
Building Electrification Task Force, “Advancing Equity in Utility Regulation”

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National
Consumer Law
Center

*Fighting Together
for Economic Justice*

The National Consumer Law Center

Since 1969, the nonprofit National Consumer Law Center (NCLC) has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people in the United States through policy analysis and advocacy, publications, litigation, and training.

A Consumer Advocate's Perspective on Equity in Electric Regulatory Decision-making

- Report at <https://emp.lbl.gov/publications/advancing-equity-utility-regulation>
- Traditional electric ratemaking principles do not adequately address equity and affordability concerns
- As a result, 1/3 of residential customers struggle with affordability
- Disparate financial harms fall on Black and Latino households
- Policy imperatives to reverse these inequities and transition to cleaner electricity systems to mitigate climate change are not mutually exclusive
- New laws in the northeast and elsewhere incorporates equity into regulatory decisions (e.g., Maine, Massachusetts, New York)
- The transition to cleaner electricity systems presents opportunities to advance equity, enhance affordability of electricity services and improve access to clean electricity generation, storage, and efficiency technologies for those disadvantaged by existing energy systems
- Affordable and reliable electric service is necessary to support state and federal climate goals

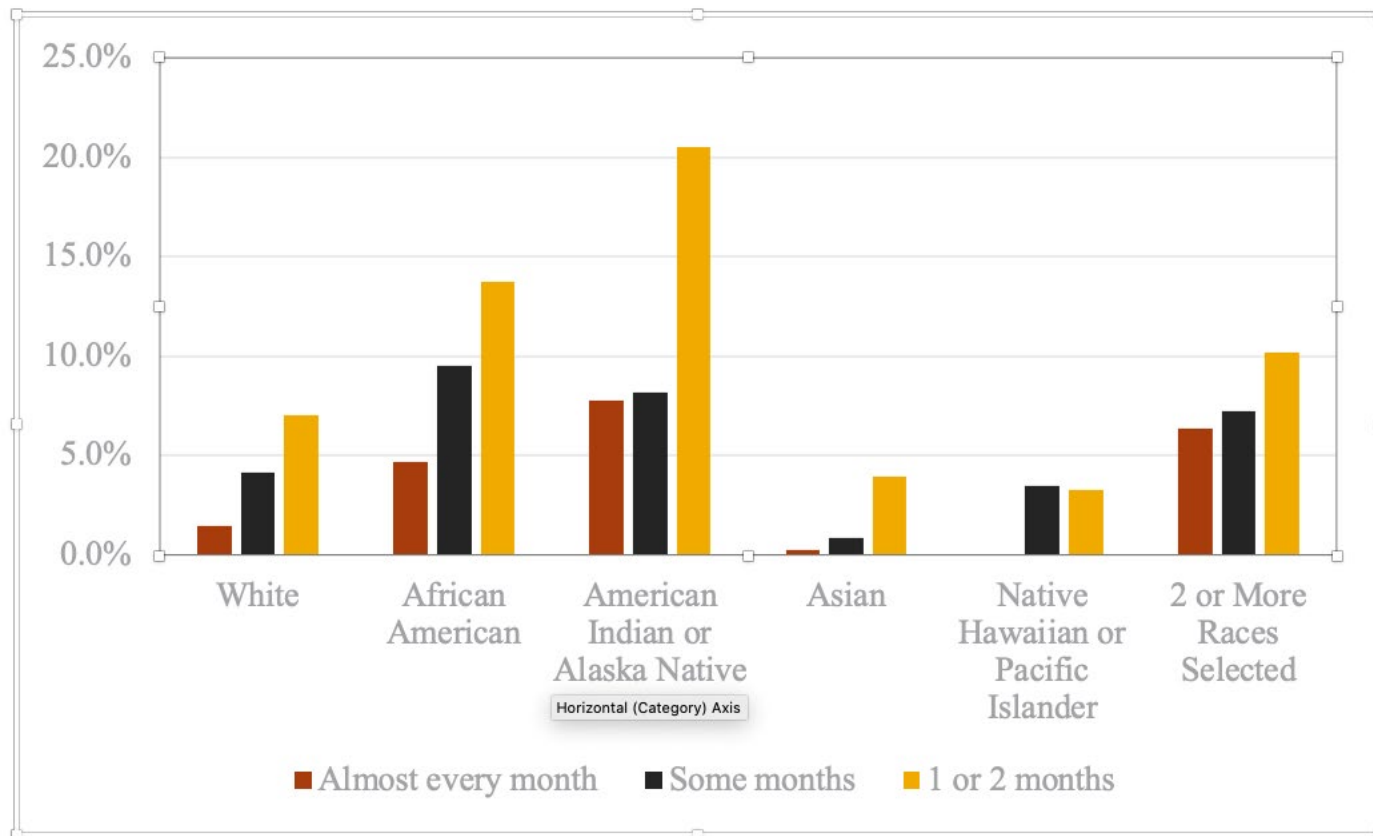
Frequency of receiving disconnection notices, by household income



