

# Low Income Program Development Update

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# Agenda

- ✓ Legislative Requirements
- ✓ Low Income Program Research
- ✓ What We've Learned
- ✓ Market Characterization
- ✓ ComEd's Low Income Program Philosophy
- ✓ Low Income Programs: Our Current Vision
- ✓ Questions for You

# Future Energy Jobs Act (FEJA)

- ✓ Currently, energy efficiency programs for low income (LI) and public sector customers are designed and managed by the State's energy office, DCEO
- ✓ FEJA, passed 12/7/16, transfers responsibility for serving those customers to the electric and gas utilities, starting 1/1/18
- ✓ The legislation requires ComEd specifically to:
  - **Spend no less than \$25 million** per year to implement LI measures
  - **Implement energy efficiency measures targeted at LI households**, which are defined as **households at or below 80% AMI**

# Low Income Limits in the ComEd Territory

ComEd Service Territory	
	<b>Low-Income Limit (2016<sup>1</sup> 80% of Area Median Income for 4-Person Household<sup>2</sup>)</b>
Carroll County	\$46,400
<b>*Chicago-Joliet-Naperville, IL-IN-WI Metro Area</b>	<b>\$61,500</b>
Davenport-Moline-Rock Island, IA-IL Metro Area	\$55,050
Jo Daviess County	\$52,150
Kankakee-Bradley, IL Metro Area	\$48,400
Lee County	\$51,050
Livingston County, IL	\$53,350
<b>*Rockford, IL Metro Area</b>	<b>\$46,950</b>
Stephenson County	\$46,400
Whiteside County, IL	\$47,850

<sup>1</sup> American Community Survey 2014 5-Year Estimates

<sup>2</sup> HUD FY16 Income Limits for Illinois: <https://www.huduser.gov/portal/datasets/il/il16/FY16-IL-IL.pdf>; pulled April 2017

\*The Chicago-Joliet-Naperville, IL-IN-WI Metro Area and Rockford Metro Area represent the bulk of the households in ComEd.

# Low Income Program Research

- ✓ **Understand legacy DCEO LI programs**
  - Obtained program information and data from DCEO; hold regular calls and meetings with DCEO staff
  - Spoke with many of the current DCEO program implementers, partners and grantees
  
- ✓ **Conduct low income market analysis**
  - Contracted Elevate Energy to leverage their knowledge of LI population characteristics, needs, and programs in our territory

# Low Income Program Research

- ✓ **Benchmarked LI program best practices**
  - Interviewed other utilities about their LI programs
  - Contracted David Ortiz, Nexant, who managed PG&E's LI programs, for his knowledge and expertise
  - Reviewed third-party best practice research (e.g., E Source, ACEEE)
  
- ✓ **Reviewed program evaluations**
  - Reviewed DCEO's PY7 LI program evaluations
  - Reviewed Navigant's recent LI benchmarking research and additional LI program ideas

# What We've Learned: Common Design Features

- ✓ The most common design features of utility LI programs include:
  - **Free audits/assessments**
  - **Fully subsidized energy upgrades**, including air sealing, insulation, appliance replacement and lighting
  - **Health and safety checks with upgrades**  
(Note:\$500 average) (e.g., smoke detectors, carbon monoxide detectors)
  - **Customer education**
  - **Eligibility based on income or pre-qualifiers**  
(e.g., LIHEAP)

# Common Design Features—Multi-family

- ✓ In most multi-family LI programs:
  - Buildings are qualified based on the collective income of all residents—typically, **66% of tenant population** meets income eligibility requirement
  - **Fully subsidized energy upgrades are paid to the property owner**; however, programs attempt to ensure benefits accrue to the tenants by either targeting in-suite upgrades that reduce energy bills or justifying the upgrades as an improvement to comfort, health and safety
  - **Some LI program require landlords to make partial contributions** toward the cost of the EE measures, but the requirement usually is not very high



# Common Program Delivery Features

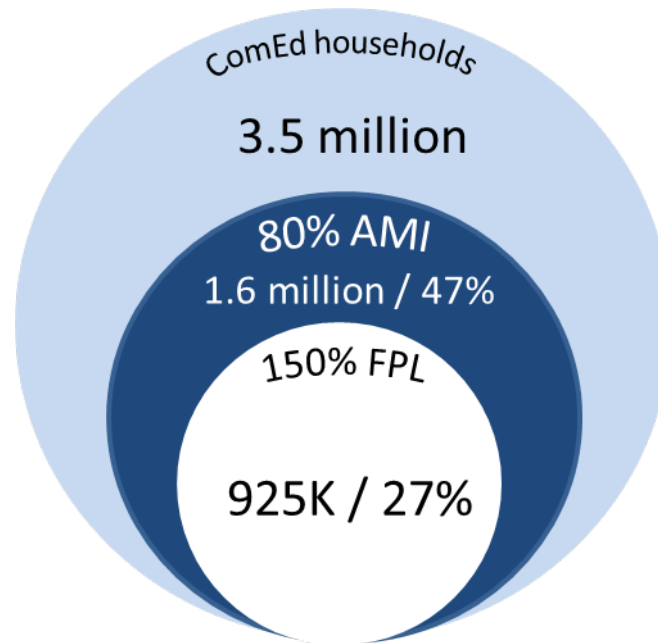
- ✓ When delivering LI programs, many utilities **partner with the WAP network** to reduce program costs
- ✓ By **leveraging existing infrastructure**, utilities can reduce marketing, customer intake, health and safety, and quality assurance costs

