

# New Hampshire's Independent Energy Study Synthesis

## Chapter 6 – Low-Income Weatherization Programs Review and Assessment

November 30, 2012

### Summary of Chapter Intent

Chapter 6 of the New Hampshire Independent Energy Study presents a high-level overview and assessment of the low-income weatherization programs offered in New Hampshire. The chapter includes a total of 7 recommendations and sub-recommendations. Overall, the energy efficiency and weatherization programs that serve New Hampshire's low-income residents have been highly effective. As discussed in more detail below, these programs not only improve the energy efficiency, safety, and comfort of the households served, but they also increase affordability and reduce the need for energy assistance subsidies from other federal and state programs, allowing aid programs to serve additional needy customers. The Independent Energy Study made a number of recommendations for improving the state's low-income weatherization programs – each of which is discussed below.

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### Findings

The Energy Efficiency & Sustainable Energy (EESE) Board notes that at the time of that the Independent Energy Study was being drafted, the federally-funded weatherization program had ramped up substantially thanks to substantial ARRA funding. Much of this expanded capacity was meeting previously existing need. The EESE Board understands that, with the recent end of ARRA funding, the weatherization program in New Hampshire has been substantially **cut back** - with the state's share of Department of Energy (DOE) funding reduced by roughly 70%. As a consequence, the Community Action Agencies (CAA) that implement the program have already reduced their weatherization workforce by half. While these agencies had been able to weatherize approximately 1,000 homes a year with ARRA funds the post ARRA 2012 DOE funding levels (based on a \$6500 average per unit) will only allow 91 homes to be weatherized with DOE funds. The CAAs rely on funding from the Core Program for delivery of low-income weatherization services but it will be difficult to meet 2012 CORE goals due to the reduced funds for leverage that would otherwise fund measures not included in the Core Program. This, of course, presents a significant added challenge to maintaining, much less improving, New Hampshire's low-income weatherization work.

If we are to maintain the trained workforce and build on the momentum created by the American Recovery and Reinvestment Act, additional funding is needed now. The EESE Board believes that the PUC should take steps to increase the funding available for low-income weatherization. The Commission should direct its Staff, the utilities and other interested parties to the Core efficiency programs dockets to review the options and make specific recommendations for additional funding. Further action may be needed by the legislature as noted below.

## Top Priorities for Early Action

### *Increase Low-Income Weatherization Funding*

The Independent Energy Study recommended further funding increases to support low-income weatherization. The EESE Board recognizes that this recommendation will require action by the Legislature or the Public Utilities Commission or both – depending on the source of the additional funds. For example, enactment of a surcharge on delivered fuels (i.e., oil and propane) will require legislation, whereas an increase to the System Benefits Charge can be authorized by the PUC.

Independent Energy Study also recommends considering an increase to the System Benefits Charge to alleviate the impact of a decline in funding levels in the post-ARRA period. The EESE Board recognizes the critical nature of weatherization funding, particularly for citizens who cannot afford to pay for weatherization services, and for whom heating and utility costs are often unaffordable as well. In general the EESE Board believes that requests for additional energy efficiency funding are more likely to be successful if they are based on a state energy policy such as might be articulated through an Energy Efficiency Resource Standard (EERS). However, the EESE Board feels the needs of low income customers are well documented and widely understood; furthermore, there are options for increasing funding that do not require legislative action. These options include:

- HB 1490 recently became law and will increase funding for the CORE energy efficiency programs<sup>1</sup>. Because as noted the legislation eliminated a funding stream for low-income residential energy-efficiency grants, these CORE funds should be used to supplement funding for the low-income weatherization program.
- A portion of federal LIHEAP funds may be set aside for low-income weatherization. While this is currently done in 48 states, it is not done in New Hampshire. OEP and the Community Action Agencies have recently discussed the possibility of establishing a set aside in New Hampshire.
- There has been no change to the System Benefits Charge in 10 years. It is within the authority of the Public Utilities Commission to increase the SBC.