Source: NCLC crosstabulations of U.S. Department of Energy, Energy Information Administration (EIA), 2015 Residential Energy Consumption Survey microdata.

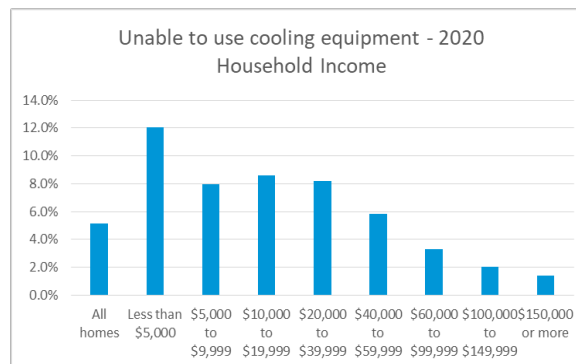
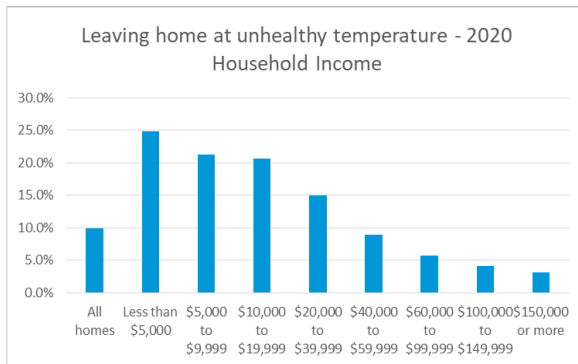
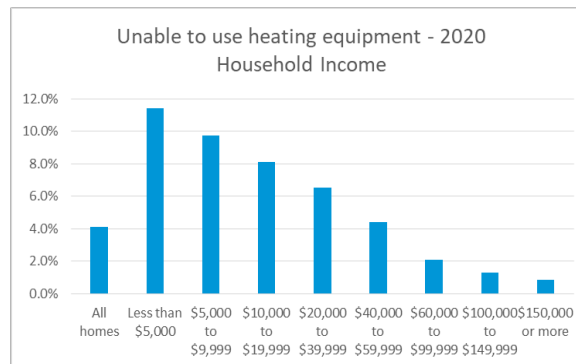
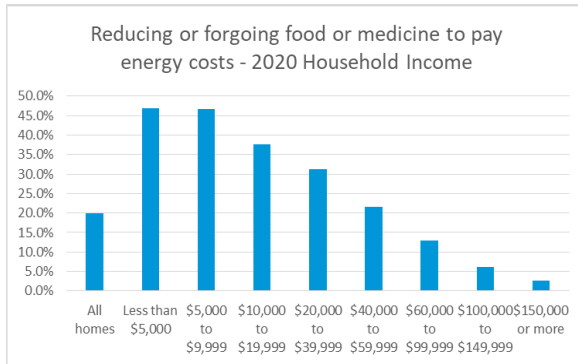
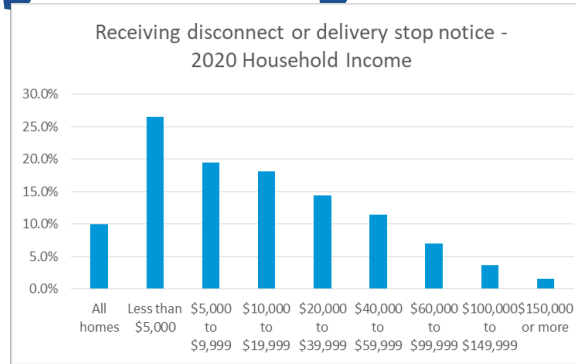
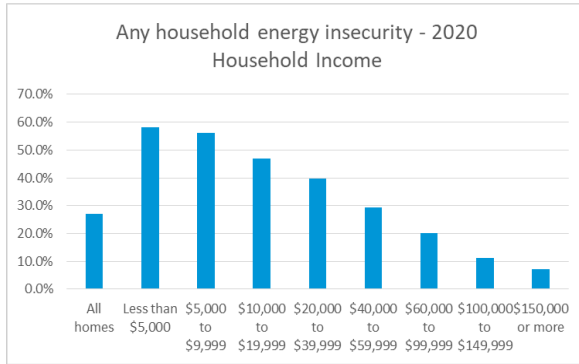
<https://www.eia.gov/consumption/residential/data/2015/index.php?view=microdata>. Data with insufficient sample size were omitted.

