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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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
- Data Collection
- Program Design Template
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