#### 1) Development:

NH Utilities and CORE Stakeholders (CORE Program); and the Office of Energy & Planning and Community Action Agencies (LIHEAP)

#### 2) Establishment:

NH Public Utilities Commission (CORE Program); and the Office of Energy & Planning (LIHEAP)

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<sup>1</sup> NH House Bill 1490, An act relative to New Hampshire's regional greenhouse gas initiative cap and trade program for controlling carbon dioxide emissions, <http://www.gencourt.state.nh.us/legislation/2012/HB1490.html>. As part of this legislation, all proceeds received by the state from the sale of carbon allowances, up to \$1, are allocated to the Core energy efficiency programs funded by system benefits charges. In July 2012, the NH Public Utilities Commission opened a docket to determine how those funds should be utilized. The Commissioner released Order [No. 25,425 in DE-188](#) on October 17, 2012 regarding the 2012 RGGI Funds. The EESE Board's recommendations for use of those funds are included in the Chapter 4 Synthesis.

3) Implementation:

NH Public Utilities Commission & NH Utilities (CORE Program); Community Action Agencies (LIHEAP)

***Develop Shared IT Resources and Common Reporting Standards***

The NH Office of Energy and Planning (OEP) and the utilities are working to implement a common weatherization projects database and shared software for assessing energy savings potential, program administration, and reporting. OEP, the Community Action Agencies, and the utility program administrators will all have secured access to the system with functionality to support their specific needs. The new system is scheduled to be in place January 1, 2013.

1) Development:

Office of Energy & Planning and Utilities

2) Implementation:

Office of Energy & Planning, Utilities and Community Action Agencies

***Review Low-Income Weatherization Project Prioritization Criteria***

The Independent Energy Study recommends that the criteria used to prioritize weatherization work be based on household energy burden (i.e. need). Currently there are multiple sets of criteria that come with each funding stream. The federal DOE weatherization funds require households be prioritized based on high heating energy usage, ability to leverage other funding sources, presence of children under six, seniors, people with disabilities, and time on the waiting list. The priority for use of System Benefits Charge (SBC) funds paid by electric customers has been to reduce electric usage. In addition, households participating in the state's Electric Assistance Program (EAP) have been given preference for weatherization over non-EAP participants. The EAP, also funded by the SBC, provides graduated discounts on electric bills based on the household's federal poverty level. Weatherizing homes and reducing usage among EAP participants with the highest electric usage and highest discount levels directly reduces their electric consumption and consequently makes more EAP funds available to serve others in need. And finally, the Low-Income Home Energy Assistance Program (LIHEAP, also known as "Fuel Assistance") is a federally funded program helping low income households with their energy bills. Similar to the EAP, LIHEAP households are offered weatherization services on a priority basis to stretch these limited fuel assistance funds as far as possible.

There are several circumstances that have the potential to trigger a reassessment of these priorities. The first, as noted, is the reduction in funding for the federal DOE weatherization program, which will greatly reduce the number of homes with low electric usage that can be served under the current prioritization method. A second is a pending docket currently before the Public Utilities Commission, in which the PUC is expected to rule on the use of SBC funds for

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non-electric energy savings. As an update, the Commission issued a ruling<sup>2</sup> on August 23, 2012 permitting the use of SBC funds for non-electric energy savings.

A third is the recent legislation (HB 1490<sup>3</sup>), which repeals New Hampshire's RGGI law and redirects energy efficiency program dollars into the utilities' CORE efficiency programs. In so doing, the new law also repealed a 10 percent set aside for low income energy efficiency measures – further reducing funding for low income programs, unless the PUC elects to administratively create a similar set aside. Taking this context into account, the EESE Board recommends that once these various uncertainties are resolved, program administrators review the prioritization criteria with the goal of striking a balance between serving households with high energy burden regardless of heating fuel, and serving as many EAP households as possible.