Frequency of receiving disconnection notices, by race



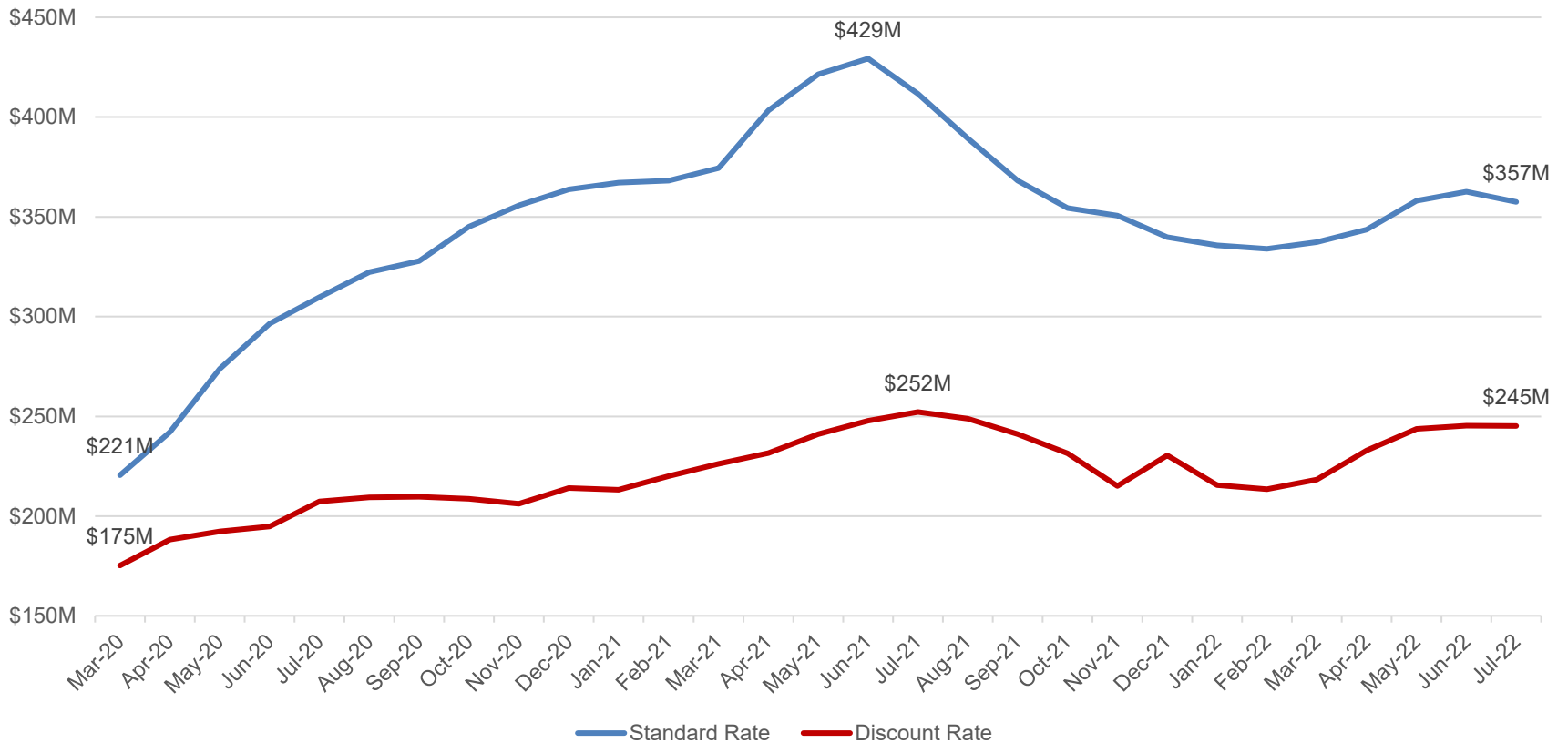
2020 RECS Data

Preliminary Analysis



Massachusetts utility debts