## Low Income Programs—Cost

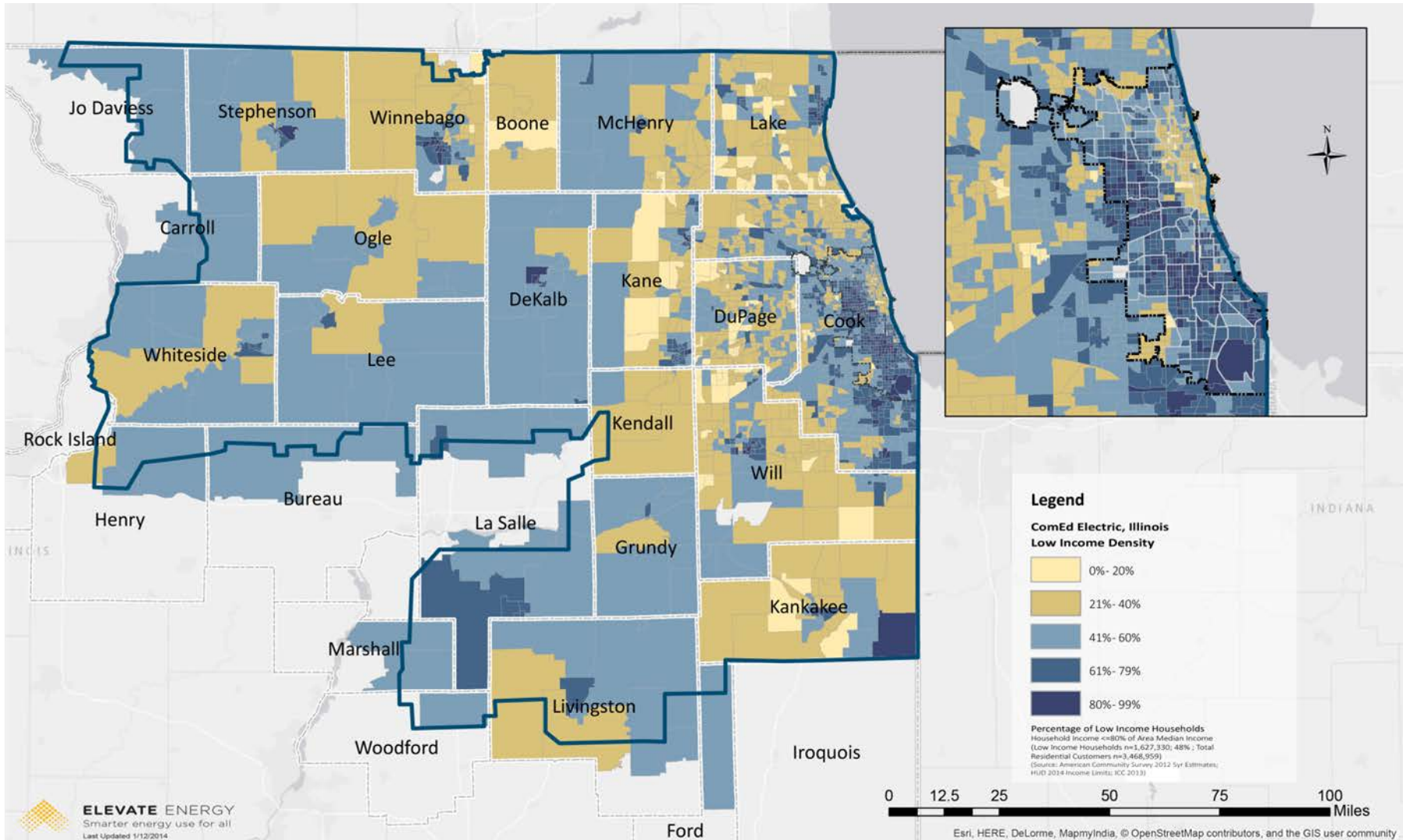
- ✓ Estimating LI program costs:
  - A 2012 survey of LI programs by E Source revealed a range of **\$0.12 to \$2.87** for every annual kWh of savings, with an average expenditure of **\$1.20 per kWh**.
  - The federal EE program for LI households takes a **whole-house approach** to make qualifying homes more energy efficient. It uses a **cost-benefit ratio of 1:1** to determine which measures are eligible for a home. For every \$1 spent on a home, \$1 in energy savings must accrue to a homeowner or tenant over the life of the measures.

