more than 4%-6% of annual income, to create affordability.	- Co-qualification with LIHEAP
New Hampshire	- Electric utilities provide 8% -76% discount, dependent on specific income thresholds - Gas utilities provide 60% discount on energy charges	- For electric customers, sliding scale between 0 to 200% of FPL - For gas customers, co-qualification with LIHEAP
Pennsylvania	- Electric utilities cap bills based on income, targeted to 3%-17% of income, subject to dollar thresholds and dependent on heating type	- Less than 150% of FPL
Vermont	- Electric utilities provide 25% discount on bills	- Less than 150% of FPL

States and utilities use a variety of approaches to qualify customers for low-income assistance programs, and many partner with community action agencies and other social service providers to streamline income qualification. Co-qualification standards with existing social support programs simplifies the process for applicants and is used in many states.

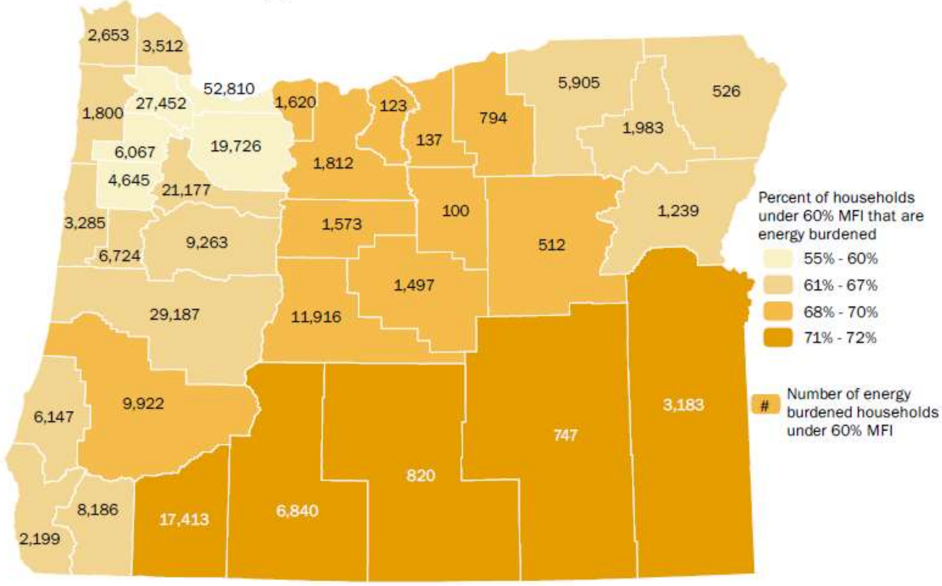
In addition to these rate structures and discounts, a number of states have used renewable energy deployment or targeted energy efficiency incentive programs as tools to reduce energy bills for low-income customers. These are not covered in the chart above, but may be part of the considerations as part of the process of implementing HB 2242.

For follow-up or questions on this information, please contact:

Jaimes Valdez - Policy Manager, Spark Northwest
jaimes@sparknorthwest.org (206) 914-3510

Populations Experiencing Energy Burden

Share of Energy Burden of Households Below 60% MFI



Oregon Housing and Community Services