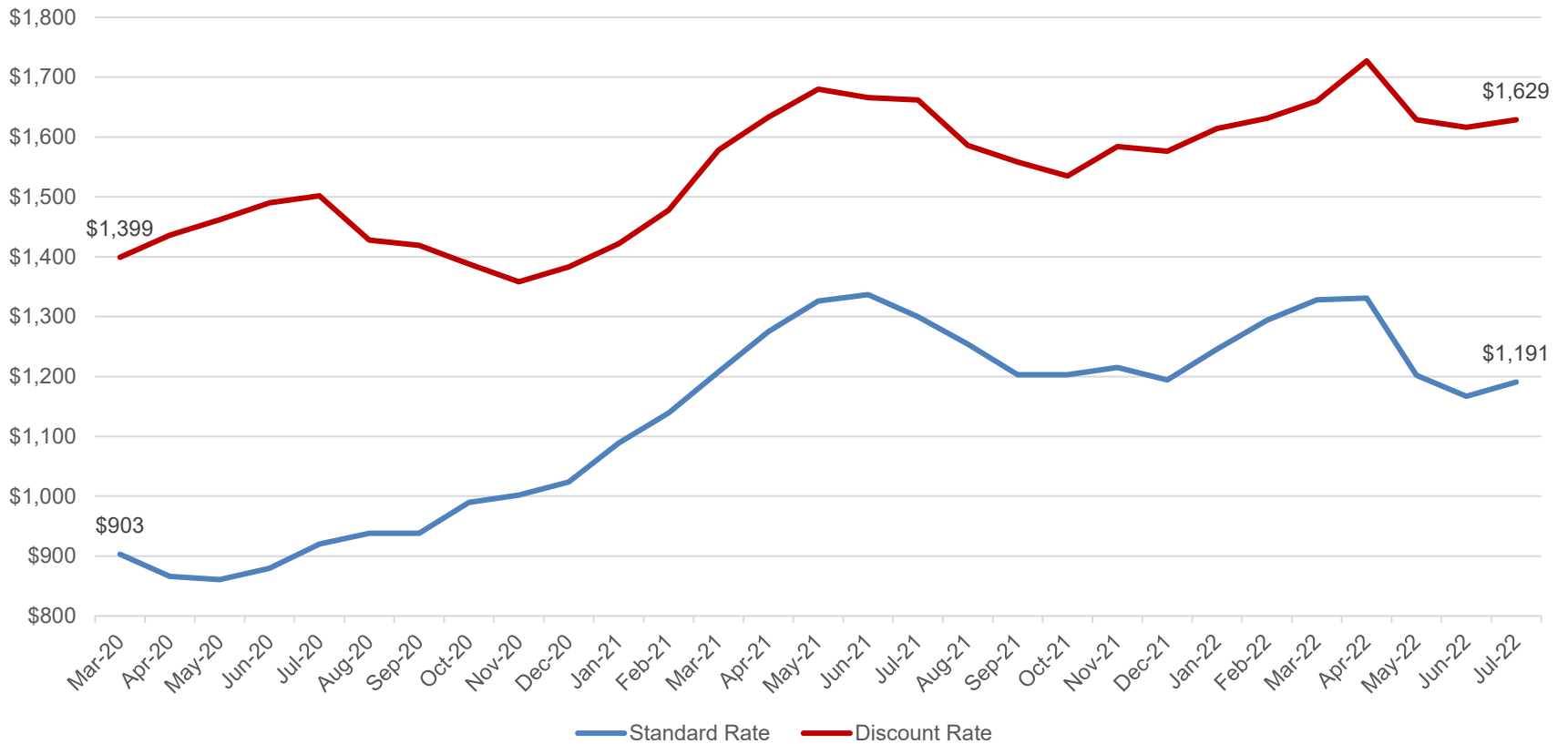
Dollar Amount Owed by Standard and Discount Rate Customers Who Are More than 90 Days Behind on Their Bills, March 2020–July 2022



