

ELECTRIC AND GAS UTILITY LOW INCOME, PUBLIC SECTOR PROVISIONS



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NEW ELECTRIC UTILITY LOW INCOME PROVISIONS

- **8-103(B)(c):** The utilities shall also implement energy efficiency measures targeted at **low-income households**, which, for purposes of this Section, shall be defined as households at or below 80% of area median income, and **expenditures to implement the measures shall be no less than \$25,000,000 per year for electric utilities that serve more than 3,000,000 retail customers in the State and no less than \$8,350,000 per year for electric utilities that serve less than 3,000,000 retail customers but more than 500,000 retail customers in the State.**
- **8-103(B)(c):** Implementation of energy efficiency measures and programs targeted at low-income households **should be contracted, when it is practicable, to independent third parties that have demonstrated capabilities to serve such households, with a preference for not-for-profit entities and government agencies that have existing relationships with or experience serving low-income communities in the State.**
- **8-103B(c):** *A minimum of 10%*, for electric utilities that serve more than 3,000,000 retail customers in the State, and *a minimum of 7%*, for electric utilities that serve less than 3,000,000 retail customers but more than 500,000 retail customers in the State, of the utility's entire portfolio funding level for a given year shall be used to procure cost-effective energy efficiency measures from units of local government, municipal corporations, school districts, public housing, and community college districts, **provided that a minimum percentage of available funds shall be used to procure energy efficiency from public housing, which percentage shall be equal to public housing's share of public building energy consumption.**
- **8-103(B)(c):** Each electric utility **shall assess opportunities to implement cost-effective energy efficiency measures and programs through a public housing authority or authorities located in its service territory.** If such opportunities are identified, the utility shall propose such measures and programs to address the opportunities. Expenditures to address such opportunities shall be credited toward the minimum procurement and expenditure requirements set forth in this subsection (c).
- **8-103(B)(c):** Each electric utility shall **develop and implement reporting procedures that address and assist in determining the amount of energy savings that can be applied to the low-income procurement and expenditure requirements** set forth in this subsection (c).
- **8-103(B)(c):** The electric utilities shall also **convene a low-income energy efficiency advisory committee** to assist in the design and evaluation of the low-income energy efficiency programs. The **committee shall be comprised of the electric utilities subject to the requirements of this Section, the gas utilities subject to the requirements of Section 8-104 of this Act, the utilities' low-income energy efficiency implementation contractors, and representatives of community-based organizations.**

LOW INCOME MINIMUM SPENDS

- **8-103(B)(c):** The utilities shall also implement energy efficiency measures targeted at **low-income households**, which, for purposes of this Section, shall be defined as households **at or below 80% of area median income**, and **expenditures to implement the measures shall be no less than \$25,000,000 per year for electric utilities that serve more than 3,000,000 retail customers in the State (ComEd) and no less than \$8,350,000 per year for electric utilities that serve less than 3,000,000 retail customers but more than 500,000 retail customers in the State (Ameren).**

WHY “MINIMUM”?

- 8-103B(a): “Requiring investment in cost-effective energy efficiency and demand-response measures will **reduce direct and indirect costs to consumers** by decreasing environmental impacts and by avoiding or delaying the need for new generation, transmission, and distribution infrastructure.”
- Energy efficiency programs should benefit those who need it most.
- Serves public policy goal of the Public Utilities Act: “Efficiency: the provision of reliable energy services at the least possible cost to the citizens of the State.*
- The need is great!

Percent of Low Income Customers By Utility Territory

Utility	<poverty	<150% poverty	<80AMI	<50AMI	<30AMI
ComEd	13.0%	21.0%	40.1%	24.4%	13.2%
Ameren Elec	14.3%	23.0%	42.0%	24.3%	12.7%
Ameren Gas	13.2%	22.2%	41.3%	23.3%	11.5%
Peoples	18.0%	28.6%	47.6%	32.0%	17.9%
North Shore	7.4%	11.7%	27.8%	15.5%	6.9%
Nicor	8.5%	14.9%	32.9%	17.7%	8.6%
Statewide - gas customers	11.5%	19.2%	37.6%	21.8%	11.1%
Statewide - electric customers	13.3%	21.4%	40.5%	24.3%	13.0%
Statewide	14.2%	22.5%	41.7%	25.6%	14.0%

Note: Excludes heat in rent/master metering

LIHEAP FUNDS DON'T COVER THE NEED

- The gross LIHEAP allocation to Illinois was \$165.5 million in 2015 and the number of average annual low-income heating and cooling bills “covered” by LIHEAP was 191,545.
- Meanwhile, the number of Illinois households <150% FPL in 2015 was 1,120,743.

