
Low-Income Utility Bill Assistance Program Design in the Age of COVID-19:

Energy Security and Management of Debt

NRRI Webinar Series:

The Impact of Covid-19 on Utility
Ratemaking

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*Fighting Together
for Economic Justice*

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Utility Affordability Program Objectives

- Reduce *home energy burdens* to an *affordable* level
 - **Comprehensive** approach
 - Reduce current bill payments to an affordable level
 - Provide opportunity to reduce arrearage balance without compromising affordability
- Reduce disconnections for non-payment
- Improve health and safety
- Reduce utility credit and collection costs and challenges
- Enhance equity

Program Design Fundamentals

- **Funding mechanism** should provide a reliable, and predictable funding stream to ensure meaningful benefits for a pool of income-eligible customers
- **Prevalent models**
- Straight Discount (e.g., CA, MA)
 - 25%–35% off of total bills
 - Administratively straightforward
- Percentage of Income Payment Plan (e.g., OH, CO, IL)
 - Bill payment capped at predetermined percentage of household income
 - Administratively more complex but better targeting of benefits.
 - Protects participants from rate increases and price volatility
- Tiered Discount (e.g., NH, IN)
 - Hybrid PIPP/Straight Discount to achieve a predetermined target burden level

Arrearage Management

- Ideally combined with reduction of current bills
- Addresses the need for comprehensive approach to home energy affordability
- Prevalent models
 - One-time write-down (e.g., NH, VT)
 - Arrearage reduction over time through timely payment of current bills (e.g., MA, OH)

Arrearage Management

- Assume good faith
- Realistic measure of success
 - Bill coverage
 - Reduced notices and disconnections
- Realistic program participation and retention
 - Do not reject after one or two missed payments
 - Allow customer to resume participation after making up missed payments
- Meaningful monthly arrearage write-down

Administrative Efficiency

- Coordination with the Federal Low Income Home Energy Assistance Program
- Coordination with low-income energy efficiency programs
- Coordination with other means-tested benefits programs
- Administrative support for front-line agencies

Some NCLC Tools

- Residential Electric Utility Arrearage Scenarios
 - <https://bit.ly/covid-state-electric-arrears>
- Data Collection
 - <http://bit.ly/brief-covid-19-data>
- Program Design Template
 - <https://bit.ly/RPT-covid-19-program-design>



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