### 1) Development:

NH Utilities and Public Utilities Commission (EAP & RGGI CORE Funds); and the Office of Energy & Planning and Community Action Agencies (LIHEAP)

### 2) Establishment:

NH Public Utilities Commission (EAP & RGGI CORE Funds); and the Office of Energy & Planning (LIHEAP)

### 3) Implementation:

NH Utilities (EAP & RGGI CORE Funds); Community Action Agencies (LIHEAP)

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## Areas for Further Consideration

### *Continue to Coordinate Quality Assurance Inspections through Single Entity*

In the past, both the Office of Energy and Planning (OEP) and the utilities each individually conducted Quality Assurance inspections of up to 10% of the homes weatherized under their programs. The Independent Energy Study recommends coordinating the inspections of units served by both programs through a single entity to conduct QA reviews on 10% of projects. Most recently, the two programs utilized the same subcontractor during significantly increased state production due to the state utilizing ARRA funding. As this funding has run out, OEP will need to assess available funding in relation to the cost/benefit of outsourcing inspections. In order to achieve continued coordination, a new mechanism will need to be developed to replace it.

### 1) Development:

NH Utilities (EAP & RGGI CORE Funds); and the Office of Energy & Planning (LIHEAP)

### 2) Implementation:

NH Utilities (EAP & RGGI CORE Funds); the Office of Energy & Planning (LIHEAP)

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## Recommendations that are Completed

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<sup>2</sup> NH PUC, ORDER NO. 25,402, Order on Home Performance with Energy Star Program, Issued August 23, 2012, <http://www.puc.state.nh.us/Regulatory/Orders/2012orders/25402e.pdf>.

<sup>3</sup> NH House Bill 1490, *An act relative to New Hampshire's regional greenhouse gas initiative cap and trade program for controlling carbon dioxide emissions*, <http://www.gencourt.state.nh.us/legislation/2012/HB1490.html>.

### *Coordinate Planning and Delivery of Training Activities*

The NH Office of Energy and Planning and the utilities are working together to plan and deliver training programs applicable to the home weatherization staff. Training includes BPI certification as well as programs to maintain competency and currency in home weatherization technology.

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### **Background**

There are three primary programs and funding streams providing low-income weatherization services to New Hampshire residents: a federal program administered by the NH Office of Energy and Planning (OEP) and programs and funding provided through the states electric and gas utilities. From the customers' perspective, the programs and funding streams are seamless and delivered by the state's five Community Action Agencies (CAA). The program services are heating fuel neutral and comprehensive – including not only energy saving measures, but also health and safety measures such as smoke alarms, CO detectors, heating system safety checks, and indoor air quality with the installation of mechanical ventilation. Also when a household Healthy Homes Inspection identifies deficiencies the client is notified of the issue and referred to programs that may fund the needed measure if it is not covered by the energy programs. There is an emphasis on training programs for field personnel to ensure services are consistently high quality, delivered safely, and with understanding of the needs of the customer segment being served.

In the spring of 2012, OEP had proposed purchasing a new database system to replace the Excel spreadsheets that currently support the federal weatherization program. The new system was to be tailored to support DOE reporting requirements as well as CAA budgeting and billing. In the wake of their proposal being turned down by the Executive Council, the OEP has been working with the utilities to move to a common system which is an upgrade to the system currently used by the utilities. While initially this common system is not expected to have all of the functionality of the new system proposed by OEP, the plan is to incorporate these features over time.

Over the 2008-2010 period examined in the Independent Energy Study, an average of 1,067 homes per year was weatherized at an average annual cost of \$3.1 million. Each year the average lifetime energy savings were 20.7 million kilowatt-hours and 1.1 million therms –saving the average participating electric customer \$235 on their electric bill and the average participating gas customer \$320 on their gas bill.

Despite the progress being made each year, demand for these services has outstripped the ability to deliver the services. The most current (2010) census data in New Hampshire shows that approximately 100,000 housing units are occupied by a household with an income of 200% of the federal poverty guideline or less which makes them eligible for DOE and CORE low income weatherization programs. Since 2002 and up to yearend 2011 approximately 11,000 homes had been weatherized between the DOE and CORE funding. This still leaves approximately 89,000 housing units that are eligible for weatherization. This is evidence of the need for additional funding for income eligible clients.