# Market Characterization

- ✓ In ComEd's territory, there are
  - Approximately 3.5 million households served
  - 1.6 million households (47%) meet the 80% AMI requirement



# Density of Low Income Households in Low Income Census Tracts



Source: American Community Survey, 2012 Five-Year Estimates

# ComEd's Low Income Program Philosophy

- ✓ Use a **whole-building approach** to increase efficiency
  - Explore structuring incentives to reward higher levels of efficiency
- ✓ Offer programs that benefit **owners and renters**
- ✓ Offer customers **multiple ways to participate**
- ✓ Include **customer education** in every program
- ✓ **Leverage sources of funding** for health & safety improvements or measures not covered by utility (e.g., OBF, IL WAP, IHDA, Community Investment Corporation)
- ✓ **Partner with organizations** already working with targeted populations

# ComEd's LI Programs—Our Current Vision

<b>New Low Income Programs</b>	<b>Annual Budget</b>
Affordable Housing New Construction	\$2 - \$4 million
Weatherization Assistance	\$5 - \$8 million
Multi-family Retrofits	\$3 - \$5 million
Single Family Retrofits	\$3 - \$5 million
Supportive Housing	\$3 - \$5 million
Energy Efficiency Kits	\$5 - \$7 million
Community based LED Distribution	\$2 - \$4 million
Low Income Home Energy Reports	\$2 - \$4 million
<b>TOTAL:</b>	<b>\$25 - \$42 million</b>
<b>Current Programs Reaching Low Income</b>	
Residential Lighting Discounts, Fridge/Freezer Recycling, Energy Efficiency Kits, Product Rebates, etc.	Unknown

**Note: Public Housing Energy Efficiency Programs are included in a separate budget.**

# Affordable Housing New Construction

## Program Description

Grants for affordable housing developers for new construction or major renovation of affordable housing

## Channel

For-profit and non-profit affordable housing developers and the architects who work with them

## Program Beneficiaries

SF and MF affordable housing residents

## Income Verification

Verified by affordable housing developers. In eligible projects, at least 66% of occupants must meet the LI requirement.

# Weatherization Assistance

## Program Description

Grants for EE measures are pooled with federal funding to deliver weatherization services to eligible SF & MF IHWAP recipients

## Channel

Illinois Housing Weatherization Assistance Program (IHWAP) and Community Action Agencies (CAA)

## Program Beneficiaries

People applying annually for Illinois Home Weatherization Assistance through the IHWAP program

## Income Verification

Verified by CAA/IHWAP



# Multi-family Retrofits (2+ units)

## Program Description

Fully subsidized whole building approach, from energy assessment through weatherization. Partial subsidy to remedy health and safety issues. Offered in partnership with a MF rehab lender and OBF lender, such as Community Investment Corp.

## Channel

MF building owners in designated low-income Census tracts

## Program Beneficiaries

Low income tenants in subsidized and unsubsidized MF buildings

## Income Verification

MF buildings in designated low-income Census tracts, or through Affordable Housing provider

# Single Family Retrofits

## Program Description

Fully subsidized whole building approach, from assessment through weatherization. Partial subsidy to remedy health and safety issues. Opportunity to offer with OBF is being explored.

## Channel

Direct to SF home owners and through outreach focused on high-usage building types in neighborhoods/cities that have an abundance of targeted housing

## Program Beneficiaries

Unsubsidized and subsidized SF home owners

## Income Verification

SF buildings in designated low-income Census tracts or through Affordable Housing provider

# Supportive Housing

## Program Description

Grants for EE improvements provided to nonprofits that manage HUD 811 housing for people with disabilities and HUD 202 housing for elderly people. No health and safety subsidy (assumed to be covered by housing manager).

## Channel

Nonprofits that manage subsidized housing

## Program Beneficiaries

Tenants in HUD 811 and 202 housing

## Income Verification

Verified by nonprofit grantees

# Energy Efficiency Kits

## Program Description

Kits contain easy-to-install energy-reducing devices and educational material with tips to further reduce energy use

## Channel

Community Action Agencies

## Program Beneficiaries

LIHEAP or IHWAP applicants

## Income Verification

Verified by CAAs

# Community-based LED Distribution

## Program Description

Four LED lights and educational material distributed through food pantries

## Channel

Food pantries, via food banks affiliated with Feeding America

## Program Beneficiaries

Food-insecure households using food pantries

## Income Verification

Verified by food banks/pantries

# Low Income Home Energy Reports

## **Program Description**

Home Energy Reports with content customized for low income customers

## **Channel**

Direct to customers

## **Program Beneficiaries**

Low income renters and owners in SF and MF buildings

## **Income Verification**

Customer addresses in designated low-income Census tracts

## How You Can Help: Questions for Advisors

- ✓ Are there unserved or underserved low-income customer groups?
- ✓ Are there additional channels to serve low-income customers that we should consider for delivery of EE programs?
- ✓ Does it make sense to use low income Census tracts and 66% of MF units to define program eligibility?
- ✓ What are reasonable health & safety stipends for the SF and MF retrofit programs?
- ✓ What is the most important change you would like to see that would make the delivery of energy efficiency programs more effective for low-income customers?

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