Utility-Administered Low-Income Programs in the Southeast

July 28, 2016
The **Southeast Energy Efficiency Alliance (SEEA)** promotes energy efficiency as a catalyst for economic growth, workforce development and energy security. We do this through collaborative public policy, thought leadership, outreach programs, and technical advisory activities.
Upcoming Webinars

Developing Consistent EM&V and Emissions Reduction Quantification Approaches for Performance Contracting Programs
August 4th, 2016

Residential Energy Codes Field Study: Baseline Findings
August 11th, 2016

Missed one? Find webinar materials at www.seealliance.org
Today’s Speaker

Abby Fox
Policy Manager
Background
The Problem: Poverty in the Southeast

Source: U.S. Census Bureau (2014).
The Problem (Continued): Energy Burden

Source: ACEEE (2016).
Scope of Analysis

• 28 electric utility-administered energy efficiency programs operating in the Southeast
• Timeframe covered: 2012-2015
• Data collected:
  • Program start date
  • Program type
  • Eligibility criteria
  • Measure mix
  • Per-unit investment caps
  • Participation metrics
  • Cost of saved energy
  • Qualitative success factors/challenges
Program Coverage and Design
Program Coverage

- The majority of the region’s largest utilities offer low-income programs.
- The majority of the Southeast’s largest metropolitan statistical areas (MSAs) are served by at least one of these programs.
- About half of southeastern MSAs with the highest poverty levels are served by low-income programs.
  - Data limitations on coverage outside of MSAs
Program Start Date

Number of New Programs

Year

Program Qualification Approaches

- Specified percentage of federal or state poverty guidelines
- Earning caps
- Inefficiency/usage criteria
  - Arkansas
  - Kentucky
Program Delivery and Measures

- Half direct install; half weatherization
- Light bulbs (23)
- Low-flow showerheads (20)
- Attic insulation (14)
- Faucet aerators (14)
- Equipment repair and maintenance (14)
Cost-Effectiveness

- Generally not required in southeastern states
- Many states do not have an explicit policy around low-income cost-effectiveness requirements
Program Performance
Share of Residential Portfolio Spending

Median Value
### Program Cost

<table>
<thead>
<tr>
<th>Year</th>
<th>Median Levelized Cost of Saved Energy (3% Discount Rate)</th>
<th>Median Levelized Cost of Saved Energy (6% Discount Rate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$0.06</td>
<td>$0.07</td>
</tr>
<tr>
<td>2013</td>
<td>$0.07</td>
<td>$0.08</td>
</tr>
<tr>
<td>2014</td>
<td>$0.07</td>
<td>$0.08</td>
</tr>
<tr>
<td>2015</td>
<td>$0.08</td>
<td>$0.09</td>
</tr>
</tbody>
</table>

**National Value: $0.13 (2012$, 6% discount rate)**
Share of As-Filed Participation Achieved
Share of As-Filed Savings Achieved
Clean Energy Incentive Program
How It Works

TABLE 1—Proposed State Shares of Matching Pool (Allowances)

<table>
<thead>
<tr>
<th>State</th>
<th>RE Reserve</th>
<th>Low-Income Community Reserve</th>
<th>Total Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>4,683,458</td>
<td>4,683,458</td>
<td>9,366,916</td>
</tr>
</tbody>
</table>

How Close Are We?

Annual Southeastern Program Investment as a Share of Potential Annual CEIP Funding Stream

Remaining

Programs Analyzed

$0

$10,000,000

$20,000,000

$30,000,000

$40,000,000

$50,000,000

$60,000,000

$70,000,000

$80,000,000

$90,000,000
Recommendations
Areas for Future Research

- Some areas of the Southeast are not currently served by low-income programming. What are the barriers to developing offerings to serve these communities?

- Among the areas that are served by low-income programs, is investment most heavily concentrated in jurisdictions with higher levels of poverty? If not, why?

- What is the impact of various qualification approaches? Is one approach more conducive for achieving program success?

- Do programs with higher per-unit investment caps achieve higher levels of savings? What are the relative outcomes of programs that incorporate financing in addition to rebated measures?
Areas for Future Research (Continued)

- Are there improvements to the cost-effectiveness requirements that could aid utilities offering low-income programs?
- Why are southeastern low-income programs less expensive than their national peers?
- In the cost-effectiveness testing framework, what non-energy benefits do southeastern utilities count for low-income programs?
- What are the major barriers to meeting participation and savings targets? How can these be overcome?
- What impacts do these programs have on overall customer energy usage and bills? Are the savings sustained over time?
- Are there limitations to utility-administered low-income programs, relative to programs provided by partners or community organizations? How might they be addressed?
Follow-up Contact Information

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Questions?