Utility Disconnection Statistics:

Utility	Customers Served	Account Disconnects as of Sept 15, 2016	Amount Owed	Average Debt owed
Peoples Gas	828,000	7,773	\$9,063,482	\$1,166
Nicor	2.1 million	9,816	\$6,790,156	\$ 691
North Shore Gas	159,000	569	\$358,866	\$ 630
ComEd	3.8 million	16,713	\$16,283,318	\$ 974
Ameren	1.2M electric 816,000 gas	7,184	\$5,131,327	\$ 714

Source: ICC website: Utility Compliance filings per 83 Ill. Admin. Code Part 280.

Separate low income obligation within Public Sector budget (incremental to minimum \$25M requirement)

Sec. 8-103(c): *A minimum of 10%, for electric utilities that serve more than 3,000,000 retail customers in the State, and a minimum of 7%, for electric utilities that serve less than 3,000,000 retail customers but more than 500,000 retail customers in the State, of the utility's entire portfolio funding level for a given year shall be used to procure cost-effective energy efficiency measures from units of local government, municipal corporations, school districts, public housing, and community college districts, **provided that a minimum percentage of available funds shall be used to procure energy efficiency from public housing, which percentage shall be equal to public housing's share of public building energy consumption.***

PUBLIC HOUSING – HOW DEFINED?

Many federally subsidized programs, including:

- HUD Section 202 (Elderly)
- HUD Section 811 (Persons with Disabilities)
- HUD Section 8 (Housing Assistance Payment and Loan Management Set-Aside Contracts)
- Rental Assistance Demonstration (RAD)
- HUD Section 207 Manufactured home parks rental housing
- HUD Section 236
- Various projects that may be funded by HUD, IHDA, City of Chicago, etc.
- IHDA Section 542
- PHA Housing units
- PHA Vouchers (Project-based and tenant “housing choice”)
- USDA Section 515 – Rural Rental housing program
- USDA Rural Multifamily Housing Loan Guarantee Program
- US Dept. of Treasury Tax Credit program, administered by IHDA and City of Chicago
- Non-LIHTC projects that may use a mix of sources to finance affordable housing
- HUD Multifamily Insured programs

Implementing Public Housing provision...

- **8-103(B)(c)**: Each electric utility shall assess opportunities to implement cost-effective energy efficiency measures and programs through a public housing authority or authorities located in its service territory. If such opportunities are identified, the utility shall propose such measures and programs to address the opportunities. Expenditures to address such opportunities shall be credited toward the minimum procurement and expenditure requirements set forth in this subsection (c).
- 99 Public Housing Authorities in Illinois, per DCEO 14-0422 filing

PRINCIPLES FOR MAXIMIZING LOW INCOME SPEND

- New statute increases EE budgets for ComEd significantly; leverages limited gas EE budgets up to 10% of savings.
- Ameren's budget is slightly decreased but not significantly to alter what has been their mission of serving low and moderate income customers in its service territory.
- Stipulations achieved between stakeholders and utilities significantly increased the portion of EE budgets dedicated to low income spending. Low Income Working Group Proposal
- We can't and shouldn't be back-tracking on low income spending!
- Sec. 8-103B includes new third-party provision that permits utility to specify a desire for programs by geographic area.
- Don't reinvent the wheel! (And don't silo programs by utility.)
- Be efficient in planning, implementation and evaluation
 - Joint, statewide programs, when practicable

Low Income Advisory Committee

8-103(B)(c): The electric utilities shall also **convene a low-income energy efficiency advisory committee** to assist in the design and evaluation of the low-income energy efficiency programs. The **committee shall be comprised of the electric utilities subject to the requirements of this Section, the gas utilities subject to the requirements of Section 8-104 of this Act, the utilities' low-income energy efficiency implementation contractors, and representatives of community-based organizations.**

Key Principles and Objectives: How Should This Directive Be Implemented?

Key Principles: Consistent with input for other energy efficiency programs, Low Income Energy Efficiency Advisory Committee should operate according to the following principles:

- Transparency
- Broad stakeholder input (Ratepayer advocates should be permitted to attend)
- Well-documented (Consistent with provision in 8-103B(c) that requires utility low income program reporting)

Objectives: To ensure that ratepayer funds for low income programs are:

- Spent as cost-effectively as possible;
- Coordinated with and leverage other opportunities for low-income customers, such as WAP funds, and the rest of the EE portfolio;
- Distributed broadly across the diverse group of low-income customers; and
- Reflect state and national best practices.