Source: Data reported in Mass. D.P.U. 20-58, analyzed and compiled by NCLC

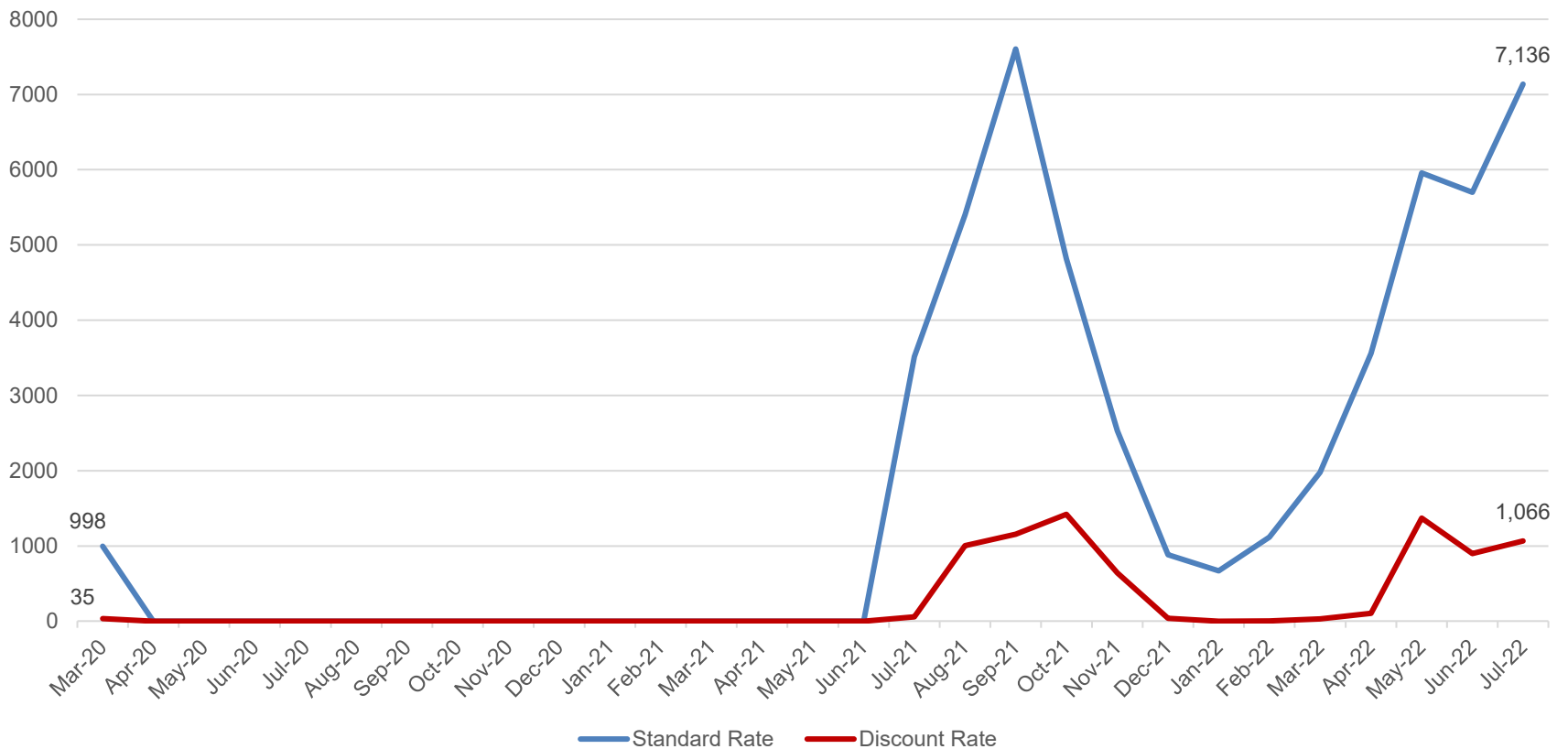
Massachusetts utility debts

Average Amount Owed by Discount and Standard Rate Customers more than 90 Days Behind on Their Bills, March 2020–July 2022



Massachusetts utility disconnections

Number of Discount and Standard Rate Customers Disconnected for Non-Payment, March 2020–July 2022



Utility Bill Affordability Programs

- Discount Rates
 - Flat Percentage
 - Tiered Discount
- Percentage of Income Payment Programs (PIPP)
- Arrearage Management Programs
- Payment plans

Utility Disconnection Protections

- Medical or Serious Illness
- Weather-related protections
- Disaster protections
 - COVID-19
 - Wildfires
- Elder and child protections

Access to renewable energy

Principles:

- Avoid placing financial risks on low-income consumers, or requiring debt
- Prioritize fully subsidized programs, or no up-front costs
- Positive monthly cash flow

Examples

- Federal Weatherization Assistance Program
- Mass. Low-Income EE and HEARTWAP programs
- Supported community solar programs in California, Colorado, Illinois
- Supported rooftop solar, e.g., D.C. Solar for All program covers full cost
- New IRA incentives for building electrification – implementation strategy?

NCLC Recommendations

- Protect vulnerable populations while also working to reduce greenhouse gas emissions by guiding utility investments and services toward achieving *both* equity and clean energy imperatives for electricity systems of the future
- Reverse regressivity in distribution of electricity system costs and benefits through comprehensive and proactive actions that at a minimum address:
 - Proportion of income required to maintain basic electric service
 - Access to on-site energy technologies
 - Uninterrupted and affordable access to a basic level of electricity service
- Require utility data reporting at zip code-level to determine extent to which residential customers are affordably accessing and retaining essential electricity service

Recommendations, cont.

- Ensure that utility affordability programs:
 - Serve customers income-eligible to receive federal energy assistance
 - Lower energy burdens to an affordable level -- will likely need other sources of funds to supplement ratepayer funding
 - Promote regular, timely payment of utility bills
 - Comprehensively address payment problems — current and past-due bills
 - Provide sufficient resources and are administered effectively and efficiently
- Reexamine utility consumer protections to ensure vulnerable customers who demonstrate good faith efforts to make affordable utility payments are protected from loss or degradation of service
- Design low-income energy efficiency and distributed energy technology programs to require no upfront payments, result in positive cash flows, and mitigate any financing risks for participants
- Protect LI consumers in the gas transition
- Expand LIHEAP to year-round program, to help households to cope with extreme heat



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