

LEAN AND GREEN

THE MASSACHUSETTS LOW-INCOME ENERGY AFFORDABILITY NETWORK (LEAN)

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EXECUTIVE SUMMARY

The Massachusetts Low-Income Energy Affordability Network (LEAN) is an association of nonprofit agencies (mostly Community Action Agencies, or CAAs) that coordinate the delivery of government and utility-funded energy efficiency services to low-income utility customers throughout Massachusetts. Since its inception in 1997, LEAN's member agencies have delivered more than \$900 million in energy efficiency upgrades to more than 100,000 low-income Massachusetts households. LEAN also helps utilities to achieve their energy savings goals and the state to reach its ambitious greenhouse gas reduction targets. The American Council on an Energy-Efficient Economy (ACEEE) ranked Massachusetts as the best state for energy efficiency over the past four years (2011-2014). LEAN has weatherized well over 20,000 homes and provided green jobs for numerous local workers in the last four years alone. Still, there's more to be done: up to 200,000 low-income homes are still in need of energy improvements.

LEAN leverages multiple funding sources and aligns different program rules to comprehensively serve low-income households. LEAN delivers low-income energy programs and represents low-income utility customers in legislative discussions and regulatory proceedings. Through LEAN's regular Best Practices Working Group meetings, the utilities and nonprofit agencies also test the cost-effectiveness of cutting-edge products or new program ideas.

LEAN's Historic Roots

Community Action Agencies (CAAs)—which comprise almost all of LEAN's member agencies—were a critical element of President Lyndon B. Johnson's signature War on Poverty legislation of 1964. Since 1976, when Congress created the Weatherization Assistance Program, or WAP, CAAs have played the lead role in delivering WAP services: insulating walls and attics, and "air sealing," which keeps the home's warmth from leaking out through holes and cracks. In the mid-1990s, the Massachusetts Department of Housing and Community Development, the state agency that administers WAP, reduced the number of CAAs or other nonprofits that received WAP grants to 12 lead agencies. In turn, those agencies subcontracted with the remaining CAAs and other nonprofit agencies to ensure that every city and town in the state was served by WAP. This two-tiered structure remains in place today.

Beginning in the late 1980s and into the 1990s, twelve New England utility companies, including most of the electric investor-owned utilities in Massachusetts, entered into collaborative agreements to launch efficiency programs. The development of these initiatives brought together the agencies that would form LEAN. Elliot Jacobson at Action, Inc. in Gloucester and John Wells at Action for Boston Community Development (ABCD) worked in collaboration with the Conservation Law Foundation and other environmental groups to ensure that the utility companies' nascent energy efficiency programs included a strong component that would serve low-income households.

In 1996, Jacobson, who headed Action Inc.'s energy programs, decided to participate in a Boston Gas Company (now National Grid) rate case seeking to obtain greater ratepayer funding for energy efficiency for low-income utility customers. The Massachusetts Department of Public Utilities approved a joint Boston Gas/low-income intervenor proposal and "adjust[ed] the budget upwards by \$450,000" to reflect expansion of the program as recommended by the low-income intervenors, to include funding for heating system replacements and air sealing, in addition to installing insulation. Within a few years, nearly every regulated utility in Massachusetts would contract with CAAs to deliver low-income energy efficiency programs.

With the passage of Chapter 164 of the Acts of 1997 (Restructuring Act), electric industry restructuring moved forward in Massachusetts. Due to the efforts of Action, Inc. and the National Consumer Law Center, all investor-owned utilities were now required to deliver "demand side management" (efficiency) programs, with minimum funding levels fixed by law, and with the additional requirement that the low-income programs be delivered by the CAAs and other nonprofit entities that were already operating the WAP and fuel assistance programs. Ever since the Restructuring Act became law, LEAN has been the primary means by which investor-owned utility companies deliver their low-income energy efficiency programs in Massachusetts.

LEAN's Structure and Activities

The core of LEAN's work is delivering the WAP- and utility-funded low-income efficiency programs, using the lead vendor and subcontractor model. LEAN also carries out other functions that benefit low-income households as consumers of energy.

1. LEAN helps to coordinate the disparate programs that provide energy efficiency services to low-income households.
2. LEAN's members deliver services that are "fuel-blind," that is, reducing the household's energy usage whether the primary heating source is natural gas, electricity, fuel oil, or propane.
3. LEAN hosts regular "Best Practices" meetings with all stakeholders to continuously improve the low-income energy efficiency programs.
4. LEAN helps contractors in the field by monitoring training needs and providing training, developing common pricing, and expanding work opportunities.

LEAN Supports Local Business

Massachusetts sends about \$5 billion out of state annually for purchase of natural gas and oil to heat people's homes. Energy efficiency investments keep more of that money in state while employing local workers. For example, National Fiber in Belchertown, Massachusetts manufactures and distributes cellulose insulation throughout the Northeast. In addition to employing local workers, it boosts the local economy by purchasing about 80 percent of its raw materials throughout New England. The cellulose machines that many contractors use to blow insulation into walls and attics are made by Accu1-Direct, headquartered in Longmeadow, Massachusetts. And contractors, such as Air-Tight Weatherization in Beverly, Massachusetts, note additional benefits of the program. Co-owner Jim Fortin's crews insulate many older drafty homes with little to no insulation, and also help improve health by reducing mildew and mold and sealing air leaks.

LEAN Programs Help Low-Income Families Manage Overdue Utility Bills

In 2002, ABCD and Action, Inc. received a grant from the U. S. Department of Health and Human Services to implement an innovative program, Leveraging Assets for Self-sufficiency through Energy Resources (LASER). The LASER program was designed to help low-income households become energy self-sufficient through a holistic approach revolving around case-managed "one-stop" service delivery. LASER tested the concept of utilities offering an arrearage management program (AMP) to help low-income customers discharge their utility debts in exchange for regular monthly payments at an affordable rate. LEAN's members lobbied successfully to have the program codified in statute to apply to all companies state-wide.

AMPs now serve more than 15,000 gas and electric customers annually. Over the past five years, AMP customers annually paid about \$14 million to their utilities on monthly bills and received about \$13 million in debt forgiveness in return for making those payments. National Grid found that customers enrolled in its AMP paid approximately double the amount toward their bills than other low-income customers with arrearages; Columbia Gas reported that AMP customers paid 67 percent of the amounts billed, on average, compared to 44 percent for other customers behind on their bills.

Can LEAN Be Replicated in Other States?

It is possible to create a structure like LEAN in other states. Those working to build a network should work closely with the state weatherization agency as its support is likely critical to success. A successful low-income network should make sure it has access to the experts needed to carry out its work. It is also helpful if utilities and their state utility regulators, as well as other state energy policymakers, are openly supportive. Utilities that operate energy efficiency programs need to know that they will recover expenditures they make on energy efficiency and have the opportunity to earn a profit commensurate with their other activities. And, the local agencies that hope to launch a state-wide

network must deliver high-quality work. The nonprofit agencies that will have to lead the charge need to be tenacious and willing to pursue their strategy patiently.

While replicating LEAN elsewhere may not be easy, it is worth the challenge. The alternative is to leave low-income households with inefficient, unhealthy homes and unaffordable energy bills.