Participation

Participation: Statutory Directive

- Electric Utilities
- Gas Utilities
- Utilities' Low Income Implementation Contractors
- Community-based organization Representatives

Participation: Statute does not exclude other entities, which should be allowed to participate, including:

- DCEO (still administer WAP, LIHEAP, PIPP)
- Staff
- AG
- NRDC, ELPC
- CUB
- City of Chicago
- Evaluators
- Other interested stakeholders

Process

Process: Statutory Directive

Working group to discuss “design and evaluation” of low-income programs

Process: Additional factors in implementation of provision:

- Meetings should be noticed, with meeting materials and notes/action items posted on SAG website
- Call-in number and webinar availability for those who cannot attend in-person
- Low income programs must be coordinated with and discussed as part of the entire portfolio.
 - SAG may address low income program policy (Policy Manual) and best practices; as well as low income program administration, design, implementation and evaluation issues.
 - Low income programs should not be addressed in isolation from rest of portfolio
 - Low income program reporting should be developed through SAG (in addition to statutory filing obligations)

Low Income Provisions...

8-103(B)(c): Implementation of energy efficiency measures and programs targeted at low-income households **should be contracted, when it is practicable, to independent third parties that have demonstrated capabilities to serve such households, with a preference for not-for-profit entities and government agencies that have existing relationships with or experience serving low-income communities in the State.**

(See separate slide deck)

ELECTRIC/GAS UTILITY COORDINATION ON LOW INCOME PROGRAMS

8-103B(c) provision references joint delivery and focuses on 80% AMI figure.

➤ These should primarily primarily be joint programs:

Addressing the mismatch in electric/gas funding, 8-103B(b-25) states:

In the event an electric utility jointly offers an energy efficiency measure or program with a gas utility under plans approved under this Section and Section 8-104 of this Act, the electric utility may continue offering the program, including the gas energy efficiency measures, in the event the gas utility discontinues funding the program.

In that event, the energy savings value associated with such other fuels shall be converted to electric energy savings on an equivalent Btu basis for the premises.

However, the electric utility shall prioritize programs for low-income residential customers to the extent practicable. An electric utility may recover the costs of offering the gas energy efficiency measures under this subsection (b-25).

- DCEO statewide implementation should be the starting assumption

ELECTRIC/GAS UTILITY COORDINATION ON LOW INCOME PROGRAMS

- Also, amended Sec. 8-104 still references:

Not later than January 1, 2012, the Commission shall develop and solicit public comment on a plan to foster statewide coordination and consistency between statutorily mandated natural gas and electric energy efficiency programs to reduce program or participant costs or to improve program performance. Not later than September 1, 2013, the Commission shall issue a report to the General Assembly containing its findings and recommendations.

- Bottom line: gas companies need to work with electric companies and to the greatest extent practicable work jointly in providing these programs.
 - Exception: Specifically bid all-electric programs (for electric heat customers)

UTILITIES

- **8-104(e-5)** : The provisions of this subsection (e-5) shall be applicable to those multi-year plans that **commence after December 31, 2017**. Natural gas utilities shall be responsible for overseeing the design, development, and filing of their efficiency plans with the Commission and may outsource development and implementation of energy efficiency measures. **A minimum of 10% of the entire portfolio of cost-effective energy efficiency measures shall be procured from local government, municipal corporations, school districts, and community college districts. Five percent of the entire portfolio of cost-effective energy efficiency measures may be granted to local government and municipal corporations for market transformation initiatives.**

ELECTRIC/GAS UTILITY COORDINATION ON PUBLIC SECTOR PROGRAMS

- Need for efficient delivery of programs has not been eliminated.
- Sec. 8-104 still provides:

Not later than January 1, 2012, the Commission shall develop and solicit public comment on a plan to foster statewide coordination and consistency between statutorily mandated natural gas and electric energy efficiency programs to reduce program or participant costs or to improve program performance. Not later than September 1, 2013, the Commission shall issue a report to the General Assembly containing its findings and recommendations.

- Bottom line: gas companies need to work with electric companies and to the greatest extent practicable work jointly in providing these programs, and examine all opportunities for statewide implementation, delivery and evaluation.

NEXT STEPS: FOLLOW-UP

- Seeking feedback from Stakeholders/Utilities on proposals and present refinements again (perhaps in February):
 - How to maximize funds for Low Income Customers, incl. public housing carve out
 - Low Income Working Group Proposal
 - How to implement independent third-party vendor provision of new law (separate presentation)

